

ANSWER KEY
SECOND YEAR HIGHER SECOND YEAR EXAMINATION MARCH 2026
PART III
ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENTS

CODE NO: SY 249

SCORES: 80

Time: 2:30 HOURS

Qn. No	Sub Qns	Answer Key/ Value Points	Sco res	Total	
PART-A					
ACCOUNTING					
I. Answer any five of the following questions from 1 to 6. Each carries one score (5 x 1=5)					
1		(b) Sacrificing Ratio	1	1	
2		(a) Bank A/c	1	1	
3		(b) Old ratio	1	1	
4		Asset A/c Dr. To Revaluation A/c.	1	1	
5		(a) All Partners Capital A/c.	1	1	
6		(a) Both statements are correct	1	1	
II. Answer any four of the following questions from 7 to 11. Each carries two scores (4 x 2= 8)					
7		Old Ratio = 4:3 Anil's Sacrifice = $4/7 \times 1/3 = 4/21$ Shivi's Sacrifice = $3/7 \times 1/4 = 3/28$ Anil's new share = $4/7 - 4/21 = 8/21$ Shivi's new share = $3/7 - 3/28 = 9/28$ Rajesh share = $4/21 + 3/28 = 25/84$ New Profit Sharing Ratio = Anil : Shivi : Rajesh = 32 : 27 : 25 Or New ratio = 49:20:15	1 1	2	
8		a. Names and Addresses of the firm b. Names and Addresses of all partners c. Amount of capital to be contributed by each partner; d. The accounting period of the firm e. The date of commencement of partnership (Any 2 points)	1 1	2	
9	a. b.	Interest on partner's loan – 6% p.a Interest on partner's drawings – No interest on drawings	1 1	2	
10.		1. In dissolution of partnership, economic relation between the partners change. But in dissolution of firm partnership between all the partners of a firm comes to an end. 2. In dissolution of partnership, the business is not terminated. While in dissolution of firm the business of the firm is completely closed. 3. In dissolution of partnership, books of accounts are not closed. Where as in dissolution of firm all books of accounts are closed. etc (1 score for 1 difference)	1 1	2	
11		The ratio in which the continuing partners share the profit of outgoing partner is called gaining ratio. Gaining Ratio = New Ratio – Old Ratio.	2	2	
III. Answer any five of the following questions from 12 to 17. Each carries three score (5 x 3= 15)					
Profit and Loss Appropriation Account					
12		Particulars	Amount	Particulars	Amount
		Interest on capital:		Net Profit	50,000

Chandra	15,000			
Lekha	<u>10,000</u>	25,000		
Salary – Chandra		12,000		
Commission: Lekha		1,000		
Capital Account				
Chandra	7,200			
Lekha	4,800	12,000		
		50,000		50,000

(1/2 Score for each correct entry full score for correct full answer)

