# ACCOUNTANCY

***Time allowed : 3 hours*** | | ***Maximum Marks : 80***

**General Instructions :**

*(i) This question paper contains **three** parts A, B and C.*

*(ii) Part-A is **compulsory** for all candidates.*

*(iii) Candidates can attempt only **one** part of the remaining parts B and C.*

*(iv) All parts of the questions should be attempted at one place.*

## QUESTION PAPER CODE 67/1/1

## PART - A (Accountancy)

1. Define partnership. **2**

2. P Ltd. purchased assets worth Rs. 1,80,000 from S Ltd. The payment was made by issuing equity shares of the face value of Rs. 100 each at a premium of Rs. 20 per Share.

   Pass necessary journal entries. **2**

3. JCM Ltd. invited applications for issuing 20,000 equity shares of Rs. 20 each at a discount of 10%. The whole amount was payable on application. The issue was fully subscribed.

   Pass necessary journal entries. **2**

4. On 31.1.2005 Janta Ltd. converted its Rs. 88,00,000, 6% debentures into equity shares of Rs. 20 each at a premium of Rs. 2 per share.

   Pass necessary journal entries in the books of the company for redemption of debentures. **2**

5. Pappu and Munna are partners in a firm sharing profits in the ratio of 3 : 2. The partnership deed provided that Pappu was to be paid salary of Rs. 2,500 per month and Munna was to get a commission of Rs. 10,000 per year. Interest on capital was to be allowed @5% per annum and interest on drawings was to be changed @ 6% per annum. Interest on Pappu's drawings was Rs. 1,250 and on Munna's drawings Rs. 425. Capital of the partners were Rs. 2,00,000 and Rs. 1,50,000 respectively, and were fixed. The firm earned a profit of Rs. 90,575 for the year ended 31.3.2004.

   Prepare Profit and Loss Appropriation Account of the firm. **3**

6. What is meant by issue of debentures as 'Collateral Security' ? **3**

7. What is meant by reconstitution of a partnership firm ? Explain briefly any two occasions on which a partnership firm can be reconstituted. **4**

8. State the purposes for which securities premium amount can be used by a company. **4**

9. A, B and C were the partners in a firm, sharing profits in the ratio of 4:3:3. The firm was dissolved on 28.2.2005. After transfer of assets and external liabilities to Realisation Account the following transactions took place :

   (i) K, a creditor, to whom Rs. 6,000 were due to be paid, accepted office equipment at Rs. 4,000 and the balance was paid to him in cash.

   (ii) L, a creditor, to whom Rs. 16,000 were due to be paid, took over machinery at Rs. 20,000. Balance was paid by him in cash.

   (iii) An unrecorded liability of the firm Rs. 7,800 was paid by A.

   (iv) The loss on dissolution was Rs. 10,000.

   Pass necessary journal entries for the above transactions in the book of the firm. **4**

10. On 1.1.2000, X Ltd. issued 5,00,000 8% debentures of Rs. 100 each, redeemable after 10 years. Debenture-holders were given the option to get their debentures redeemed at any time after 3 years at Rs. 105 per debenture. At the end of four years, debenture-holders holding 40,000 debentures exercised their option and got their debentures redeemed.

    Record necessary journal entries for issue and redemption of debentures in the books of the company. **4**

11. On 1.1.2005, Fast Computers Ltd. issued 20,00,000, 6% debentures of Rs. 100 each at a discount of 4%, redeemable at a premium of 5% after three years. The amount was payable as follows :

    On application Rs. 50 per debenture.

    Balance on allotment.

    Record the necessary journal entries for issue of debentures. **4**

12. Ram and Mohan were partners in a firm sharing profits in the ratio of 4 : 1. On 01.03.2005, they admitted Sohan as a new partner for 1/3rd share in the profits of the firm. They fixed the new profit sharing ratio as 4 : 2 : 3.

    On the date of Sohan's admission, the firm had a JLP for Rs. 60,000 (surrender value Rs. 20,000). The P&L A/c on the date of admission showed a Balance of Rs. 32,000 (DR). The firm also had a reserve of Rs. 1,00,000.

Sohan is to bring Rs. 60,000 as premium for his share of goodwill.

