

Reg. No. : ~~5049~~

Code No. 5049

Name : ~~M. ABDUL JABAR~~

Second Year – March 2017

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 ‘കൂർ ഓഫ് എഡ്’ ഉണ്ടായിരിക്കും. ഈ സമയത്ത് ചോദ്യങ്ങൾക്ക് ഉത്തരം ഏഴുതാനോ, മറ്റൊളവരുമായി ആശയവിനിമയം നടത്താനോ പാടില്ല.
- ഉത്തരങ്ങൾ ഏഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- എല്ലാ ചോദ്യങ്ങൾക്കും ഉത്തരം ഏഴുതണം.
- ഒരു ചോദ്യനുസരിച്ച് ഉത്തരമെഴുതാൻ തെരഞ്ഞെടുത്തു കഴിഞ്ഞാൽ ഉപചോദ്യങ്ങളും അതേ ചോദ്യനുസരിച്ച് നിന്ന് തന്നെ തെരഞ്ഞെടുക്കേണ്ടതാണ്.
- കണക്ക് കൂട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ എന്നിവ ഉത്തരപേപ്പിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നൽകിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയ്യുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

PART - A
ACCOUNTING

(Maximum Scores : 40)

1. When Partnership Deed is silent about salary, which one of the following partner will get salary ?
(a) Sleeping Partner
(b) Active Partner
(c) Guaranteed Partner
(d) None (Score : 1)

2. What is gaining ratio ? (Score : 1)

3. In the Receipts and Payment Account of a Not-for-Profit Organisation, receipt side shows :
(a) All receipts
(b) Only receipts for the current year
(c) Outstanding receipts
(d) Only receipts of revenue nature (Score : 1)

4. The excess of Match expenses over Match Fund is shown on :
(a) Liability side of the Balance Sheet
(b) Assets side of the Balance Sheet
(c) Debit side of Income & Expenditure Account
(d) Debit side of Receipts and Payment Account (Score : 1)

5. Prince and Queen are partners sharing profits in the ratio of 3 : 2. They admit Sun as a new partner for $\frac{1}{4}$ share in the profit. The new profit sharing ratio will be 2 : 1 : 1.
Calculate the sacrificing ratio of Prince and Queen. $P = \frac{3}{5} - \frac{1}{4} = \frac{7}{20}$, $Q = \frac{2}{5} - \frac{1}{4} = \frac{3}{20}$ (Scores : 2)

6. Give Journal Entries to settle the Partners' Accounts on dissolution in the following circumstances :
(a) When the Partners' Capital Account shows a debit balance and he brings in the necessary cash (Score : 1)
(b) When the Partners' Capital Account shows a credit balance and it is paid off. (Score : 1)

7. From the given information, compute the amount of subscription to be shown in the Income and Expenditure Account for the year ending 31-12-2015. Also show how they would appear in the Balance Sheet :

	₹
Subscription received for 2014	9,000
Subscription received for 2015	40,000
Subscription received for 2016	6,000
	55,000

	₹
Subscription outstanding on 31-12-2014	10,000
Total Subscription Outstanding on 31-12-2015	20,500
Subscription Received in advance on 31-12-2014	3,000

(Scores : 3)

8. Santha, Gayathri and Nisha are partners sharing profits in the ratio of 4 : 3 : 2. Gayathri retires and the Goodwill is valued at ₹ 36,000 future profit sharing ratio between Santha and Nisha will be 5 : 3. They decided that the Goodwill is not to appear in the firms books at all. Record necessary Journal Entry. (Scores : 3)
9. (a) How hidden Goodwill is found out at the time of retirement / death of a partner ? Explain with example. (Scores : 2)
- (b) How this Goodwill is accounted in the Capital Accounts of partners ? (Score : 1)
10. Spring and Liver share profit and losses in the ratio of 2 : 1. They admit Crane as partner with $\frac{1}{4}$ share in profits with a guarantee that his share of profit shall not be less than ₹ 60,000. The net profit of the firm for the year ending December 31, 2015 was ₹ 1,80,000 :
- (a) Prepare Profit and Loss Appropriation Account (Scores : 3)
- (b) What is the new profit sharing ratio ? (Score : 1)

11. Prepare Income and Expenditure A/c. for the year ended 31st March, 2014 from the following information and a Balance Sheet as on that date.