13	Goodwill = Average profit x No. of years purchases Average profit = $19,50,000/6 = 3,25,000$ Goodwill = $3,25,000 \times 5 = 16,25,000$	1 1 1	3
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14	Match the followings																		
	<table border="1"> <thead> <tr> <th colspan="2">A</th> <th colspan="2">B</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>Dissolution by court</td> <td>(iii)</td> <td>When a partner become insane</td> </tr> <tr> <td>(b)</td> <td>Compulsory dissolution</td> <td>(i)</td> <td>When all partners or when all except one partner become insolvent</td> </tr> <tr> <td>(c)</td> <td>Dissolution by Agreement</td> <td>(ii)</td> <td>When all the partners give their consent to dissolve the firm</td> </tr> </tbody> </table>	A		B		(a)	Dissolution by court	(iii)	When a partner become insane	(b)	Compulsory dissolution	(i)	When all partners or when all except one partner become insolvent	(c)	Dissolution by Agreement	(ii)	When all the partners give their consent to dissolve the firm	1 1 1	3
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15	<p style="text-align: center;">Ralia's Capital Account</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Ralia's Executors a/c</td> <td>1,66,458</td> <td>Balance b/d</td> <td>1,00,000</td> </tr> <tr> <td></td> <td></td> <td>Dalia's capital (Goodwill)</td> <td>12,500</td> </tr> <tr> <td></td> <td></td> <td>Salia's capital (Goodwill)</td> <td>18,750</td> </tr> <tr> <td></td> <td></td> <td>P&L Suspense a/c</td> <td>5,208</td> </tr> <tr> <td></td> <td></td> <td>General Reserve</td> <td>30,000</td> </tr> <tr> <td></td> <td>1,66,458</td> <td></td> <td>1,66,458</td> </tr> </tbody> </table> <p>(Give full score without considering goodwill)</p>	Particulars	Amount	Particulars	Amount	Ralia's Executors a/c	1,66,458	Balance b/d	1,00,000			Dalia's capital (Goodwill)	12,500			Salia's capital (Goodwill)	18,750			P&L Suspense a/c	5,208			General Reserve	30,000		1,66,458		1,66,458	1/2 Score each	3
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16	Goodwill Factors: Nature of business, Location, Efficiency of Management, Market situation, Special advantages etc. (Any 2 points with explanation. Points only 1/2 score each)	1 2	3
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17	Interest on capital Pradeep = $2,50,000 \times 9/100 = \text{Rs. } 22,500$ Prasad = $2,00,000 \times 9/100 = \text{Rs. } 18,000$ Prema = $1,50,000 \times 9/100 = \text{Rs. } 13,500$	1 1 1	3
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IV. Answer any two of the following questions from 18 to 20. Each carries six score (6 x 2 = 12).

18	<p style="text-align: center;">Revaluation a/c</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Prov. for Debtors</td> <td>10,000</td> <td>Stock</td> <td>10,000</td> </tr> <tr> <td>Creditors</td> <td>5,000</td> <td>Land</td> <td>40,000</td> </tr> <tr> <td>Plant and Machinery</td> <td>17,000</td> <td></td> <td></td> </tr> <tr> <td>Gireesh's Capital</td> <td>6,750</td> <td></td> <td></td> </tr> <tr> <td>Babu's Capital</td> <td>6,750</td> <td></td> <td></td> </tr> <tr> <td>Sreenath's Capital</td> <td>4,500</td> <td></td> <td></td> </tr> <tr> <td></td> <td><u>50,000</u></td> <td></td> <td><u>50,000</u></td> </tr> </tbody> </table> <p>(1/2 score for each correct entry maximum 3 Score)</p> <p style="text-align: center;">Capital Account</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Gireesh</th> <th>Babu</th> <th>Sreenath</th> <th>Particulars</th> <th>Gireesh</th> <th>Babu</th> <th>Sreenath</th> </tr> </thead> <tbody> <tr> <td>Balance c/d</td> <td>3,06,750</td> <td>2,56,750</td> <td>1,04,500</td> <td>Balance b/d</td> <td>3,00,000</td> <td>2,50,000</td> <td>1,00,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Revaluation</td> <td>6,750</td> <td>6,750</td> <td>4,500</td> </tr> <tr> <td></td> <td>3,06,750</td> <td>2,56,750</td> <td>1,04,500</td> <td></td> <td>3,06,750</td> <td>2,56,750</td> <td>1,04,500</td> </tr> </tbody> </table>	Particulars	Amount	Particulars	Amount	Prov. for Debtors	10,000	Stock	10,000	Creditors	5,000	Land	40,000	Plant and Machinery	17,000			Gireesh's Capital	6,750			Babu's Capital	6,750			Sreenath's Capital	4,500				<u>50,000</u>		<u>50,000</u>	Particulars	Gireesh	Babu	Sreenath	Particulars	Gireesh	Babu	Sreenath	Balance c/d	3,06,750	2,56,750	1,04,500	Balance b/d	3,00,000	2,50,000	1,00,000					Revaluation	6,750	6,750	4,500		3,06,750	2,56,750	1,04,500		3,06,750	2,56,750	1,04,500	3 2	6
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(2 Score for capital account)