Showing your calculations clearly, pass necessary journal entries to record the above transactions. **6**

13. Following is the Balance Sheet of Ramesh and Suresh as on 28.2.2005 :

| **Liabilities** | | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|---|
| Sundry Creditors | | 20,000 | Land and Building | 40,000 |
| Bills Payable | | 40,000 | Furniture and Fittings | 28,000 |
| Capital Accounts : | | | Truck | 20,000 |
| Ramesh | 30,000 | | Stock | 10,000 |
| Suresh | 30,000 | 60,000 | Debtors | 12,000 |
| | | | Cash | 10,000 |
| | | 1,20,000 | | 1,20,000 |

On the above date, Ramesh and Suresh decided to dissolve the firm. Ramesh took over the creditors and Suresh took over the bills payables. Assets realized as follows :

Debtors Rs. 9,000; Furniture Rs. 21,000; Stock Rs. 6,000; Truck Rs. 32,000 and Land and Buildings Rs. 60,000. Expenses of realisation paid by Ramesh were Rs. 1,200.

Prepare Realisation Account, Cash Account and Capital Accounts of the partners to close the books of the firm. **6**

**OR**

Pass necessary journal entries to record the following at the time of dissolution of a partnership firm assuming that the Assets & third party liabilities have already been transferred to Realisation A/c :

(a) An unrecorded asset of Rs. 300 was taken over by 'A', one of the partners.

(b) Creditors were paid Rs. 14,000 in full settlement of their claims for Rs. 15,000.

(c) Sundry assets realised Rs. 1,95,000.

(d) 'B' (another partner) was to bear the expenses on dissolution, which amounted to Rs. 1,500/-.

(e) Value of Sundry liabilities including creditors at the time of dissolution was Rs. 1,90,000.

(f) 'A' takes over the loan payable to 'Mrs. A' Rs. 15,000. **6**

14. Z Ltd. invited applications for issuing 40,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows :

On Application Rs. 6 (including premium) and balance on Allotment.

Applications for 50,000 shares ware received. Pro-rata allotment was made to all applicants. Excess money received on application was adjusted towards sums due on allotment.

A shareholder to whom 8,000 shares were allotted failed to pay the allotment money and therefore, his shares were forfeited. Later on the forfeited shares were re-issued for Rs. 70,000 as fully paid up.

Pass necessary journal entries in the books of Z Ltd. **6**

15. M and N were partners in a firm sharing profits in the ratio of 3 : 1. Their Balance Sheet as on 31.3.2004 was as follows :

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Creditors | 28,000 | Cash | 50,000 |
| Bills Payable | 40,000 | Debtors | 60,000 |
| Outstanding Salary | 2,000 | Stock | 40,000 |
| Capital Accounts : | | Plant | 1,00,000 |
| M 2,00,000 | | Land and Building | 1,50,000 |
| N 1,30,000 | 3,30,000 | | |
| | 4,00,000 | | 4,00,000 |

On the above date 'O' was admitted as partner for $\frac{1}{4}$th share in profits on the following terms :

(i) 'O' will bring Rs. 1,50,000 as his capital and Rs. 90,000 as his share of premium for goodwill for his share of profits.

(ii) Plant is to be appreciated to Rs. 1,30,000 and the value of land and building is to be appreciated by 5%.

(iii) Stock is overvalued by Rs. 6,000.

(iv) A provision for bad and doubtful debts is to be created at 5% on debtors.

(v) There were unrecorded creditors Rs. 4,500/-

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. **8**

**OR**

P, Q and R were partners in a firm sharing profits in the ratio of 2 : 3 : 5. On 31.3.2004 their Balance Sheet was as follows :

| **Liabilities** | | | **Amount Rs.** | **Assets** | | **Amount Rs.** |
|---|---|---|---|---|---|---|
| Creditors | | | 70,000 | Bank | | 45,000 |
| Capital Accounts : | | | | Debtors | 40,000 | |
| | P | 80,000 | | Less : provision | | |
| | Q | 70,000 | | for doubtful debts | 5,000 | 35,000 |
| | R | 60,000 | 2,10,000 | Stock | | 50,000 |
| | | | | Building | | 1,40,000 |
| | | | | Profit & Loss A/c | | 10,000 |
| | | | 2,80,000 | | | 2,80,000 |

On the above data R retired from the firm due to his illness on the following terms:

(i) Building was to be depreciated by Rs. 40,000.

(ii) Provision for doubtful debts was to be maintained at 20% on debtors.

(iii) Salary outstanding Rs. 5,000 was to be recorded and creditors Rs. 4,000 will not be claimed.

(iv) Goodwill of the firm was valued at Rs. 72,000 and the same was to be treated without opening goodwill account.

(v) R was to be paid Rs. 15,000 in cash, through bank and the balance was to be transferred to his loan account.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of P and Q after R's retirement. **8**

## PART-B (Analysis of Financial Statements)

16. What is meant by a 'Cash Flow Statement' ? **2**

17. State whether the following transactions will result into inflow, outflow or no flow of funds :

(i) Purchased manchinery for cash Rs. 80,000.