Receipts and Payment Account for the Year ending 31-3-2014

Receipts	Amount (₹)	Payments	Amount (₹)
Balance b/d	39,000	Salaries & Wages :	
Subscriptions :		2012-13 6,200	
2012-13 6,400		2013-14 <u>78,000</u>	84,200
2013-14 3,42,000		Sundry Expenses	34,000
2014-15 <u>11,000</u>	3,59,400	Stationery	18,000
Entrance Fee	12,000	Refreshment Expenses	41,500
Revenue from refreshment	52,000	Telephone Charges	3,200
		Audit Fee	5,000
		Balance c/d	2,76,500
	4,62,400		4,62,400

The following additional information is given :

- (1) There are 35000 members each paying an annual subscription of ₹ 100, ₹ 9,000 were in arrears for 2012-13 as on April 1, 2013.
- (2) Telephone charges outstanding on 31st March, 2014 was ₹ 1,200.
- (3) Stock of Stationery as on March 31, 2013 was ₹ 3,000; on March 31, 2014 was ₹ 4,200.
- (4) Buildings on 31-3-2013 was ₹ 4,50,000. Depreciation to be provided in 3% p.a.

(Scores : 5)

12. Syam, Sundar and Lal are partners sharing profit and losses in the ratio of 3 : 3 : 2. Their Balance Sheet as on December 31, 2015 is as follows :

Balance Sheet of Syam, Sundar and Lal as on 31st December, 2015

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals :			
Syam 10,000		Machinery	9,000
Sundar 4,000		Furniture	2,000
Lal <u>2,000</u>	16,000	Debtors	4,000
Creditors	4,000	Stock	5,000
Reserve Fund	5,000	Cash at Bank	5,000
	25,000		25,000

They decided to dissolve the business. The following amounts were realised :

	₹
Machinery	8,500
Debtors	3,700
Stock	7,000
Furniture	1,500

Syam agreed to bear all realization expenses for which he is paid ₹ 120. Actual expenses on realization amounted to ₹ 900. Creditors paid 2% less. There was an unrecorded asset of ₹ 500, which was taken over by Sundar at ₹ 400.

Prepare :

- (a) Realisation Account (Scores : 3)
- (b) Partners Capital Account (Scores : 2)
- (c) Bank Account (Score : 1)

13. (a) Ameer and Bhasi and partners. Their profit sharing ratio is 2 : 1. Their Balance Sheet as on 31-3-2014 is given below :

Balance Sheet as on 31-3-2014

Liabilities	Amount ₹	Assets	Amount ₹
Capitals :			
Ameer	3,60,000	Plant & Machinery	2,00,000
Bhasi	<u>3,00,000</u>	Building	3,00,000
Expenses Outstanding	4,000	Stock	8,000
Sundry Creditors	1,16,000	Sundry Debtors	1,20,000
Bills payable	20,000	Cash at Bank	80,000
	8,00,000	Cash in Hand	20,000
			8,00,000

Christy is admitted as a partner on 31-3-2014 on the following terms :

- (1) Christy will bring in ₹ 2,00,000 as his capital and ₹ 1,20,000 as his share of $\frac{1}{4}$ goodwill for $\frac{1}{4}$ share of profits.
- (2) Plant is to be valued as ₹ 2,40,000 and Building is to be appreciated by 10%.
- (3) Stock is found to be over valued by ₹ 8,000.
- (4) Provide 5% on debtors as provision for bad debts.
- (5) Creditors were unrecorded to the extent of ₹ 2,000.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm after admission of the new partner. (Scores : 8)