Balance sheet

Liabilities	Amount	Assets	Amount
Outstanding expenses	5,000	Cash in hand	1,00,000
Creditors	45,000	Cash at bank	1,50,000
Trade Payables	20,000	Debtors	1,00,000
General Reserve	15,000	Less Prov. for Debtors	10,000
Capital		Stock	60,000
Giressh	3,06,750	Plant & Machine	1,70,000
Babu	2,56,750	Less Depr.	17,000
Sreenath	1,04,500	Land	1,90,000
	6,68,000	Premises	10,000
	7,53,000		7,53,000

(1 Score for balance sheet)

(Note: If the student did hidden goodwill adjustment also give full score)

19

Revaluation Account

Particulars	Amount	Particulars	Amount
Bad debts	1,000	Expenses owing	1,000
Anoop's Capital	4,000	Land & Building	10,000
Aparna's Capital	4,000		
Akhila's Capital	2,000		
	10,000		
	11,000		11,000

(1 Score each correct entry)

Capital Account

Particulars	Anoop	Aparna	Akhila	Particulars	Anoop	Aparna	Akhila
Aparna	18,667		9,333	Balance b/d	1,50,000	1,50,000	1,00,000
Loan a/c		1,90,400		Revaluation	4,000	4,000	2,000
Balance c/d	1,43,733		96,867	General Reserve	8,400	8,400	4,200
				Anoop cap		18,667	
				Akhila cap		9,333	
	1,62,400	1,90,400	1,06,200		1,62,400	1,90,400	1,06,200

(1/2 Score for each correct entry)

Gaining ratio = 2:1

Total Goodwill = 70,000

Aparna share of goodwill = $70,000 \times \frac{2}{5} = 28,000$

Anoop's share of goodwill = $28,000 \times \frac{2}{3} = 18,667$

Akhila's share of goodwill = $28,000 \times \frac{1}{3} = 9,333$

20		Journal				
20	i	Realisation A/c Dr. To Bank A/c	50,000	50,000	1	
	ii	Rose's Capital A/c Dr. To Realisation A/c	90,000	90,000	1	
	iii	Realisation A/c Dr. To Lilly's Capital A/c	4,000	4,000	1	6
	iv	Realisation A/c Dr. To Bank A/c	4,50,000	4,50,000	1	
	v	Bank A/c Dr. To Realisation A/c	6,000	6,000	1	
	vi	Reserve A/c Dr. To Rose's Capital A/c To Lilly's Capital A/c To Jasmine's Capital A/c	18,000	9,000 6,000 3,000	1	

Part II Analysis of Financial Statements

V. Answer any five of the following questions from 21 to 26. Each carries one score (5 x 1=5)

21		(b) Reserve capital	1	1
22		12%	1	1
23		(b) Interest	1	1
24		(a) Postulates	1	1
25		(b) 2:1	1	1
26		(c) Financing activity	1	1

VI. Answer any four of the following questions from 27 to 31. Each carries two scores (4 x 2= 8)

27		A One Person Company (OPC) is a corporate entity owned and managed by a single individual. It offering limited liability, separate legal entity.	2	2
28	i	Bank A/c Dr. 16,50,000 To 8% Debentures A/c 15,00,000 To Securities Premium A/c 1,50,000		
	ii	8% Debentures A/c Dr. 15,00,000 To Bank 15,00,000		
		Bank A/c Dr. 16,50,000 Loss on issue of Debenture A/c Dr. 1,50,000 To 8% Debentures A/c 15,00,000 To Securities Premium A/c 1,50,000 To Premium on redemption A/c 1,50,000		2
		8% Debentures A/c Dr. 15,00,000 Premium on redemption A/c Dr. 1,50,000 To Bank 16,00,000		
		(1/2 Score for each correct entry)		
29	i	Zero Coupon Rate Debenture	1	
	ii	Irredeemable Debenture	1	2
30		(i) Financial analysis does not consider price level changes., (ii) Financial analysis is just a study of reports of the company. (iii) The financial statements are prepared on the basis of accounting (iv) No qualitative information (Or any other valid answers, Any 2 points)	1 1	2
31		Calculation of Cash from operating activity		

