

MODEL EXAMINATION-MARCH-2022
(ANSWER KEY-UNOFFICIAL)
ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENTS
MAXIMUM SCORES-80

SECTION-1 ACCOUNTANCY

PART-1

A. Answer any four questions from 1 to 6. Each carries 1 score.

1. Legacy
2. Partnership Deed
3. Sacrificing Ratio
4. 5:2
5. Old Ratio
6. Realisation Account

B. Answer any four questions from 7 to 9. Each carries 1 score.

7. Capital Fund
8. None
9. Old Ratio

PART-11

A. Answer the following question, carries 2 scores

10. It is an organisation established not for earning profit but for providing service to its members and society, Eg: Clubs, Orphanages, Universities, Hospitals, Libraries.

B. Answer any one question from 11 to 12. carries 2 scores.

11. Capitalised Value of Average Profit = $\text{Average Profit} \times 100 / \text{Rate}$
 $= 75000 \times 100 / 10 = 750000$

Goodwill = Capitalised Value of Average profit – Net Assets
 $= 750000 - 600000 = 150000$

12. (a) The property of the firm shall be applied first in the payment of debts of the firm and then the surplus, if any, shall be divided among the partners as per their claims.

(b) The private property of any partner shall be applied first in payment of his private debts and the surplus, if any, may be utilised for payment of the firm's debts, in case the firm's liabilities exceed the firm's assets.

PART-111

13	Subscription received during the year	35000	
	Add: Subscription o/s on 31/12/2020	3000	
	Subscription received in advance on 01/01/2020	1500	4500
			39500
	Less: Subscription o/s on 01/01/2020	2500	
	Subscription received in advance on 31/12/2020	3000	5500
	Subscription to be credited to Income & Exp a/c		35000

14	Drawings	Period (Months)	Product	
	8000	11	88000	Int On Drawings – Total Products x Rate X 1/12 $= 223000 \times 8/100 \times 1/12$ $= 1487$
	9000	7	63000	
	7000	6	42000	
	10000	3	30000	

15	DATE	PARTICULARS	₹	₹
	1	Cash A/C Dr	50000	
		Baby's Capital		50000
	2	Cash A/C Dr	15000	
		Ammu's Capital		10000
		Chinju's Capital		5000

DATE	PARTICULARS		₹	₹
1	Realisation a/c Cash a/c	Dr	5500	5500
2	Sanjith's Capital a/c Realisation a/c	Dr	12000	12000
3	Realisation a/c Akbar's Capital a/c Vineeth's Capital a/c	Dr	25000	15000 10000

B. Answer the following questions carries 3 scores

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Interest on Capital

Interest on Capital

P	$150000 \times 10/100 \times 6/12 = 7500$
	$100000 \times 10/100 \times 6/12 = 5000$
	12500

Q	$100000 \times 10/100 = 10000$
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PART-1V

A. Answer any two questions from 18 to 20. Each carries 4 scores.

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Partners' Capital Accounts

Particulars	Rada	Suda	Prma	Particulars	Rada	Suda	Prma
Drawings	5000	3000	2000	Cash	75000	60000	45000
Interest on Drawings	500	300	200	Salary		9000	
				Commission	8000		
				Interest on capital	4500	3600	2700
				P&L Appropriation a/c	15000	9000	6000
Balance c/d	97000	78300	51500				
	102500	81600	53700		102500	81600	53700

Revaluation Account

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Plant & Machinery	2800	Stock	5000
Outstanding Repair bill	1000		
Provision for Doubtful debts	1500	Investment	2000
X 1020			
Y 680	1700		
	7000		7000

SIJU'S LOAN ACCOUNT

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Date	Particulars	₹	Date	Particulars	₹
31/12/18	Cash (25000 + 7500)	32500	01/01/18	Siju's Capital A/C	75000
31/12/18	Balance c/d	50000	31/12/18	Interest (75000 X 10/100)	7500
		82500			82500
31/12/19	Cash (25000 + 5000)	30000	01/01/19	Balance b/d	50000
31/12/19	Balance c/d	25000	31/12/19	Interest (50000 X 10/100)	5000
		55000			55000
31/12/19	Cash (25000 + 2500)	27500	01/01/20	Balance b/d	25000
		27500	31/12/20	Interest (25000 X 10/100)	2500
					27500

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Salary paid during the year		35000
Add: Salary o/s on 31/03/2021	4500	
Salary prepaid on 01/04/2020	3400	7900
		42900
Less: Salary o/s on 01/04/2020	6300	
Salary prepaid on 31/03/2021	5100	11400
Salary to be debited to Income & Exp a/c		31500

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Need for Valuation of goodwill

1. Change in profit sharing ratio
2. Admission of a partner
3. Retirement/Death of a partner
4. Amalgamation of two or more firms
5. Conversion of a firm into joint stock company.

