

SECOND YEAR – FIRST TERMINAL EVALUATION 2019-2020

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 നല്കിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

PART - A
ACCOUNTANCY

(5 × 1 = 5)

Answer all questions from 1 to 5. Each carries 1 Score.

1. Donations received for construction of building is a
 - (a) Revenue Receipt
 - (b) Capital Expenditure
 - (c) Capital Receipt
 - (d) Revenue Expenditure

2. Interest on Partner's Capital is debited to _____ Account.

3. Find the odd one and state reason.
 - (a) Subscription
 - (b) Sale of old newspaper
 - (c) Life Membership fee
 - (d) Locker rent

4. Partners' Current Accounts are opened when their Capital Accounts are maintained under :
 - (a) Fixed Capital Method
 - (b) Fixed and Fluctuating Methods
 - (c) Fluctuating Capital Method
 - (d) None of the above

5. Income and Expenditure Account reveals _____.
 - (a) Surplus or Deficit
 - (b) Cash in Hand
 - (c) Capital Fund
 - (d) Cash at Bank

Answer any 4 questions from 6 to 10. Each carries 2 Scores.

(4 × 2 = 8)

6. How will you treat the following items in the absence of a partnership deed ?
 - (a) Partner's salary
 - (b) Profit of the firm

7. Complete the table :

| Item | Statement | Side |
|-------------------|---------------|----------------|
| 1. Legacy | Balance Sheet | Liability Side |
| 2. Honorarium | ----- | ----- |
| 3. Endowment Fund | ----- | ----- |

8. Not-for-profit organisations have many peculiar features compared to that of profit seeking organisations. State any two of them.
9. Anwar and Naveen are partners in a firm. Anwar withdraws from the firm, a sum of ₹ 3,000 on the first day of every month during the year 2017. Calculate interest on drawings of Anwar, if the firm charges interest on drawings @ 9% per annum.
10. How the following items are shown in the accounts of a Not-for-profit organization ?

| Particulars | Amount (₹) |
|--------------------------|------------|
| Tournament Fund | 50,000 |
| Tournament Expenses | 15,000 |
| Receipts from Tournament | 22,000 |

Answer any 3 questions from 11 to 14. Each carries 3 Scores.

(3 × 3 = 9)

11. There are two methods for maintaining capital accounts of partners – Fixed Capital Method and Fluctuating Capital Method. State any 3 differences between the two methods.
12. Calculate the amount of subscription to be credited to Income and Expenditure Account during the year ending on 31-Dec-2018.

| Details | Amount (₹) |
|--|------------|
| a. Subscription received during the year 2018 | 3,20,000 |
| b. Subscription outstanding as on 31 Dec. 2017 | 16,000 |
| c. Subscription received in advance as on 31 Dec. 2018 | 14,000 |
| d. Subscription outstanding on 31 Dec. 2018 | 28,000 |

13. Daya, Sneha and Swapna are partners sharing profits in the ratio of 2:1:1. Swapna is given a guarantee to get a minimum profit of ₹ 40,000 per annum and deficiency if any will be contributed by the other two partners in their profit sharing ratio. During the year 2017, the firm's profit amounted to ₹ 1,48,000. How will you appropriate profits in this case ?

14. From the following details extracted from the cash book of Sanjeevani Health Club, prepare a Receipt and Payment Account for the year ended on 31 March 2018.

| Particulars | Amount (₹) |
|-------------------------|------------|
| Cash in hand (1-4-2017) | 40,000 |
| Subscription received | 1,20,000 |
| Investments purchased | 60,000 |
| Rent paid | 4,000 |
| General expenses | 20,000 |
| Donation for clinic | 30,000 |

Answer all questions from 15 to 16. Each carries 5 Scores.

(2 × 5 = 10)

15. Show the treatment of the following items by a Not for Profit Organization.

- Annual subscription
- Specific donation
- Sale of old newspapers / periodicals
- Sale of fixed assets
- Wages and Salary

16. Sameer and Salin are partners sharing profits in the ratio of 3:2. Their capitals as on 1-4-2016 were ₹ 3,00,000 and ₹ 2,00,000 respectively. Prepare partners' capital account under fluctuating capital method for the year ended 31-3-2017 after considering the following particulars :

- Partners are eligible for interest on capital @ 8% p.a.
- Sameer is eligible for a salary of ₹ 2,000 per month and Salin a commission of ₹ 10,000 for the year.
- Drawings made during the year by Sameer was ₹ 18,000 and Salin ₹ 12,000. Interest on drawings charged by the firm were ₹ 1,800 and ₹ 1,200 respectively.
- Profits made by the firm during the year 2016-17 after the above said adjustments were ₹ 50,000.

Answer any 1 question from 17 to 18. Carries 8 Scores.