Particulars	Amount
Net profit before tax	5,00,000
(+) Depreciation	25,000
Operating profit before working capital changes	5,25,000
(+) Increase in trade payables	20,000
	5,45,000
(-) Decrease in creditors	5,000
Cash generated from operations	5,40,000

2

(1/2 Score for each correct entry)

VII. Answer any five of the following questions from 32 to 37. Each carries three score (5 x 3= 15)

32	<table border="0"> <tr> <td>Assets A/c</td> <td>Dr.</td> <td>3,30,000</td> <td></td> <td></td> </tr> <tr> <td> To Arya Ltd. A/c</td> <td></td> <td></td> <td>3,30,000</td> <td>1</td> </tr> <tr> <td>Ary Ltd. A/c</td> <td>Dr.</td> <td>3,30,000</td> <td></td> <td>3</td> </tr> <tr> <td> To 9% Debentures A/c</td> <td></td> <td></td> <td>3,00,000</td> <td>2</td> </tr> <tr> <td> To Securities Premium A/c</td> <td></td> <td></td> <td>30,000</td> <td></td> </tr> </table>	Assets A/c	Dr.	3,30,000			To Arya Ltd. A/c			3,30,000	1	Ary Ltd. A/c	Dr.	3,30,000		3	To 9% Debentures A/c			3,00,000	2	To Securities Premium A/c			30,000			
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33	(a) to issue fully paid bonus shares (b) to write-off preliminary expenses of the company (c) to write-off the expenses of, or commission paid, or discount allowed on any securities of the company (d) to pay premium on the redemption of preference shares or debentures (e) to purchase of its own shares (Any 3 points)	1 1 1	3																									
34	<table border="1"> <thead> <tr> <th>Shares</th> <th>Debentures</th> </tr> </thead> <tbody> <tr> <td>Ownership security</td> <td>Creditorship security</td> </tr> <tr> <td>Return is dividend</td> <td>Return is interest</td> </tr> <tr> <td>Have voting right</td> <td>No voting right</td> </tr> <tr> <td>Holder are owners</td> <td>Holder are creditors</td> </tr> <tr> <td>Risky security</td> <td>Less risk as compared to shares</td> </tr> </tbody> </table> (Any 3 valid points)	Shares	Debentures	Ownership security	Creditorship security	Return is dividend	Return is interest	Have voting right	No voting right	Holder are owners	Holder are creditors	Risky security	Less risk as compared to shares	1 1 1	3													
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35	(i) To provide information about the cash flow (ii) To assess the financial performance (iii) To provide information for financial planning and decision making (iv) To disclose the accounting policies (Any other valid points)	1 1 1	3																									
36	Inventory Turnover ratio = Cost of revenue from operation / Average inventory Cost of revenue from operation = 5,00,000 – 50,000 = 4,50,000 Average inventory = 60,000 Inventory Turnover ratio = 4,50,000/60,000 = 7.5 times	1 1 1	3																									
37	<table border="0"> <tr> <td>Proceedings from long term loan</td> <td>1,75,000</td> <td></td> </tr> <tr> <td>Amount of loan repaid</td> <td><u>75,000</u></td> <td></td> </tr> <tr> <td>Net cash inflow from Financing activity</td> <td>100,000</td> <td></td> </tr> </table>	Proceedings from long term loan	1,75,000		Amount of loan repaid	<u>75,000</u>		Net cash inflow from Financing activity	100,000		1 1 1	3																
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VIII. Answer any two of the following questions from 38 to 40. Each carries six score (6 x 2= 12)