OR

- (b) Kuberan and Kuchelan were partners sharing profit and losses in the ratio of 3 : 2. On January 1, 2015 they admitted Krishnan for $\frac{1}{5}$ share in profits. The balance sheet of Kuberan and Kuchelan as on 1-1-2015 was as follows :

Balance Sheet of Kuberan & Kuchelan as on 1-1-2015

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	30,000	Land & Buildings	70,000
Bills Payable	20,000	Plant & Machinery	90,000
Capitals :			
Kuberan	1,60,000	Debtors	44,000
Kuchelan	<u>70,000</u>	Less Provision	<u>4,000</u>
	2,30,000	Stock	70,000
		Cash in Hand	10,000
	2,80,000		2,80,000

It was agreed that

- (1) The value of Land & Building be decreased by ₹ 30,000.
- (2) The value of Plant & Machinery be increased by ₹ 20,000.
- (3) Goodwill of the firm be valued at ₹ 40,000.
- (4) Krishnan should bring in capital to the extent of his share of profit of the total capital of the new firm.

Record the necessary Journal Entries and prepare the new Balance Sheet after the admission of Krishnan.

(Scores : 8)

PART – B
ANALYSIS OF FINANCIAL STATEMENTS

(Maximum Scores : 40)

1/ The interest of zero coupon rate debenture is :

- (a) The rate specified in the debenture.
- (b) The rate determined by the company in each year.
- (c) The difference between nominal value and issue price of the debenture.
- (d) Not eligible for interest.

(Score : 1)

2/ A company can issue its share at a maximum discount of

- (a) 5%
- (b) 8%
- (c) 10%
- (d) 12%

(Score : 1)

3/ A public company can allot its shares :

- (a) Only when the shares are fully subscribed.
- (b) Only when the minimum subscription has been received.
- (c) Only when approved by the General Body Meeting.
- (d) Only after Government order has been received.

(Score : 1)

4/ Which of the following is the objective of Financial Statement of a company ?

- (a) To provide information about cash flows
- (b) To disclose the accounting policies
- (c) To judge effectiveness of management
- (d) All above

(Score : 1)

5/ How many shares at the face value of ₹ 100 be issued for a purchase of a machinery worth ₹ 76,000, ₹ 4,000 being paid in cash, if the share are issued at :

- (a) 10% discount
- (b) 20% premium

(Scores : 2)

- 6/ Prudent Ltd. issued 50000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as under :

On Application	₹ 4
On Allotment	₹ 5
(including premium)	

On first and final call ₹ 3

Applications for 80000 shares were received. Allotment was made pro-rata to the applicants for 70000 shares.

Mr. Bloom, to whom 1500 shares were allotted. Find out the allotment money due from Mr. Bloom.

(Scores : 3)

7. Narrate the advantages of ratio analysis. (Scores : 3)

8. Show the following assets in the Balance Sheet of Alpha Ltd. as per revised Schedule VI as on 31st December, 2014.

Show notes to Accounts also.

	₹
(1) Discount on issue of 9% debentures	4,000
(Amount to be written in next 4 years approximately)	
(2) Loose Tools	2,000
(3) Bank Balance	6,000
(4) Cash in Hand	3,800

(Scores : 3)

9. Journalise the following :

(1) Issue of ₹ 2,00,000, 10% debentures of ₹ 100 each at premium of 5% but redeemable at par.

(2) Issue of ₹ 2,00,000, 10% debentures of ₹ 100 each at par but repayable at a premium of 5%. (Scores : 4)

10. Prepare common size Balance Sheet of Omega Ltd. from the following information :

Particulars	Note No.	December 31, 2013	December 31, 2014
I. Equity and Liabilities :			
1. Shareholders Fund			
(a) Share Capital		22,50,000	18,00,000
(b) Reserves & Surplus		7,50,000	7,50,000
2. Non-current Liabilities			
Long-term borrowings		9,00,000	7,50,000
3. Current-liabilities			
Trade Payable		23,25,000	15,75,000
Total		62,25,000	48,75,000
II. Assets :			
1. Non-current Assets			
(a) Fixed Assets			
– Tangible Assets :			
Plant & Machinery		21,00,000	12,00,000
– Intangible Assets			
Goodwill		24,00,000	18,00,000
(b) Non-current Investments		15,00,000	15,00,000
2. Current Assets :			
Inventories		2,25,000	3,75,000
Total		62,25,000	48,75,000