(ii) Paid to creditors Rs. 40,000.

(iii) Converted Rs. 10,000 equity shares into 9% debentures.

(iv) Issued equity shares Rs. 10,00,000 for cash. **2**

18. Briefly explain the limitations of analysis of financial statements. **3**

19. The current liabilities of a company are Rs. 3,50,000. Its current ratio is 3.00 and liquid ratio is 1.75. Calculate the amount of current assets, liquid assets and inventory. **3**

20. On the basis of information given below, calculate any two of the following ratios:

    (i) Gross Profit Ratio;

    (ii) Debt-Equity Ratio and

    (iii) Working Capital Turnover Ratio.

    Information :

| | Rs. | | Rs. |
|---|---|---|---|
| Net Sales | 3,75,000 | Current Assets | 4,25,000 |
| Cost of goods sold | 2,50,000 | Equity Share Capital | 1,90,000 |
| Current liabilities | 1,20,000 | Debentures | 75,000 |
| Loan | 60,000 | | |

**4**

21. Following are the Balance Sheets of XY Ltd. as on 31st March, 2003 and 2004 :

| **Liabilities** | **2003 Rs.** | **2004 Rs.** | **Assets** | **2003 Rs.** | **2004 Rs.** |
|---|---|---|---|---|---|
| Share Capital | 1,20,000 | 1,40,000 | Goodwill | 20,000 | 16,000 |
| General Reserve | 8,000 | 12,000 | Building | 76,000 | 96,400 |
| Profit & Loss A/c | 7,200 | 6,200 | Investments | 4,000 | 14,000 |
| Proposed Dividend | 11,200 | 20,200 | Debtors | 30,000 | 43,200 |
| Bills Payable | 14,000 | 21,200 | Stock | 34,000 | 31,200 |
| Outstanding Expenses | 14,400 | 15,200 | Cash | 6,800 | 11,200 |
| | | | Preliminary Expenses | 4,000 | 2,800 |
| | 1,74,800 | 2,14,800 | | 1,74,800 | 2,14,800 |

You are required to :

(i) Prepare schedule of changes in working capital.

(ii) Calculate funds from operations, and

(iii) Prepare a Funds Flow Statement. **6**

**OR**

The following balances appeared in Plant Account and Accumulated Depreciation Account in the books of Bharat Ltd. :

| Balance as at | 31.3.2003 | 31.3.2004 |
|---|---|---|
| | Rs. | Rs. |
| Plant | 7,50,000 | 9,70,000 |
| Accumulated Depreciation | 1,80,000 | 2,40,000 |

Additional Information :

Plant costing Rs. 1,45,000; accumulated depreciation thereon Rs. 70,000, was sold for Rs. 35,000.

You are required to :

(i) Compute the amount of Plant purchased, depreciation charged for the year and loss on sale of plant.

(ii) Show how each of the items related to the plant will be shown in the cash flow statement.

**PART-C (Computerised Accounting)**

16. What is meant by Normilisation ? **2**

17. What is data redundancy ? What problems are associated with it ? **3**

18. What do you understand by unary, binary relation ? **2**

19. Conceptualise the accounting reality in terms of Entity Relation Model concepts. **3**

20. Develop and depict an Entity Relationship Model for this accounting reality. **3**

21. Show the database design in terms of relevant data tables and their inter relationships. **3+4 = 7**

**Note :** Q. 19-20 to be answered with the help of the following vouchers :

**Voucher 1**

Voucher 0705 — Date : May 07, 2004

M/s. Macrowell

Debit A/c : 110001 — Cash Account

**Credit Account**

| Sl. No. | Code | Name of A/c | Amount (Rs.) | Narration |
|---|---|---|---|---|
| 1 | 174001 | Sale | 15,000 | Goods sold |

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**Voucher 2**

Voucher 1105 Date : May 11, 2004

M/s. Macrowell

Credit A/c : 110001 Cash Account

**Credit Account**

| Sl. No. | Code | Name of A/c | Amount (Rs.) | Narration |
|---|---|---|---|---|
| 1 | 140001 | Machinery | 1,50,000 | Assets Purchased |

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## QUESTION PAPER CODE 67/1

### PART - A (Accountancy)

1. Distinguish between fixed and fluctuating capitals of partners. 2

2. 'X' Ltd. purchased land costing Rs. 9,50,00,000 from 'Y' Ltd. Rs. 50,00,000 were paid through bank and the balance by issuing equity shares of Rs. 100 each at a discount of 10%.

