

Reg. No. :

SME-49

Name :

SECOND YEAR HIGHER SECONDARY MODEL EXAMINATION, FEBRUARY 2020

Part – III

ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENTS

Maximum : 80 Scores

Time : 2½ Hours

Cool-off time : 15 Minutes

General Instructions to Candidates :

- There is a ‘Cool-off time’ of 15 minutes in addition to the writing time.
- Use the ‘Cool-off time’ to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- Read the instructions carefully.
- Calculations, figures and graphs should be shown in the answer sheet itself.
- Malayalam version of the questions is also provided.
- Give equations wherever necessary.
- Electronic devices except non-programmable calculators are not allowed in the Examination Hall.

വിദ്യാർത്ഥികൾക്കുള്ള പൊതുനിർദ്ദേശങ്ങൾ :

- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് ‘കൂൾ ഓഫ് ടൈം’ ഉണ്ടായിരിക്കും.
- ‘കൂൾ ഓഫ് ടൈം’ ചോദ്യങ്ങൾ പരിചയപ്പെടാനും ഉത്തരങ്ങൾ ആസൂത്രണം ചെയ്യാനും ഉപയോഗിക്കുക.
- ഉത്തരങ്ങൾ എഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- നിർദ്ദേശങ്ങൾ മുഴുവനും ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- കണക്ക് കൂട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ, എന്നിവ ഉത്തരപേപ്പറിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നൽകിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

PART – A
ACCOUNTANCY

I. Answer all the questions from 1 to 5. Each carries 1 score.

(5 × 1 = 5)

1. The excess of assets over liabilities in non-trading concern is _____.
(a) Capital Fund (b) Capital
(c) Profit (d) Net profit

2. The relationship of partners with the firm is
(a) as a Manager (b) as a Servant
(c) as an Agent (d) as a Monopolist

3. Accumulated losses are transferred to the capital account of the partners in their _____ ratio.
(a) old ratio (b) capital ratio
(c) new ratio (d) sacrificing ratio

4. The journal entry for interest payable to the partner after his retirement on his outstanding balance
(a) Interest A/c. Dr.
 To Profit and Loss Appropriation A/c.
(b) Interest A/c. Dr.
 To Interest Payable A/c.
(c) Interest A/c. Dr.
 To Outgoing Partners Loan A/c
(d) Interest A/c. Dr.
 To Profit and Loss Account

5. At the time of dissolution of the firm, loan from partner is transferred to
(a) Revaluation Account
(b) Realisation Account
(c) Capital Account
(d) Cash Account

II. Answer any 4 questions from 6 to 10, each carries 2 scores :

(4 × 2 = 8)

6. Identify the capital receipts and revenue receipts from the following items of a not for profit organisation :
- (i) Sale of old newspaper
 - (ii) Donation for building
 - (iii) Sale of old assets
 - (iv) Subscription from members
7. Calculate interest on X's drawings @ 12%, if he withdraws ₹ 2,000 at the beginning of every month during the year.
8. Name the two rights of a New partner.
9. Why a retiring or a deceased partner is entitled to receive a share of goodwill from the firm ?
10. Hari, Ajith and Anil are partners sharing profits in the ratio of 3 : 2 : 1. Ajith retires, and his share is taken up by Hari and Anil equally. Calculate the new profit sharing ratio.

III. Answer any 3 questions from 11 to 14. Each carries 3 scores.

(3 × 3 = 9)

11. Show the following information in the financial statement of a not for profit organisation :

	₹
Match Expenses	32,000
Match Fund	16,000
Donation for Match fund	10,000
Sale of Match ticket	14,000

12. A and B are partners sharing profit and loss in the ratio of 3 : 2, whose capital account balance was ₹ 60,000 and ₹ 40,000. They admit C into the firm for $\frac{1}{6}$ th share, who contribute ₹ 30,000 as his capital. Find out :
- (a) Total capital of the firm based on new partner's capital contribution.
 - (b) Based on the above statement, ascertain the value of goodwill, if any.
13. State any three differences between dissolution of the partnership and dissolution of the firm.
14. Journalise the following transactions regarding realisation expenses :
- (i) Realisation expenses amounted to ₹ 2,500
 - (ii) Realisation expenses amounting to ₹ 3,000 were paid by Muhammed, one of the partners.
 - (iii) Realisation expenses ₹ 2,300 borne by Shameer, personally.