17. From the Receipt and Payment Account and other information given below, prepare Income and Expenditure A/c and Balance Sheet of Sarga Arts Club for the year ended 31 March 2018.

| Receipt and Payment A/c of Sarga Arts Club | | | |
|--|-----------------|---------------------|-----------------|
| Receipts | Amount (₹) | Payments | Amount (₹) |
| Balance b/d | | Rent and Taxes | 86,100 |
| Cash | 40,000 | Salaries | 96,000 |
| Bank | 80,000 | Electricity Charges | 6,200 |
| Entrance fee | 56,000 | General Expenses | 12,200 |
| Subscriptions | 2,20,000 | Books | 31,000 |
| Donations | 16,600 | Investments | 1,20,000 |
| Interest | 4,100 | Balance c/d | |
| Locker Rent | 8,200 | Cash | 13,400 |
| | | Bank | 60,000 |
| | 4,24,900 | | 4,24,900 |

Additional Information :

- In the beginning of the year, the club had books worth ₹ 2,30,000 and furniture worth ₹ 58,000.
- Rent outstanding on 31-3-2018 was ₹ 3,900.
- Subscription outstanding on 1-4-2017 was ₹ 6,000 and on 31-3-2018 was ₹ 12,000.
- $\frac{3}{4}$ of the entrance fee must be capitalized.
- Depreciate furniture by 10%.

18. Not for Profit Organisations are also required to prepare financial statements at the end of each accounting period. They include Receipt and Payment a/c and Income and Expenditure a/c. How these statements are different from each other ? Describe.

PART-B
ANALYSIS OF FINANCIAL STATEMENTS

Answer all questions from 1 to 5. Each carries 1 Score.

(5 × 1 = 5)

1. The maximum amount of capital that can be raised by a company through the issue of various types of shares is called _____.
2. In case of companies limited by shares, the liability of its members is
 - (a) unlimited
 - (b) limited to the nominal value of the shares held by them
 - (c) limited to market value of shares held by them
 - (d) None of the above
3. Complete the series :
 - (a) Shareholder - Owner
 - (b) Debenture holder - _____
4. Amount received in excess of the face value of shares is credited to _____ Account.
 - (a) Share Capital
 - (b) Capital Reserve
 - (c) Security Premium
 - (d) Calls in Advance
5. Debenture holders are entitled to periodical payment of _____ at a fixed rate.
 - (a) Dividend
 - (b) Bonus
 - (c) Interest
 - (d) Commission

Answer any 4 questions from 6 to 10. Each carries 2 Scores.

(4 × 2 = 8)

6. On the basis of number of members, companies are classified into three – Public company, Private company and One person company. Give a brief note on a private company.
7. How debentures are classified from the point of view of security ?
8. Soorya Ltd. purchased machinery from Texmo Ltd. for ₹ 1,08,000 and the payment has to be made by way of issue, of equity shares of ₹ 100 each. Find out the number of shares to be issued if shares are
 - (a) issued at par
 - (b) issued at a premium of 20%

9. As you are aware, debentures are classified into two on the basis of interest rate. Give a brief description about zero coupon bonds.
10. Mr. Thomas, a shareholder in Kairali Ltd failed to pay the final call money of ₹ 3 on 100 shares held by him when it became due.
- (a) What is the term used to denote this ?
- (b) How will you treat such a situation ?

Answer any 3 questions from 11 to 14. Each carries 3 Scores.

(3 × 3 = 9)

11. 'Securities Premium' represents a profit of capital nature to the company. It can be utilized only for certain specified purposes laid down by Companies Act. Describe any 3 purposes for which a company can utilize the amount in security premium account.
12. Complete the table.

| Type of Debenture | Description |
|------------------------------------|--|
| a. Redeemable debentures | a. Debentures repayable after a specific period. |
| b. ----- | b. Debentures repayable only on winding up. |
| c. Specific coupon rate debentures | c. ----- |
| d. Registered debentures | d. ----- |

13. Chethana Ltd offered 1,00,000 equity shares of ₹ 10 each for subscription by the public and against which, applications were received for 1,50,000 shares.
- (a) Identify the situation
- (b) What are the alternatives available with directors to deal with this situation ?
14. What do you mean by forfeiture of shares ? What are the conditions applicable for forfeiture of shares ?

Answer all questions from 15 to 16. Each carries 5 Scores.

(2 × 5 = 10)

15. Though they are different from each other, shares and debentures are the most common securities used by companies to raise adequate amount of funds to meet its requirements. Distinguish between these two securities.

16. Alfa Ltd issued 1,00,000 equity shares of ₹ 10 each payable as follows :

₹ 3 on application, ₹ 4 on allotment and ₹ 3 on first and final call.

Mr. George, a shareholder failed to pay the final call money on 1,000 shares held by him. The directors of the company decided to forfeit his shares and re-issue them at a premium of ₹ 2 per share. Pass the entries of forfeiture and re-issue.

Answer any 1 question from 17 to 18. Carries 8 Scores.

(1 × 8 = 8)

17. Sathya Info-tech Ltd offered 4,000 equity shares of ₹ 100 each, at a premium of ₹ 20 payable as follows :

On application ₹ 30

On allotment ₹ 50 (including premium)

On first and final call ₹ 40

Applications were received for 4,600 shares and the directors decided to make pro-rata allotment to all the applicants. The excess application money received will be adjusted on the amount due on allotment.

All calls were made and all money received except the final call money on 400 shares held by Arunima. These shares were forfeited and re-issued to Renuka as fully paid for ₹ 80 per shares. Show entries in the books of the company.

18. Minar Industries Ltd issued 60,000 equity shares of ₹ 10 each at par payable as follows :

₹ 4 on Application

₹ 3 on Allotment

₹ 2 on First and final call

Applications were received for 65,000 shares and the directors decided to reject excess applications and refund application money on them.

All calls were made and all money received except the final call money on 500 shares held by Mr. Prasad. These shares were subsequently forfeited by the directors. Pass necessary entries in the books of the company.