   Pass the necessary journal entries for making the payment through bank and by issue of equity shares. 2

3. CMC Ltd. invited applications for issuing 1,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 3 per share. The whole amount was payable on application. The issue was over-subscribed by 30,000 shares and allotment was made on pro-rata basis.

   Pass necessary journal entries in the books of the company. 2

4. On 28.2.2005 BCL Ltd. converted its Rs. 1,00,000, 9% debentures issued at a premium of 10% into 8% preference shares of Rs. 100 each issued at a premium of 25%.

   Pass necessary journal entries on the redemption of debentures. 2

5. Ram and Manohar are partners in a firm sharing profits and losses in the ratio of 7 : 3. According to the partnership deed, Ram was to be paid salary of Rs. 5,000 per month and Manohar was to get a bonus of Rs. 40,000 per annum. Interest on capital was to be allowed @ 10% per annum and interest on drawings was to be charged @ 8% per annum. Interest on Ram's drawings was

Rs. 3,000 and on Manohar's drawings was Rs. 2,000. Their fixed capitals were Rs. 4,00,000 and Rs. 1,50,000 respectively. The firm earned a profit of Rs. 2,50,000 for the year ended 31.3.2004.

Prepare Profit and Loss Appropriation Account of Ram and Manohar. 3

6. What is meant by a debenture ? Distinguish between a debenture and a share. (Any two points) 3

7. Briefly explain the occasions when the partnership can be reconstituted. **4**

8. State the conditions for the issue of shares at discount. **4**

9. Journalise the following transactions in the books of the firm of Harry and Jim at the time of its dissolution. Harry and Jim shared profits in the ratio of 3 : 2. 4

   (i) There was a debit balance of Rs. 7,500 in the Profit and Loss account.

   (ii) Machinery of the book value of Rs. 20,000 was taken over by Harry at a discount of 10%. He also took over land and building valued at Rs. 5,00,000 for Rs. 6,00,000.

   (iii) Jim agreed to pay the creditors amounting to Rs. 34,000. He also paid dissolution expenses Rs. 4,000.

   (iv) Loss on dissolution was Rs. 9,000.

10. On 1.1.2000 Sona Ltd. issued 50,000 7% debentures of Rs. 100 each at par redeemable after 10 years. The debenture-holders were given the option to get their debentures redeemed at any time after 3 years at a premium of 10%. At the end of 4 years debenture-holders holding 10,000 debentures exercised their option and got their debentures redeemed.

    Record necessary journal entries in the books of Sona Ltd. for the issue and redemption of debentures. 4

11. On 1.4.2004 Z Ltd. issued 5,00,000 8% Debentures of Rs. 100 each at a discount of 6% redeemable at a premium of 10% after four years. The amount was payable as follows :

    On application — Rs. 50 per debenture

    On allotment — Balance after discount

    Record the necessary journal entries for the issue of debentures in the books of the company. **4**

12. E and F were partners in a firm sharing profits in the ratio of 3 : 1. They admitted G as a new partner on 1.3.2005 for 1/3 share. It was decided that E, F and G will share future profits equally. G brought Rs. 50,000 in cash and machinery worth Rs. 70,000 for his share of profit as premium for goodwill.

Showing your calculations clearly, pass necessary journal entries in the books of the firm. 6

13. Ram and Shyam were partners in a firm sharing profits in the ratio of 2 : 3. Their Balance Sheet as on 31.1.2005 was as follows :

| Liabilities | | Amount Rs. | Assets | Amount Rs. |
|---|---|---|---|---|
| Creditors | | 1,30,000 | Land and Building | 2,40,000 |
| Bills Payable | | 70,000 | Machinery | 1,30,000 |
| Capital Accounts : | | | Goodwill | 20,000 |
| Ram | 1,50,000 | | Stock | 50,000 |
| Shyam | 1,50,000 | 3,00,000 | Debtors | 40,000 |
| | | | Cash | 20,000 |
| | | 5,00,000 | | 5,00,000 |

On the above date the firm was dissolved. Ram paid the creditors at a discount of 10% and Shyam paid bills payable in full. Assets realised : Land and Building 20% less; Machinery Rs. 70,000; Stock 25% less; Debtors Rs. 25,000. Expenses of realisation paid by Shyam were Rs. 3,500.

