

ANNUAL EXAMINATION MARH-2021 ANSWER KEY (UN OFFICIAL)
ACCOUNTANCY WITH AFS
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PART-A

- [i] 1 .Income and Expenditure account
 2 Partnership Deed
 3 Sacrificing Ratio
 4 His legal executors account
 5 Subscription,Donnation
 6 (a) $12000 \times 10/100 \times 6.5/12 = 650$
 (b) $12000 \times 10/100 \times 5.5/12 = 550$
 7 7.Realisation a/c Dr

To Ashok's capital a/c

Income & Expenditure a/c	Profit & loss a/c
1.Prepared by N P O	Prepared by Trading concerns
2.Prepared on the basis of rece payment account	Prepared on the basis of Trial Balance
3.Balnce will be Surplus or Defi	Net profit or Net loss

9 20:12:8 OR 5:3:2

- 10 (a) Assets a/c Dr
 To revaluation a/c
 (b) Revaluation a/c Dr
 To Liabilities a/c
 (c) Assets a/c Dr
 To Revaluation a/c
 (d) Revaluation a/c Dr
 To Asset a/c

[IV] 11.

Total amount of subscription received	50000
Add:Subscription o/s 2020	15000
Subscription rcvd in advance 2019	8000
	73000
Less:Subscription o/s 2019	10000
Subscription rcvd in advance 2020	5000
	15000
	58000

Fixed Method	Fluctuating Mrthod
1.Two accounts are prepared ie Capital & Cu	Only one account ie Capital a/c
2.Capital balnce remain Fixed	Capital balnce always changed
3.All adjustments are made in current a/c	All adjustments are made in Capital a/c
4.Capital a/c always show credit balance	Capital a/c may sometime show debit balance

13 Average profit ₹830000, Goodwill = ₹498000.

14 **PROFIT AND LOSS APPROPRIATION ACCOUNT**

	₹		₹
Interest on capital		Net Profit	300000
Suku	12000		
Shyju	8400		
	20400		
Salary			
suku	7200		
Shyju	6000		
	13200		
Capital a/c			
suku	159840		
Shyju	106560		
	266400		
	30000		300000

- 15 (i) Cash a/c Dr
 Realisation a/c
 (ii) Realisation a/c Dr
 Cash a/c
 (iii) Realisation a/c DR
 Cash a/c
 (iv) Realisation a/c Dr
 Sumesh's capital a/c

28	Share application a/c Dr	3000			
	To Bank		3000		
29	1.To ascertain the relative importance of different components of the financial position of the firm. 2.To identify the reasons for change in the profitability/financial position of the firm.				
[ix] 30	1.Machinery a/c Dr	100000	2.Galxy Ltd a/c Dr	100000	
	To Galaxy Ltd		100000	To Equity share capital	80000
				To Securities Premium a/c	20000

- 31 (i) Redeemable Debentures (ii) Convertible Debentures (iii) Zero Coupon bonds
- 32 1.To provide information about economic resources and obligations of a business
2.To provide information about the earning capacity of the business
3.To provide information about cash flows
- [x] 33 (a) to issue fully paid bonus shares to the extent not exceeding unissued share capital of the company;
(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;

34 (i) Reserve Capital :- Reserve Capital: A company may reserve a portion of its uncalled capital to be called only in the event of winding up of the company. Such uncalled amount is called 'Reserve Capital' of the company. It is available only for the creditors on winding up of the company

(ii) According to Section 43 of The Companies Act, 2013, a preference share is one, which fulfils the following conditions :

(a) That it carries a preferential right to dividend to be paid either as a fixed amount payable to preference shareholders or an amount calculated by a fixed rate of the nominal value of each share before any dividend is paid to the equity shareholders.

(b) That with respect to capital it carries or will carry, on the winding up of the company, the preferential right to the repayment of capital before anything is paid to equity shareholders.

(c) Under Subscription:- Under subscription is a situation where number of shares applied for is less than the number for which applications have been invited for subscription.

