

**ANSWER KEY**  
**SECOND YEAR HSE SAY / IMPROVEMENT- JUNE 2023**  
**PART III**  
**SUBJECT : ACCOUNTANCY WITH AFS**  
**CODE No: S-2249**

Max Score: 80

Time : 2 ½ Hrs

Qn No	Sub Qns	Value Points	Score	Total Score															
<b>I</b>		<b>Answer any for questions from 1 to 5 (4 x 1 = 4)</b>																	
1		c) Drawings	1	1															
2		c) Sacrificing ratio	1	1															
3		a) 3:1	1	1															
4		c) Dissolution of a firm	1	1															
5		c) credit side of Realisation account	1	1															
<b>II</b>		<b>Answer all the questions from 6 to 7 (2 x 2 = 4)</b>																	
6		Interest on drawings – 60,000 x 10% x 6.5/12=3250	2	2															
7		Biju's share of goodwill = 9000 Gaining ratio = 2:1 Shaji's capital A/c Dr 6000 Abu's capital A/c Dr 3000 To Biju's capital A/c 9000	2	2															
<b>III</b>		<b>Answer any two questions from 8 to 10 (2 x 3 = 6)</b>																	
8		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Basis</th> <th style="width: 35%;">Fixed capital</th> <th style="width: 40%;">Fluctuating capital</th> </tr> </thead> <tbody> <tr> <td>Number of accounts</td> <td>2 Accounts for each partner</td> <td>Each partner has one Account</td> </tr> <tr> <td>Adjustments</td> <td>made in the current accounts of partners</td> <td>made in the capital accounts of partners</td> </tr> <tr> <td>Fixed balance</td> <td>Capital account balance remain unchanged</td> <td>Balance of the capital account fluctuates from year to year</td> </tr> <tr> <td>Credit balance</td> <td>Capital accounts always show a credit balance</td> <td>Capital account may sometimes show a debit balance</td> </tr> </tbody> </table> <p style="text-align: center;">(any 3)</p>	Basis	Fixed capital	Fluctuating capital	Number of accounts	2 Accounts for each partner	Each partner has one Account	Adjustments	made in the current accounts of partners	made in the capital accounts of partners	Fixed balance	Capital account balance remain unchanged	Balance of the capital account fluctuates from year to year	Credit balance	Capital accounts always show a credit balance	Capital account may sometimes show a debit balance	1 x 3	3
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9		Reserve fund A/c Dr 12,000 To Hari's capital 9000 To Amal's capital 3000 Profit & Loss A/c Dr. 16000	1½	3															