Prepare Realisation Account, Cash Account and Capital Accounts of the partners to close the books of the firm. 6

**OR**

P, Q and R commenced business on January 01, 2002 with capitals of :

P Rs. 1,50,000

Q Rs. 1,00,000

R Rs. 50,000

Profits are shared in the ratio of 4 : 3 : 3. Capital carried interest @ 5% per annum. During the year 2002, the firm suffered a loss of Rs. 85,000 before allowing interest on capital. Drawings of each partner during the year were Rs. 10,000.

On December 31st, 2002, the partners agreed to disslove the firm as it was no longer profitable. The creditors on that date were Rs. 25,000. The assets realised a net value of Rs. 2,00,000 and the expenses of realisation were Rs. 3,000.

Prepare Realisation Account, Partners' Capital Accounts and Cash Account along with necessary working to close the books of the firm.

14. AB Ltd. invited applications for 40,000 equity shares of Rs. 10 each issued at a discount of 10%. The amount was payable as follows :

On application — Rs. 4

On allotment — Balance after discount

Applications were received for 48,000 shares. Pro-rata allotment was made to all applicants. Excess money received on application was adjusted towards sums due on allotment. Mohan to whom 400 shares were allotted failed to pay the allotment money. His shares were accordingly forfeited. The forfeited shares were re-issued @ Rs. 8 per share fully paid up.

Pass necessary journal entries in the books of AB Ltd. 6

15. X and Y were partners in a firm sharing profits in the ratio of 3 : 2. On 31.3.2004 their Balance Sheet was as follows :

| Liabilities | Amount Rs. | Assets | Amount Rs. |
|---|---|---|---|
| Sundry Creditors | 50,000 | Land and Building | 1,00,000 |
| Bills Payable | 20,000 | Machinery | 80,000 |
| Outstanding Expenses | 10,000 | Stock | 1,00,000 |
| Capital Accounts : | | Debtors | 40,000 |
| X 1,80,000 | | Cash | 10,000 |
| Y 70,000 | 2,50,000 | | |
| | 3,30,000 | | 3,30,000 |

On the above date Z was admitted as a new partner in the firm for 1/4 share in the profits on the following terms :

(i) Z will bring Rs. 1,20,000 for his capital and Rs. 20,000 for his share as premium for goodwill.

(ii) Machinery was to be depreciated by 10% and Land and Building was to be appreciated by Rs. 30,000.

(iii) Stock was overvalued by Rs. 20,000.

(iv) A provision of 5% was to be created for doubtful debts.

(v) Salary outstanding was Rs. 5,000.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. **8**

**OR**

E, F and G were partners in a firm sharing profits in the ratio of 3 : 1 : 1. On 31.3.2004 their Balance Sheet was as follows :

| Liabilities | | Amount Rs. | Assets | | Amount Rs. |
|---|---|---|---|---|---|
| Creditors | | 90,000 | Bank | | 31,000 |
| Bills Payable | | 30,000 | Debtors | 70,000 | |
| Capital Accounts : | | | Less : Provision | | |
| | | | for Doubtful Debts | 2,000 | 68,000 |
| E | 1,50,000 | | Stock | | 80,000 |
| F | 1,00,000 | | Building | | 2,70,000 |
| G | 99,000 | 3,49,000 | Profit and Loss A/c | | 20,000 |
| | | 4,69,000 | | | 4,69,000 |

On the above data F retired on the following terms :

(a) Building was to be appreciated by 10%.

(b) 10% provision for doubtful debts was to be made on sundry debtors.

(c) Creditors Rs. 10,000 will not be claimed.

(d) There was an outstanding bill for repairs Rs. 2,000.

(e) Goodwill of the firm was valued at Rs. 75,000 and no goodwill account was to be opened for its treatment.

(vi) F was to be paid Rs. 20,000 in Cash and the Balance was to be transferred to his Loan account.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of E and G after F's retirement. 8

**PART B (Analysis of Financial Statements)**

16. Distinguish between a Cash Flow Statement and Funds Flow Statement. 2

17. State whether the following transactions will result into inflow, outflow or no flow of funds : 2

(i) Received cash Rs. 2,00,000 from debtors.

(ii) Purchased land Rs. 10,00,000 and paid by issue of equity shares of the same amount to the vendor.

(iii) Sold old machinery for Rs. 50,000.

(iv) Redeemed 8% preference shares Rs. 5,00,000.