35 1.Comparative Statements 2.Common size statements 3.Trend analysis 4.Ratio Analysis 5.Cashflow

Ratio Analysis: It describes the significant relationship which exists between various items of a balance sheet and a statement of profit and loss of a firm. As a technique of financial analysis, accounting ratios measure the comparative significance of the individual items of the income and position statements. It is possible to assess the profitability, solvency and efficiency of an enterprise through the technique of ratio analysis.

36 Inventory Turn over Ratio = $\frac{\text{Cost of revenue from operations}}{\text{Average inventory}}$

Average Inventory = $\frac{\text{Inventory at the beginning} + \text{Inventory at the end}}{2}$

$40000 + 30000 / 2 = 35000$

Inventory Turn over Ratio = $80000/35000 = 2.285$ Times

37 (i) Operating Activities (ii) Financing Activities (iii) Investing activities (iv) Operating activities

	A	B
X1 38	A.Issue of shares above the face value	Issue of shares at premium
	B.Issue of shares below the face value	Issue of shares at discount
	C.Cancellation of shares	Forfeiture of shares
	D.Demand for payment	call
	E.Uncalled capital	Reserve capital

- 39 Types of capital
- Authorised Capital: Authorised capital is the amount of share capital which a company is authorised to issue by its Memorandum of Association.
- Issued Capital: It is that part of the authorised capital which is actually issued to the public for subscription .
 - Subscribed Capital: It is that part of the issued capital which has been actually subscribed by the public.
 - Called up Capital: It is that part of the subscribed capital which has been called up on the shares.
 - Paid up Capital: It is that portion of the called up capital which has been

actually received from the shareholders.

• **Uncalled Capital:** That portion of the subscribed capital which has not yet been called up.

Reserve Capital: A company may reserve a portion of its uncalled capital to be called only in the event of winding up of the company. Such uncalled amount is called 'Reserve Capital' of the company.

COMPARATIVE STATEMENT				
PARTICULARS	2019	2020	Absolute Change	% Change
Revenue from operations	160000	200000	40000	25
Add: Other income	20000	10000	-10000	-50
Total income	180000	210000	30000	16.67
Less: Expenses	80000	100000	20000	25
Profit Before Tax	100000	110000	10000	10
Less: Income Tax	50000	55000	5000	10
Profit After Tax	50000	55000	5000	10

41 (a) Current ratio = $35000/17500 = 2:1$

(b) Quick ratio = $25000/17500 = 1.43:1$ Quick Assets = current Assets - Inventories

42 Body corporate, separate legal entity, Perpetual succession, Common seal, Limited liability (Briefly explain)

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DATE	PARTICULARS		₹	₹
1	Bank a/c	Dr	100000	
	share application a/c			100000
2	Share application a/c	Dr	80000	
	share capital a/c			80000
3	Share application a/c	Dr	20000	
	Bank			20000
4	Share allotment a/c	Dr	60000	
	To share Capital			60000
5	Bank a/c	Dr	60000	
	share allotment			60000
6	Share first call a/c	Dr	40000	
	share capital			40000
7	Bank a/c	Dr	40000	
	Share First call a/c			40000
8	Share second and Final call a/c	Dr	20000	
	Share capital			20000
9	Bank a/c	Dr	20000	
	share second and final call			20000

44 **Ownership:** A 'share' represents ownership of the company whereas a debenture is only acknowledgement of Debt.

Return: The return on shares is known as dividend while the return on debentures is called interest.

Repayment: Normally, the amount of shares is not returned during the life of the company, whereas, generally, the debentures are issued for a specified period

Voting Rights: Shareholders enjoy voting rights whereas debentureholders do not normally enjoy any voting right.

Security : Shares are not secured by any charge whereas the debentures are generally secured and carry a fixed or floating charge over the assets of the company.

Convertibility: Shares cannot be converted into debentures whereas debentures can be converted into shares.