				capital Share of profit	20000	10000	every correct posting																																										
		85000	49000		85000	49000																																											
14	a	<b>New ratio of Ambili = <math>2/6 + 9/30 = 19/30</math></b> <b>New ratio of Subha = <math>1/6 + 6/30 = 11/30</math></b>						1	5																																								
	b	<b>Full cash payment</b> <b>Whole amount is treated as loan</b> <b>Partial cash payment and balance as loan</b>						1 1 1																																									
<b>VI</b>		<b>Answer any one question from 15 to 16 ( 1 x 8 = 8)</b>																																															
15	<p style="text-align: center;"><b>Revaluation A/c</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 10%;">Amount</th> <th style="width: 50%;">Particulars</th> <th style="width: 10%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Machinery</td> <td style="text-align: right;">2,500</td> <td>Building</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">1,000</td> <td></td> <td></td> </tr> <tr> <td>Provision for bad debt</td> <td style="text-align: right;">1,500</td> <td></td> <td></td> </tr> <tr> <td>Creditors</td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Partners capital</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Nandana</td> <td style="text-align: right;">750</td> <td></td> <td></td> </tr> <tr> <td>    Sunil</td> <td style="text-align: right;"><u>250</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><b>1,000</b></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">6,000</td> <td></td> <td style="text-align: right;">6,000</td> </tr> </tbody> </table>							Particulars	Amount	Particulars	Amount	Machinery	2,500	Building	6,000	Stock	1,000			Provision for bad debt	1,500			Creditors				<b>Partners capital</b>				Nandana	750			Sunil	<u>250</u>				<b>1,000</b>				6,000		6,000	3	8
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		Realisation (invstment)	13,000		Balance b/d	30,000	30,000															
		Realisation Bank	600	600	Reserve Fund	5,000	5,000															
			21,400	34,400																		
			35,000	35,000		35,000	35,000															
		<b>Bank A/c</b>																				
		Particulars	Amount	Particulars	Amount																	
		Balance b/d	10,000	Realisation (Crs)	19,000																	
		Realisation (assets realised)	66,000	Realisation (expenses)	1,200																	
				Midhun's capital	21,400																	
				Manoj's capital	34,400																	
			76,000		76,000																	
		total - 76000																				
							2	8														
							2															
<b>VII</b>		<b>Answer any for questions from 17 to 21 (4 x1 = 4)</b>																				
17		c) ₹ 700					1	1														
18		b) Zero coupon rate debentures					1	1														
19		d) Long term loans and advances					1	1														
20		d) Issue of debentures					1	1														
21		c) Activity ratio					1	1														
<b>VIII</b>		<b>Answer all the questions from 22 to 23 (2 x 2 = 4)</b>																				
22		<b>Furniture A/c Dr. 50,000</b> <b>To KK Ltd 50,000</b> <b>KK Ltd A/c Dr. 50,000</b> <b>To 10 % debentures 50,000</b>					1	2														
							1															
23		<u>Any two limitations of ratio analysis:</u> * Limitations of Accounting Data * Ignores Price-level Changes * Ignore Qualitative or Non-monetary Aspects * Variations in Accounting Practices * Forecasting. etc					1 x 2	2														
<b>IX</b>		<b>Answer any two questions from 24 to 26 (2 x 3 = 6)</b>																				
24		<b>Bank A/c Dr. 100000</b> <b>To Share application 100000</b> <b>Share application A/c Dr 100000</b> <b>To Share Capital A/c 80000</b> <b>To Bank A/c 20000</b>					1	3														
							2															

4/6

25		<b>Any three distinction between shares and debentures</b>	1 x 3	3																																												
26		<b>Cash flows from Financing Activities</b> <b>Proceeds from loans</b> - 1,80,000 <b>Repayment of loans</b> - (80,000) <b>Net cash inflow from financing activities</b> 1,00,000 <b>Calculation of proceeds from loan</b>	2 1	3																																												
<b>X</b>		<b>Answer all the questions from 27 to 28 (2 x 4 = 8)</b>																																														
27		<b>Authorised capital, Issued capital, Subscribed capital, Called up capital, Paid up capital, Reserve capital etc</b> (any 4 with explanation, if point only ½ score each)	1 x 4	4																																												
28		<b>Any four objectives of Financial statements:</b> * Provide information about economic resources and obligations of a business * Provide information about the earning capacity of the business * Provide information about cash flows * Judge effectiveness of management * Information about activities of business affecting the society * Disclosing accounting policies	1 x 4	4																																												
<b>XI</b>		<b>Answer all the questions from 29 to 30 (2 x 5 = 10)</b>																																														
29		<b>Cash inflows:</b> <b>Proceeds from sale of goods and services</b> <b>Receipts from commission, royalties etc</b> <b>Cash outflows:</b> <b>Payment of employee benefit expenses</b> <b>Purchase of inventory from suppliers</b> <b>Payment of operating expenses etc</b>	2 3	5																																												
30		<b>Common size income statement for the year ended March 31, 2020 and 2021</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Absolute amounts</th> <th colspan="2">Percentage of Net sales</th> </tr> <tr> <th>2019-20 ₹</th> <th>2020-21 ₹</th> <th>2019-20 %</th> <th>2020-21 %</th> </tr> </thead> <tbody> <tr> <td>Revenue from operations</td> <td>1500000</td> <td>2000000</td> <td>100</td> <td>100</td> </tr> <tr> <td>less: Cost of good sold</td> <td>1200000</td> <td>1500000</td> <td>80</td> <td>75</td> </tr> <tr> <td>Gross Profit</td> <td>300000</td> <td>500000</td> <td>20</td> <td>25</td> </tr> <tr> <td>(-) Operating expenses</td> <td>50000</td> <td>80000</td> <td>3.33</td> <td>4</td> </tr> <tr> <td>Operating income</td> <td>250000</td> <td>420000</td> <td>16.67</td> <td>21</td> </tr> <tr> <td>(-) Non operating exp</td> <td>30000</td> <td>40000</td> <td>2</td> <td>2</td> </tr> <tr> <td>Profit</td> <td>220000</td> <td>380000</td> <td>14.67</td> <td>19</td> </tr> </tbody> </table>	Particulars	Absolute amounts		Percentage of Net sales		2019-20 ₹	2020-21 ₹	2019-20 %	2020-21 %	Revenue from operations	1500000	2000000	100	100	less: Cost of good sold	1200000	1500000	80	75	Gross Profit	300000	500000	20	25	(-) Operating expenses	50000	80000	3.33	4	Operating income	250000	420000	16.67	21	(-) Non operating exp	30000	40000	2	2	Profit	220000	380000	14.67	19	1 1 1 1	5
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<b>XII</b>		<b>Answer any one question from 31 to 32 (1 x 8 = 8)</b>																																														