18. Explain briefly the interest of sharesholders, lenders and taxation authorities in the analysis of financial statements of a company. 3

19. The Current Assets of a company are Rs. 15,00,000. Its Current Ratio is 3.00 and Liquid Ratio is 1.25. Calculate the amount of Current Liabilities, Liquid Assets and Inventory. 3

20. On the basis of the information given below calculate any two of the following ratios : 4

(i) Gross Profit Ratio

(ii) Debt-Equity Ratio

(iii) Working Capital Turnover Ratio

*Information :*

Net sales Rs. 5,65,000; Cost of goods sold Rs. 3,75,000; Current liabilities Rs. 1,75,000; Loan Rs. 1,25,000; Current assets Rs. 3,25,000; Equity share capital Rs. 3,95,000 and Debentures Rs. 1,29,000.

21. Following are the Balance Sheets of JP Ltd. as on 31st March, 2003 and 2004 :

| **Liabilities** | **2003 Rs.** | **2004 Rs.** | **Assets** | **2003 Rs.** | **2004 Rs.** |
|---|---|---|---|---|---|
| Share Capital | 95,500 | 1,26,700 | Goodwill | 25,000 | 20,000 |
| General Reserve | 20,000 | 27,000 | Machinery | 75,000 | 1,00,000 |
| Profit & Loss A/c | 17,000 | 14,300 | Investments | 10,000 | 17,000 |
| Proposed Dividend | 19,000 | 21,700 | Debtors | 15,000 | 18,700 |
| Bills Payable | 8,000 | 2,300 | Stock | 27,000 | 21,600 |
| Outstanding Salary | 3,000 | 4,900 | Cash | 7,500 | 18,400 |
| | | | Preliminary Expenses | 3,000 | 1,200 |
| | 1,62,500 | 1,96,900 | | 1,62,500 | 1,96,900 |

You are required to :

(i) Prepare Schedule of Changes in Working Capital.

(ii) Calculate Funds from Operations.

(iii) Prepare a Funds Flow Statement. 6

**OR**

The following balances appeared in Plant Account and Accumulated Depreciation Account in the books of Jai Bharat Ltd. :

| Balance as at | 31.3.2003 Rs. | 31.3.2004 Rs. |
|---|---|---|
| Machinery Account | 17,78,985 | 26,55,450 |
| Accumulated Depreciation Account | 3,40,795 | 4,75,690 |

*Additional Information :*

Machinery casting Rs. 2,65,000 on which accumulated depreciation was Rs. 1,00,000, was sold for Rs. 75,000.

You are required to :

(i) Compute the amount of machinery purchsed, depreciation charged for the year and loss on sale of machinery.

(ii) How shall each of the items related to machinery be shown in the Cash Flow Statement ?

**PART C (Computerised Accounting)**

16. What is meant by normalisation ? 2

17. What is data redundancy ? What problems are associated with it ? 3

18. What do you understand by unary, binary relation ? 2

19. Conceptualise the accounting reality in terms of Entity Relation Model concepts. 3

20. Develop and depict an Entity Relationship Model for this accounting reality. 3

21. Show the database design in terms of relevant data tables and their inter-relationships. 3+4 = 7

**Note :** *Q. 19 to 21 to be done with the help of the following vouchers :*

**Voucher 1**

Voucher 0705 Date : May 07, 2004

Debit A/c : 110001 Cash Account M/s. Macrowell

**Credit Account**

| Sl. No. | Code | Name of A/c | Amount (Rs.) | Narration |
|---|---|---|---|---|
| 1 | 174001 | Sales | 1,00,000 | Goods sold |

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**Voucher 2**

Voucher 1105 Date : May 11, 2004

Credit A/c : 110001 Cash Account M/s. Macrowell

**Credit Account**

| Sl. No. | Code | Name of A/c | Amount (Rs.) | Narration |
|---|---|---|---|---|
| 1 | 140001 | Machinery | 1,00,000 | Assets Purchased |

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# Marking Scheme —- Accountancy

***General Instructions :***

1. The Marking Scheme provides general guidelines to reduce subjectivity in the marking. The answers given in the marking scheme are suggested answers. The content is thus indicative. If a student has given any other answer which is different from the one given in the Marking Scheme, but conveys the same meaning, such answers should be given full weightage.

2. Evaluation is to be done as per instructions provided in the marking scheme.

3. If a question has parts, please award marks in the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and writtern in the left hand margin and circled.

4. If a question does not have any parts, marks be awarded in the left-hand margin.

5. If a candidate has attempted an extra question, marks obtained in the question attempted first should be retained and the other answer should be scored out.

6. No marks to be deducted for the cummulative effect of an error. It should be penalized only once.

7. Deductions upto 25% of marks be made, if the student has not drawn the formats of journal and ledger and not given the narrations.

