

Reg. No. :

Code No. 7049

Name :

For Scheme-I & Scheme-II Candidates

Second Year – March 2015

Time : 2½ Hours
Cool-off time : 15 Minutes

Part – III

ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENT

Maximum : 80 Scores

General Instructions to Candidates :

- There is a 'cool-off time' of 15 minutes in addition to the writing time of 2½ hrs.
- You are not allowed to write your answers nor to discuss anything with others during the 'cool-off time'.
- Use the 'cool-off time' to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- All questions are compulsory and only internal choice is allowed.
- When you select a question, all the sub-questions must be answered from the same question itself.
- 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.

നിർദ്ദേശങ്ങൾ :

- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് 'കൂൾ ഓഫ് ടൈം' ഉണ്ടായിരിക്കും. ഈ സമയത്ത് ചോദ്യങ്ങൾക്ക് ഉത്തരം എഴുതാനോ, മറ്റുള്ളവരുമായി ആശയവിനിമയം നടത്താനോ പാടില്ല.
- ഉത്തരങ്ങൾ എഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- എല്ലാ ചോദ്യങ്ങൾക്കും ഉത്തരം എഴുതണം.
- ഒരു ചോദ്യനമ്പർ ഉത്തരമെഴുതാൻ തെരഞ്ഞെടുത്തു കഴിഞ്ഞാൽ ഉപചോദ്യങ്ങളും അതേ ചോദ്യനമ്പറിൽ നിന്ന് തന്നെ തെരഞ്ഞെടുക്കേണ്ടതാണ്.
- കണക്ക് കുട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ എന്നിവ ഉത്തരപേപ്പറിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നൽകിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ . ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

Part – I
ACCOUNTING

(Maximum Scores : 40)

1. Reconstitution of partnership will not take place on the happening of _____.
- (a) Admission of a new partner
 - (b) Retirement of an existing partner
 - (c) Death of a partner
 - (d) Dissolution of a firm
- (Score : 1)**
2. ESOP stands for _____.
- (a) Employee Stock Ownership Plan
 - (b) Employee Stock Option Purchase
 - (c) Employee Stock Option Plan
 - (d) Employee Stock Option Programme
- (Score : 1)**
3. A machinery with a book value of ₹ 5,000 was sold at ₹ 6,000 on the date of admission of a new partner.
- Identify the journal entry for recording this transaction from the following :
- (a) Cash Account Dr. 6,000
 To Revaluation 6,000
 - (b) Cash Account Dr. 6,000
 To Machinery 6,000
 - (c) Cash Account Dr. 6,000
 To Machinery 5,000
 To Revaluation 1,000
 - (d) Cash Account Dr. 6,000
 To Machinery 5,000
 To New Partner's A/c. 1,000
- (Score : 1)**
4. "If the partnership deed of a firm is silent about the payment of the amount due to the retiring or deceased partner, Section 37 of the Indian Partnership Act, 1932 will be applicable." Explain.
- (Scores : 2)**
5. "A company allotted Debentures to the vendors as payment for the price of certain assets purchased."
- Identify the method of debenture issue and give the journal entry to record this issue.
- (Scores : 2)**

6. Alen, Basim and Christy are partners sharing profits and losses in the ratio of 3 : 2 : 1. Basim retired from the firm and the goodwill of the firm is valued at ₹ 1,80,000. Alen and Christy decided to share future profits in the ratio of 3 : 2.
Pass necessary journal entries to record these transactions. (Scores : 3)

7. Tony and Sony are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admitted Moni into Partnership for $\frac{1}{4}$ share. Moni brings ₹ 50,000 as his capital and ₹ 10,000 for his $\frac{1}{4}$ share of goodwill. At the time of admission goodwill appears in the Balance Sheet at ₹ 5,000. New profit sharing ratio of the partners shall be 2 : 1 : 1.
Pass necessary journal entries. (Scores : 4)

8. Blue Chips Limited issued the following debentures :

- (a) 20,000, 12% Debentures of ₹ 100 each issued at par and redeemable at par.
- (b) 30,000, 10% Debentures of ₹ 100 each issued at ₹ 105 each and redeemable at par.
- (c) 50,000, 14% Debentures of ₹ 100 each issued at ₹ 95 each and redeemable at par.

Pass necessary journal entries to record the above issue and redemption of debentures. (Scores : 6)

9. Liju, Linu and Libu are partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Their assets and liabilities as on 31st December, 2014, when they agreed to dissolve the partnership is given below :

Liabilities		₹	Assets		₹
Creditors		12,000	Cash		6,800
Loan from Liju		18,000	Debtors		17,500
Reserve Fund		2,000	Less : Provision		<u>1,500</u>
Capital :			Stock		40,000
Liju	25,000		Furniture & Fittings		4,200
Linu	15,000		Machinery		15,000
Libu	<u>10,000</u>	50,000			
		82,000			82,000

Stock realized ₹ 45,000 and debtors realized ₹ 15,000. Creditors were settled by paying ₹ 11,400. Liju took over machinery at an agreed value of ₹ 20,000 and Linu took over furniture at ₹ 4,000. Realisation expenses amounted to ₹ 2,000. Prepare Realisation Account. (Scores : 6)

10. Assume that you and your friends have decided to form a business on partnership basis dealing in electronic items.

(i) What factors will you take into account for enhancing the goodwill of the firm from the moment you start the business and while running it.

(ii) Explain any 3 methods of valuation of goodwill. (Scores : 6)

11. (a) Honda Ltd, issued 25,000 shares of ₹ 100 each at ₹ 110 payable as follows :

₹ 25 on application

₹ 30 on allotment (including premium)

₹ 25 on first call

₹ 30 on second and final call

20,000 shares were applied for and allotted. All money due were received in time except the second call money on 500 shares held by Samson. These shares were forfeited. Out of these shares 200 shares were subsequently re-issued @ ₹ 90 per share.