(Scores : 4)

11. Pioneers Ltd. issued 60000 equity shares of ₹ 10 each at a premium of ₹ 2 per share, payable as ₹ 3 on application, ₹ 5 on allotment (including premium) and the balance in two calls of equal amounts.

Applications were received for 80000 shares and pro-rata allotment was made to all the applicants. The excess application money was adjusted towards allotment. Sri. Vignesh who was allotted 800 shares failed to pay both first and final calls and his shares were forfeited after the final call. Record the Journal Entries in the books of Pioneers Ltd.

(Scores : 4)

12. Given :	(₹)
Revenue from Operations	17,50,000
Creditors	1,80,000
Bills Receivable	96,000
Bills Payable	1,04,000
Purchases	8,40,000
Trade Debtors	1,18,000

Calculate :

- (a) Trade Receivable Turnover Ratio.
- (b) Average Collection Period.
- (c) Trade Payable Turnover Ratio.
- (d) Average Payment Period.

(Scores : 5)

13. (a) Calculate cash from operating activities from the following information :

Statement of profit for the year ended March 31, 2014

Particulars	Amount ₹
(i) Revenue from operations	1,00,000
(ii) Other Income :	
(a) Profit on Sale of Machinery	4,000
(b) Income Tax Refund	6,000
(iii) Total Revenue (i + ii)	1,10,000
(iv) Expenses :	
Cost of Material Consumed	30,000
Employees Benefits Expenses	20,000
Depreciation	10,000
Goodwill Amortised	4,000
Other Expenses :	
Rent	20,000
Loss on sale of equipment	6,000
Provision for taxation	16,000
(v) Profit before tax (iii – iv)	1,06,000
	4,000

Additional Information :

	April 1, 2013	April 1, 2014
	₹	₹
Provision for Taxation	20,000	26,000
Rent Outstanding	4,000	5,000
Trade Payable	42,000	50,000
Trade Receivable	30,000	42,000
Inventories	50,000	44,000

(Scores : 8)

OR

(b) From the following information, prepare Cash Flow Statement for Big Boys Ltd. :
Balance Sheets of Big Boys Ltd.

	31-3-2014 ₹	31-3-2013 ₹
I. Equity and Liabilities		
1. Shareholder's Funds :		
(a) Equity Share Capital	10,50,000	7,50,000
(b) Reserves & Surplus (profit)	5,25,000	3,00,000
2. Non-current Liabilities :		
Long-term Loan	75,000	1,50,000
3. Current Liabilities :		
(a) Trade Payables	67,500	75,000
(b) Rent Outstanding	10,500	7,500
(c) Short-term provisions		
(i) Proposed Dividend	1,05,000	75,000
(ii) Provision for tax	75,000	45,000
Total	19,08,000	14,02,500
II. Assets :		
1. Non-current assets		
(a) Fixed Assets		
(i) Tangible Assets		
Equipment	3,45,000	3,00,000
Furniture	4,05,000	4,50,000
(ii) Intangible Assets:		
Patents	1,42,500	1,50,000
(b) Non-current investments	1,50,000	—
2. Current Assets :		
(a) Inventories	1,95,000	75,000
(b) Trade Receivables	1,80,000	1,20,000
(c) Cash in Hand	40,500	7,500
(d) Bank	4,50,000	3,00,000
Total	19,08,000	14,02,500

Additional Information :

During the year, equipment costing ₹ 1,20,000 was purchased. Loss on sale of equipment amounted to ₹ 7,500. Depreciation of ₹ 22,500 and ₹ 4,500 charged on equipment and furniture.

(Scores : 8)