8. A full scale of marks 0-100 has to be used. Please do not hesitate to award full marks if the answers deserve it.

QUESTION PAPER CODE 67/1/1

## EXPECTED ANSWERS/VALUE POINTS

## PART A — 'Accountancy'

Q-1. **Partnership**

Partnership is the relation between two or more persons who have agreed to share the profits of a business carried on by all or any of them acting for all. **2 marks**

Q-2. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Assets A/c | Dr. | | 1,80,000 | | |
| | S. Ltd. | | | | 1,80,000 | 1 mark |
| | (Assets purchased from S. Ltd.) | | | | | |
| | S. Ltd. | Dr. | | 1,80,000 | | |
| | Equity Share Capital | | | | 1,50,000 | |
| | Security Premium | | | | 30,000 | |
| | (Payment made to S. Ltd. by issuing equity share of Rs 100 each at a premium of Rs. 20 per share) | | | | | 1 mark |

**Total : 2 marks**

Q-3. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Bank A/c | Dr. | | 3,60,000 | | |
| | Equity Share Application A/c | | | | 3,60,000 | 1 mark |
| | (Equity Share Application money received on 20000 share of Rs. 20 each at a discount of 10%) | | | | | |
| | Equity Share Application A/c | Dr. | | 3,60,000 | | |
| | Discount on Issue of shares A/c | Dr. | | 40,000 | | |
| | Equity Share Capital A/c | | | | 4,00,000 | |
| | (Equity Share Application money transferred to Equity Share Capital A/c) | | | | | 1 mark |

**Total : 2 marks**

Q. 4. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Debenture A/c | Dr. | | 88,00,000 | | |
| | Debentureholder A/c | | | | 88,00,000 | 1 mark |
| | (6% Debenture due for redemption) | | | | | |
| | Debentureholder A/c | Dr. | | 88,00,000 | | |
| | Equity Share Capital A/c | | | | 80,00,000 | |
| | Security Premium A/c | | | | 8,00,000 | |
| | (Payment due to debentureholders discharged by issuing equity shares of Rs. 20 each of a premium of Rs 2 per Share.) | | | | | 1 mark |

**Total : 2 marks**

Q.5. **PROFIT AND LOSS APPROPRIATION A/c**

Dr. Cr.

| Particulars | | Amount Rs. | Particulars | | Amount Rs. |
|---|---|---|---|---|---|
| Salary A/c (Pappu) | | 30,000 | P & L A/c | | 90,575 |
| Commission A/c (Munna) | | 10,000 | Interest on Drawings | | |
| Interest on Capital A/c | | | Pappu | 1,250 | |
| Pappu | 10,000 | | Munna | 425 | 1,675 |
| Munna | 7,500 | 17,500 | | | |
| Profit credited to : | | | | | |
| Pappu's Current A/c | 20,850 | | | | |
| Munna's Current A/c | 13,900 | 34,750 | | | |
| | | **92,250** | | | **92,250** |

***Note :*** *In case transfer is made to Capital A/c instead of Current A/c ½ mark only to be deducted.*

*(½ mark for each entry)* **Total : 3 mark**

Q.6. **Issue of Debentures as Collateral Security**

Issue of Debentures as Collateral security means debentures issued as security in addition to primary security to obtain secured loan. **3 marks**

Q.7. **Meaning of Reconstitution of a Partnership Firm.**

The change in the relationship among the partners of a firm amounts to reconstitution of a partnership firm. 2 marks

**Occasions on which a partnership firm can be reconstituted —** Any two of the following with brief explanation.

- Change in the profit sharing ratios of the existing parties.
- Admission of a new partner.
- Retirement of an existing partner.
- Death of a partner.
- Amalgamation of two or more partnership firms.

***(1mark for each correct occassion)*** 1× 2 = 2 marks

**Total 4 marks**

Q-8. The purposes for which securities premium amount can be used by a company are : (Any 4)

(i) The securities premium amount can be used by the company for issuing fully paid bonus shares to the members.

(ii) The securities premium amount can be used to write off preliminary expenses of the company.

(iii) The securities premium amount can be used to write off the expenses or the commission paid or discount allowed on any issue of shares or debentures of the company.

(iv) The securities premium amount can be used to provide the premium payable on redemption of any preference share or debenture of the company.

(v) The securities premium amount can be used by a company to purchase its own shares.