IV. Answer any 2 questions from 15 to 17. Each carries 5 scores :

(5 × 2 = 10)

15. The partnership agreement between Manish and Girish provides that
- (a) Profits will be shared equally
 - (b) Manish will be allowed a salary of ₹ 400 p.m.
 - (c) Girish who manages the sales department will be allowed a commission equal to 10% of net profits, after allowing Manish's salary.
 - (d) 7% interest will be allowed on partner's fixed capital.
 - (e) 5% interest will be charged on partner's annual drawings.
 - (f) Fixed capitals of Manish and Girish are ₹ 1,00,000 and ₹ 80,000 respectively. Their annual drawings were ₹ 16,000 and ₹ 14,000 respectively. The net profit for the year ending March 31, 2018 amounted to ₹ 40,000.

Prepare firm's Profit and Loss Appropriation Account.

16. P, Q and R were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. They agreed to dissolve their partnership firm on 31-3-2018. P was deputed to realise the assets and pay the liabilities. He was paid ₹ 2,000 as commission for his service. The financial position of the firm was as follows :

Liability	Amount	Assets	Amount
Creditors	20,000	Plant & Machinery	60,000
Bills payable	7,400	Stock	10,100
Investment Fluctuation Fund	9,000	Investments	30,800
Capitals :		Accounts receivable	14,200
P	75,000	Less : Provision	<u>900</u>
Q	30,000	Cash	11,200
		R's Capital	16,000
	1,41,400		1,41,400

P took over investments for ₹ 25,000. Stock and debtors realised to ₹ 23,000. Plant and Machinery were sold to Q for ₹ 45,000 for cash. Unrecorded assets realised ₹ 3,000. Realisation expenses paid ₹ 1,800.

Prepare necessary ledger accounts to close the books of the firm.

17. The books of a business showed that the capital employed on 31-12-2018 is ₹ 5,00,000 and the profits for the last five years were : 2014 – ₹ 40,000, 2015 – ₹ 50,000, 2016 – ₹ 55,000, 2017 – ₹ 70,000 and 2018 – ₹ 85,000. You are required to find out the value of goodwill based on 3 years purchase of the super profits of the business. given that the normal rate of return is 10%.

V. Answer any 1 question from 18 to 19, carries 8 scores :

(1 × 8 = 8)

18. Ali and Musthafa are partners sharing profits in the ratio of 3 : 2. Their balance sheet on 31-3-2018 are as follows :

Liability	Amount	Assets	Amount
Creditors	20,000	Cash	14,800
Bills payable	3,000	Debtors	20,500
Bank overdraft	17,000	Less : Provision	<u>300</u>
Reserve	15,000	Stock	20,000
Ali's Capital	70,000	Plant	40,000
Musthafa's Capital	60,000	Buildings	70,000
		Motor vehicles	20,000
	1,85,000		1,85,000

They agreed to admit Jasmine for 1/4th share from 1-4-2018 subject to the following terms :

- Jasmine to bring in ₹ 60,000 as capital and ₹ 10,000 as goodwill in cash.
- Buildings to be appreciated by ₹ 14,000 and stock to be depreciated by ₹ 6,000.
- Provision for bad debts on debtors to be raised to ₹ 1,000.
- A provision be made for ₹ 1,800 for outstanding legal charges.

Prepare Revaluation Account, Partner's Capital Account and show the Balance Sheet after the admission of Jasmine.

19. The following Receipts and Payment Account were prepared from the cash book of Prathibha Charitable Trust for the year ending 31-12-2018.

Receipt and Payment Account for the year ending 31-12-2018

Receipts	Amount	Payment	Amount
Balance b/d :		Charity	11,500
Cash in hand	11,500	Rent & Taxes	3,200
Cash at bank	12,600	Salary	6,000
Donation	9,000	Printing	600
Subscription	42,800	Postage	300
Legacies	18,000	Advertisement	4,500
Interest on Investment	4,500	Insurance	2,000
Sale of old newspaper	200	Furniture	21,600
		Investment	23,000
		Balance c/d :	
		Cash in hand	9,900
		Cash in bank	16,000
	98,600		98,600

Prepare Income and Expenditure Account for the year ending 31-12-2018 after considering the following adjustments :

- (a) The trust has 100 members, each paying an annual subscription of ₹ 500. The subscription outstanding on 31-12-2017 was ₹ 3,600.
- (b) Subscription received in advance during 2017 was ₹ 2,800 and on December 31, 2018, ₹ 4,800.
- (c) It was decided to treat one-third of the amount received on account of donation as income.
- (d) Rent ₹ 600, salary ₹ 900 and advertisement expenses ₹ 1,000 outstanding on 31-12-2018.

PART-B

Maximum Score : 40

ANALYSIS OF FINANCIAL STATEMENTS

Answer all questions from 20 to 24. Each carries 1 score.