38	<table border="0"> <tr> <td>Bank A/c</td> <td>Dr</td> <td>10,00,000</td> <td></td> <td></td> </tr> <tr> <td> To Share Application</td> <td></td> <td></td> <td>10,00,000</td> <td>1/2</td> </tr> <tr> <td>Share Application A/c</td> <td>Dr</td> <td>10,00,000</td> <td></td> <td></td> </tr> <tr> <td> To Share Capital</td> <td></td> <td></td> <td>8,00,000</td> <td>1</td> </tr> <tr> <td> To Bank</td> <td></td> <td></td> <td>2,00,000</td> <td></td> </tr> <tr> <td>Share Allotment A/c</td> <td>Dr</td> <td>6,00,000</td> <td></td> <td></td> </tr> <tr> <td> To Share Capital</td> <td></td> <td></td> <td>6,00,000</td> <td>1</td> </tr> <tr> <td>Bank A/c</td> <td>Dr</td> <td>6,00,000</td> <td></td> <td>6</td> </tr> </table>	Bank A/c	Dr	10,00,000			To Share Application			10,00,000	1/2	Share Application A/c	Dr	10,00,000			To Share Capital			8,00,000	1	To Bank			2,00,000		Share Allotment A/c	Dr	6,00,000			To Share Capital			6,00,000	1	Bank A/c	Dr	6,00,000		6		
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Bank A/c	Dr	6,00,000		6																																							

	To Share allotment		6,00,000		½
	Share First and final call A/c	Dr	6,00,000		
	To Share Capital		6,00,000		1
	Bank A/c	Dr	5,70,000		
	To Share First and final call		5,70,000		1
	Share capital A/c	Dr.	1,00,000		
	To Share Forfeiture A/c		70,000		1
	To Share first and final call		30,000		
39	Comparative Balance sheet as on 31-03-2025				
	Particulars	31-03-2024	31-03-2025	Absolute changes	% Changes
	I. Equity & Liabilities:				
	1. Share holders fund				
	(a) Share capital	30,00,000	40,00,000	10,00,000	33
	(b) Reserves & Surplus	5,00,000	6,00,000	1,00,000	20
	2. Non-current liabilities				
	Long term borrowing	7,00,000	5,00,000	(2,00,000)	(28.6)
	3. Current Liabilities				
	Trade payable	5,00,000	4,00,000	(1,00,000)	(20)
	Total	47,00,000	55,00,000	8,00,000	17.02
	II. Asset				
	(a) Non-current				
	Land and Building.	30,00,000	31,00,000	1,00,000	3.33
	(b) Current Assets:				
	Inventories	7,00,000	9,00,000	2,00,000	28.6
	Trade Receivables	10,00,000	15,00,000	5,00,000	50
	Total	47,00,000	55,00,000	8,00,000	17.02
40	(i) Current Ratio = Current Assets/ Current liabilities = 2,75,000/50,000 = 5.5:1				1
	(ii) Quick ratio = Quick Assets/ Current liabilities = 2,25,000/50,000 = 4.5:1				1
	(iii) Debt Equity Ratio = Debt/ Equity = 1,00,000/ 6,00,000 = 0.166 :1				1
	(iv) Total Assets to Debt Ratio = Total Assets/ Debt = 7,50,000/ 1,00,000 = 7.5:1				1
	(v) Proprietary Ratio = Share holders fund / Total assets = 6,00,000/ 7,50,000 = 0.8:1				1
	(vi) Debt to capital employed = Total Debt/ Capital employed (Net assets) = 1,00,000/ 7,00,000 = 0.143:1				1
	Or	= 1,00,000/ 4,75,000 = 0.21:1			6

Scheme prepared by:-

- (1) ANIL KUMAR G , GHSS AYYANKOICKAL, KOLLAM 9446109708
(2) JAGAN H , GHSS KONGORPILLY , ERNAKULAM 9446016999
(3) REJI MATHAI , GHSS VAGAMON , IDUKKI 8281256790
(4) BINDU S , GHSS PARAVANNA , MALAPPURAM 9495827190