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INCOME AND EXPENDITURE ACCOUNT OF JANONI CLUB FOR THE YEAR ENDED 31/12/2020

EXPENDITURE	₹	INCOME	₹
Rent	6000	Subscription	37000
Electricity charges	3000	Add:O/s	1750
Lecturer's fee	750		38750
Office Expenses	1500	Less:Advance	1500
Printing&Stationery	1200	Donation	5000
Depreciation		Interest	1250
Furniture	450		
Books	700		
Surplus (transferred to Cap Fund)	29900		
	43500		43500

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Revaluation Account

Stock	5000	Plant&Machinery	10000
Provision for Doubtful debts	1750	Furniture	1000
Capital a/c			
Kannan	2125		
Thambi	2125		
	4250		
	11000		11000

Partners' Capital Accounts

Particulars	Kannan	Thambi	Vargese	Particulars	Kannan	Thambi	Vargese
				Balance b/d	60000	40000	
				Cash			75000
				Reserve Fund	10000	10000	
Balance c/d	72125	52125	75000	Revaluation a/c	2125	2125	
	72125	52125	75000		72125	52125	75000

SECTION-11 A-F-S

PART-V1

A Answer any four questions from 25 to 30 .Each carries 1 score

25.Owners

26. 12%

27.Borrowed

28.All of the above

29.Premium

30.Common size statement

B. Answer all questions from 31 to 33 .Each carries 1 score

31.Operating Ratio

32.₹2

33.Inflow of cash

PART-V11

A Answer the following question, carries 2 scores

34.One Person Company (OPC): Sec. 2 (62) of the companies Act, 2013, defines OPC as a "company which has only one person as a member"

B. Answer any one questions from 35 to 36. carries 2 scores.

35.Sanathi Ltd a/c Dr 550000

Cash 50000

Share Capital 500000

36.1.Recorded Facts 2.Accounting conventions

PART-V111

A Answer any three questions from 37 to 40 .Each carries 3 scores

DATE	PARTICULARS	₹	₹
1	Bank a/c Dr	90000	
	Equity share application		90000
2	Equity share application a/c Dr	90000	
	Equity share Capital (20000 x 3)		60000
	EquityShare Allotment (10000 x 3)		30000

38	DATE	PARTICULARS	₹	₹
	1	Bank a/c Dr 10% Debenture Applicatio&Allotment a/c	150000	150000
	2	10% Debenture Applicatio&Allotment a/c 10% Debentures a/c	150000	150000

39	OPERATING ACTIVITIES	INVESTING ACTIVITIES
	Rent of factory paid Sale of goods Paid cash to suppliers	Purchase of Land Purchase of Furniture Investment in Fixed Deposit

40	DATE	PARTICULARS	₹	₹
	1	Share Capital a/c Dr Security Premium a/c Dr Forfieted Shares a/c (300 x 3) Share Allotment a/c(300 x 5) Share First&final call a/c (300 x 4)	3000 600	900 1500 1200

B. Answer the following questions carries 3 scores

41	DATE	PARTICULARS	₹	₹
	1	Assets a/c Dr Moon Ltd a/c	250000	250000
	2	Moon Ltd a/c Dr 9% Debentures a/c	250000	250000

PART-XI

C. Answer any two questions from 42 to 44. Each carries 4 scores

42 Differences between share and Debenture

- Ownership: A share is a part of the owned capital Whereas a debenture is a part of borrowed capital
- 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 and repayable on the expiry of that period.
- Voting Rights: Shareholders enjoy voting rights Whereas debentureholders do not normally enjoy any voting right.

43 Limitations of Financial Statements

- Do not reflect current situation
- Assets may not realise the stated values
- Personal bias of accountants
- No qualitative information
- They are only interim reports

44	Comparative Statement of profit and loss of Star Co LTD					
	Particulars	Note No	Previous Year	Current year	Absolute Change	Percentage Change
	1.Revenue From Operations		500000	700000	200000	40.00
	II.Other Income		75000	100000	25000	33.33
	III.Total Income (I + II)		575000	800000	225000	39.13
	Less:Expenses		210000	420000	210000	100.00
	V.Profit before Tax (III – IV)		365000	380000	15000	4.11
	VI.Less:Income Tax		109500	114000	4500	4.11
	VII.Net Profit (V – VI)		255500	266000	10500	4.11

B. Answer any one question from 45 to 46 ,carries 4scores

45	DATE	PARTICULARS	₹	₹
	1	Share Capital a/c Dr Forfieted Shares a/c (500 x 7) Share Second&final call a/c (500 x 3)	5000	3500 1500
	2	Bnak a/c Dr Forfieted shares a/c Share Capital	4000	1000 5000
	3	Forfieted shares a/c Dr Capital Reserve	2500	2500

46 Significance of financial statement analysis

(a) Finance manager: Financial analysis focusses on the facts and relationships related to managerial performance, corporate efficiency, financial strengths and weaknesses and creditworthiness of the company.

(b) Top management: It is the overall responsibility of Top Management to see that the resources of the firm are used most efficiently and that the firm's financial condition is sound. Financial analysis helps the management for this.

(d) Trade payables: Trade payables are particularly interested in the firm's ability to meet their claims over a very short period of time. Their analysis will, therefore, evaluate the firm's liquidity position.

(e) Lenders: Suppliers of long-term debt are concerned with the firm's long-term solvency and survival. They analyse the firm's profitability over a period of time, its ability to generate cash, to be able to pay interest and repay the principal

PART-X

A Answer any one question from 47 to 48. Carries 5 scores.

DATE	PARTICULARS	₹	₹
1	Bank a/c Dr Equity share Application a/c	105000	105000
2	Equity share application a/c Dr Equity share capital a/c (30000 X 3) Equity share allotment a/c (5000 x 3)	105000	90000 15000
3	Equity share allotment a/c Dr Equity share capital a/c (30000 X 3) Security Premium a/c (30000 X 2)	150000	90000 60000
4	Bank a/c Dr Equity share allotment a/c (150000 – 15000)	135000	135000
5	Equityshare First&Final Call a/c Dr Equity share Capital	120000	120000
6	Bank a/c Dr Equityshare First&Final Call a/c	120000	120000

48 (a) Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{530000}{290000} = 1.83:1$

(b) Debt-Equity Ratio = $\frac{\text{Long-Term Debt}}{\text{Share Holders Fund}} = \frac{100000}{500000} = 0.2:1$