(5 × 1 = 5)

20. Balance of share forfeiture account is shown in the balance under the head :
- (a) Current liabilities and provisions (b) Share capitals
(c) Reserves and surplus (d) Unsecured loans
21. Debentures which are transferable by delivery are
- (a) Registered debentures (b) First debentures
(c) Bearer debentures (d) Partly convertible debentures
22. Which one of the following is non-current item ?
- (a) Deferred tax liability (b) Inventories
(c) Trade payable (d) Loans payable on demand
23. The process of comparing various financial factors of a company over a period of time is known as
- (a) Inter-firm comparison (b) Ratio analysis
(c) Intra-firm comparison (d) Inter-industry comparison
24. Which of the following is not a cash inflow ?
- (a) Decrease in debtors (b) Issue of shares
(c) Sale of fixed assets (d) Decrease in creditors

Answer any 4 questions from 25 to 29. Each carries 2 scores :

(4 × 2 = 8)

25. State any two purposes for which the balance of securities premium account can be utilized.
26. Explain any two objectives of financial statements.
27. National company purchased assets of the book value of ₹ 1,10,000 from Venad Co. Ltd. and agreed to make payment of purchase consideration by issuing, 8% debentures of ₹ 100 each, at a premium of 10%. Record the necessary journal entries.
28. Current assets (including inventories ₹ 40,000) ₹ 1,20,000, Current liabilities ₹ 80,000. Calculate :
- (i) Current ratio
- (ii) Quick ratio
29. List out any two limitations of financial analysis.

Answer any 3 questions from 30 to 33. Each carries 3 scores :

(3 × 3 = 9)

30. The primary objective of financial statement is to assist the users in their decision making. Explain any three other objectives of financial statements.
31. From the following statements of Profit and Loss of Agarwal Ltd. Prepare Comparative Statement for the year ended 31-3-2018.

Particulars	2016-17	2017-18
Revenue from operation	80,000	1,00,000
Cost of material consumed	40,000	60,000
Employees benefits expenses	20,000	30,000

32. Briefly explain any three limitation of ratio analysis.

33. Classify the following activities into operating activities, investing activities and financing activities :

- | | |
|-----------------------------|---------------------------|
| (a) Purchase of machinery | (b) Cash sales |
| (c) Wages and salaries paid | (d) Dividend received |
| (e) Issue of shares | (f) Interest paid on loan |

Answer any 2 questions from 34 to 36 each carries 5 scores :

(5 × 2 = 10)

34. Differentiate shares from debentures.

35. Match the following :

- | A | B |
|----------------------------|------------------------|
| (1) Debenture holder | (a) Issue on discount |
| (2) Debenture certificate | (b) Interest |
| (3) Return from debenture | (c) Creditor |
| (4) Convertible debenture | (d) Interest warrant |
| (5) Zero coupon debentures | (e) Converted to share |

36. From the following information given by a company from its books of accounts as on 31-3-2018 :

Particulars	₹
Total current assets	1,60,000
Inventories	1,00,000
Shareholders fund	4,00,000
13% Debentures	3,00,000
Current liabilities	1,00,000
Cost of revenue from operation	5,00,000

Calculate :

- (a) Current Ratio
- (b) Liquid Ratio
- (c) Debt Equity Ratio

Answer any 1 question from 37 to 38, carries 8 scores :

(1 × 8 = 8)

37. Resmi Mills Ltd. invited application for 20,000 equity shares of ₹ 10 each issued at a premium of ₹ 5 per share, payable as

₹ 4 per share on application

₹ 7 per share on allotment (5 being premium)

₹ 2 per share on first call

₹ 2 per share on second and final call

Application were received for 30,000 shares. Of these application for 6,000 shares were totally rejected and pro-rata allotment was made to the remaining applicants. All the money due was collected with the exception of final call money on 1,000 shares. Subsequently these shares were forfeited.

Journalise the above in the books of the company.

38. From the following information, prepare cash flow statement of Janaki Ltd :

	31-3-2017	31-3-2018
<u>Equity and Liabilities</u>		
Equity Share Capital	3,00,000	4,00,000
Reserves and Surplus	2,50,000	2,70,000
<u>Non-Current Liabilities</u>		
Debentures	2,00,000	1,50,000
<u>Current Liabilities</u>		
Trade payable	1,00,000	1,20,000
Income tax payable	50,000	40,000
	9,00,000	9,80,000
<u>Non-Current Assets</u>		
Land and Buildings	4,00,000	4,20,000
Goodwill	1,50,000	1,50,000
<u>Current Assets</u>		
Inventories	1,25,000	1,75,000
Trade receivables	1,50,000	1,60,000
Other current assets	50,000	60,000
Cash and Cash equivalents	25,000	15,000
	9,00,000	9,80,000

Additional information :

- (a) Land was purchased for ₹ 20,000
 - (b) Debentures were redeemed to the extent of ₹ 50,000
 - (c) Dividend paid ₹ 20,000
 - (d) Tax paid during the year ₹ 50,000
-