31	Bank a/c Dr 150000	1/2	8
	To Share application a/c 150000		
	Share application a/c Dr 150000	1/2	
	To Share Capital a/c 150000		
	Share Allotment a/c Dr 200000	1/2	
	To Share capital a/c 200000		
	Bank a/c Dr 200000	1/2	
	To Share allotment 200000		
	Share First & final a/c Dr 150000	1/2	
	To Share capital a/c 150000		
	Bank a/c Dr 147000	1/2	
	To Share First & final 147000		
	Share capital a/c Dr 10,000	2	
	To Share First & final 3000		
To Share forfeiture a/c 7000			
Bank a/c Dr 6000			
Share forfeiture a/c Dr 4000	2		
To Share capital 10000			
Share forfeiture a/c Dr 3000	1		
To Capital reserve 3000			
32	Current ratio = $\frac{\text{Current assets}}{\text{Current Liabilities}} = \frac{80,000}{50,000} = 1.6:1$	2	8
	Liquid ratio = $\frac{\text{Liquid assets}}{\text{Current Liabilities}} = \frac{30,000}{50,000} = 0.6 :1$	2	
	Debt Equity Ratio = $\frac{\text{Long term debt}}{\text{Shareholders fund}} = \frac{1,50,000}{2,00,000} = 0.75:1$	2	
	Inventory Turnover ratio = $\frac{\text{Cost of revenue from operation}}{\text{Average inventory}} = \frac{2,50,000}{50,000} = 5 \text{ times}$	2	

**Scheme Finalized by:**

- |   |            |
|---|------------|
| 1. ANIL KUMAR G (399059), GOVT. HSS AYYANKOYIKKAL, KOLLAM   | 9446109708 |
| 2. JOY J (631794), GOVT HSS, WEST KALLADA, KOLLAM           | 9495115810 |
| 3. JAGAN H (450847), GOVT HSS, KIDANGARA, ALAPPUZHA         | 9446016999 |
| 4. AJITH K B (818378), VAYALAR RAMA VARMA M GHSS, ALAPPUZHA | 9946807039 |
| 6. VINOD K (412567), VIVEKODAYAM BHSS, THRISSUR             | 9895454551 |
| 7. BINDU PK (209815), K C P HSS, KAVASSERRY, PALAKKAD       | 9400823508 |