Draft journal entries in the books of the company to record the above transactions.

(Scores : 8)

OR

(b) UNITAC Ltd. issued 1,20,000 Preference Shares of ₹ 100 each at a premium of ₹ 10 per share.

The terms of issue were :

₹ 20 on application

₹ 30 on allotment

The balance in two equal instalments.

Prepare Cash Book and pass the required journal entries from the above details.

(Scores : 8)

Part – II

ANALYSIS OF FINANCIAL STATEMENTS

(Maximum Scores : 40)

1. Comparison of the Financial Statements of an enterprise on different dates is called _____.
- (a) Intra-firm comparison (b) Inter-firm comparison
(c) Standard Analysis (d) None of these **(Score : 1)**
2. The Ratio which indicates the relationship between the outsiders funds and the shareholders funds is called _____.
- (a) Proprietary Ratio (b) Debt-Equity Ratio
(c) Operating Ratio (d) Quick Ratio **(Score : 1)**
3. Flow of cash from the issue of shares is an example of cash flow from _____.
- (a) Operating activities (b) Investing activities
(c) Financing activities (d) None of these **(Score : 1)**
4. Inventory Turnover Ratio is 'five' times and the average stock at cost is ₹ 3,00,000. Find out the cost of goods sold. **(Scores : 2)**
5. "Creditors and investors are equally interested to know the financial information about a business concern which is provided by a Cash Flow Statement." Explain. **(Scores : 3)**
6. Classify the following items under appropriate heads as it would appear in the Balance Sheet of a company :
- (a) Capital Reserves (b) Debentures
(c) Sundry Creditors (d) Cash at Bank
(e) Preliminary Expenses (f) Patents **(Scores : 3)**
7. Prepare a comparative Income Statement from the following information. Also give your comments on the basis of its analysis.

Particulars	2013 ₹	2014 ₹
Sales	6,00,000	8,00,000
Cost of goods sold	4,50,000	4,80,000
Indirect Expenses	10% of gross profit	20% of gross profit
Income tax	40%	40%

(Scores : 5)

8. Calculate Quick Ratio and Current Ratio from the following Balance Sheet and explain the importance of these ratios :

Balance Sheet

Liabilities	₹	Assets	₹
Equity share capital	24,000	Land & Buildings	45,000
8% Debentures	9,000	Stock	12,000
Profit & Loss A/c.	6,000	Debtors	9,000
Bank Overdraft	6,000	Cash in Hand	2,280
Creditors	23,400	Prepaid Expenses	720
Provision for taxation	600		
	69,000		69,000

(Scores : 5)

9. Calculate fund from operation from the following Profit & Loss Account :

Profit & Loss Account

Particulars	Amount ₹	Particulars	Amount ₹
Stationery	6,000	Gross profit	1,55,000
Depreciation	14,000	Dividend & Interest Received	5,000
Salaries	20,000		
Loss on Sale of Investments	2,000		
Rent & Taxes	8,000		
Discount on Issue of Debentures	4,000		
Postage	3,000		
Provision for Tax	20,000		
Proposed Dividend	10,000		
Net Profit	73,000		
	1,60,000		1,60,000

(Scores : 5)

10. Prepare a Cash Flow Statement from the following information regarding the assets and liabilities of a company as on 31st March, 2013 and 2014.

Statement of Assets & Liabilities

Liabilities	31-3-13	31-3-14	Assets	31-3-13	31-3-14
	₹	₹		₹	₹
Equity Share Capital	5,00,000	7,00,000	Cash	3,00,000	4,00,000
Debentures	6,00,000	4,00,000	Sundry Debtors	4,00,000	6,00,000
Profit & Loss A/c.	3,00,000	5,00,000	Stock	5,00,000	6,00,000
Sundry Creditors	6,00,000	9,00,000	Goodwill	3,00,000	2,00,000
			Plant & Machinery	5,00,000	7,00,000
	20,00,000	25,00,000		20,00,000	25,00,000

Additional Information :

Depreciation charged on Plant and Machinery amounted to ₹ 80,000.

(Scores : 6)

11. (a) Explain the meaning, significance and method of computation of any
4 Activity Ratios,
2 Solvency Ratios and
2 Profitability Ratios.

(Scores : 8)

OR

- (b) The following is the Balance Sheet of Maheendra Limited as on 31st December, 2014 :

Balance Sheet

Liabilities	₹	Assets	₹
Sundry Creditors	6,000	Cash	5,000
Bills Payable	10,000	10% Investments	15,000
Outstanding Expenses	1,000	Sundry Debtors	20,000
Provision for Tax	13,000	Closing Stock	30,000
6% Debentures	70,000	Machinery	1,00,000
7% Preference Shares	10,000	Less : Depreciation	<u>50,000</u>
Equity Share Capital	50,000	Buildings	80,000
Reserves & Surplus	40,000		
	2,00,000		2,00,000

Other information :

	₹
(i) Net Sales	3,00,000
(ii) Cost of Goods sold	2,58,000
(iii) Net Income before tax (after interest)	20,000
(iv) Net Income after Interest and tax	10,000

Calculate the following ratios :

- (a) Debt Equity Ratio
- (b) Proprietary Ratio
- (c) Gross Profit Ratio
- (d) Net Profit Ratio
- (e) Operating Ratio
- (f) Stock Turnover Ratio
- (g) Debtors Turnover Ratio
- (h) Average debt collection period

(Scores : 8)