***(1 mark for each correct purpose.)*** **1×4 = 4 marks**

Q. 9. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| (i) | Realisation A/c | Dr. | | 2,000 | | |
| | Cash A/c | | | | 2,000 | |
| | (Paid to K) | | | | | 1 mark |
| (ii) | Cash A/c | Dr. | | 4,000 | | |
| | Realisation A/c | | | | 4,000 | |
| | (Paid by L) | | | | | 1 mark |
| (iii) | Realisation A/c | Dr. | | 7,800 | | |
| | A's Capital A/c | | | | 7,800 | |
| | (An unrecorded liability paid by A) | | | | | 1 mark |
| (iv) | A's capital A/c | Dr. | | 4,000 | | |
| | B's capital A/c | Dr. | | 3,000 | | |
| | C's capital A/c | Dr. | | 3,000 | | |
| | Realisation A/c | | | | 10,000 | |
| | (Loss on dissolution transferred to parties capitals in the ratio of 4 : 3 : 3) | | | | | 1 mark |

**Total 4 marks**

Q.10. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| 2000 | Bank A/c | Dr. | | 5,00,00,000 | | |
| Jan 1 | 8% Debenture Application | | | | 5,00,00,000 | |
| | (Application money on 5,00,000 debentures @ Rs 100 each received.) | | | | | 1 mark |

| | | | | | |
|---|---|---|---|---|---|
| Jan 1 | 8% Debenture Application A/cDr. | | 5,00,00,000 | | |
| | 8% Debenture A/c | | | 5,00,00,000 | |
| | (Application money transfered to 8% Debenture A/c) | | | | 1 mark |
| 2003 | 8% Debenture A/c | Dr. | 40,00,000 | | |
| Dec 31 | Loss on Redemption of Debenture A/c | Dr. | 2,00,000 | | |
| | Bank A/c | | | 42,00,000 | 1 mark |
| | (40000 Debentures redeemed under Call option) | | | | |
| Dec 31 | Profit & Loss A/c | Dr. | 2,00,000 | | |
| | Loss on Redemption of Debenture A/c | | | 2,00,000 | |
| | (Loss on redemption of debentures transferred to Profit & Loss A/c) | | | | 1 mark |

**Total 4 marks**

***Note: Alternatively if an emaminee has debited loss at the time of issue only 2 marks to be allotted and if D.R.R. is also created 1 additional mark is to be alloted considering all other entries are correct.***

Q-11. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| 2005 | Bank A/c | Dr. | | 10,00,00,000 | | |
| Jan 1 | 6% Debenture Application A/c | | | | 10,00,00,000 | |
| | (Debenture Application money received @ Rs 50 per debenture) | | | | | 1 mark |

| | | | | |
|---|---|---|---|---|
| 6% Debenture Application A/c Dr. | 10,00,00,000 | | |
| 6% Debenture A/c | | 10,00,00,000 | |
| (Debenture Application money transferred to 6% Debenture A/c) | | | ½ mark |
| Debenture Allotment A/c Dr. | 9,20,00,000 | | |
| Discount on Issue of Debenture A/c Dr. | 80,00,000 | | |
| Loss on Issue of Debenture A/c Dr. | 1,00,00,000 | | |
| 6% Debenture A/c | | 10,00,00,000 | |
| Premium on Redemption of Debenture A/c | | 1,00,00,000 | |
| (Allotment money due on 20,00,000 debenture issued at a discount of 4% redeemable at premium of 5%) | | | 2 marks |
| Bank A/c Dr. | 9,20,00,000 | | |
| Debenture Allotment A/c | | 9,20,00,000 | |
| (Allotment money received) | | | ½ mark |

***Note : In case a student has debited a loss on issue of debenture as a combined item of Rs. 1,80,00,000 no deduction of marks to be made.***

**Total 4 marks**

Q.12.

**Journal**

| Date | Particulars | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|
| 2005 | Ram's Capital A/c Dr. | | 25,600 | | |
| March1 | Mohan's Capital A/c Dr. | | 6,400 | | |
| | P & L A/c | | | 32,000 | |
| | (Loss transferred to existing partners' capitals in their old ratio 4 : 1) | | | | 1 mark |

| | | | | | |
|---|---|---|---|---|---|
| March1 | Reserve A/c | Dr. | 1,00,000 | | |
| | Ram's Capital A/c | | | 80,000 | |
| | Mohan's Capital A/c | | | 20,000 | |
| | (Amount of reserve credited to existing partners in the ratio 4 : 1) | | | | 1 mark |
| March1 | Joint Life Policy A/c | Dr. | 20,000 | | |
| | Ram's Capital A/c | | | 16,000 | |
| | Mohan's Capital A/c | | | 4,000 | |
| | (Joint Life Policy recorded at its surrender value on Sohans's admission. | | | | 1 mark |

**Note :** 1. If an examinee assumed that J.L.P. is treated as an expense and gives a 'Note' and passed the following Journal entry/entreis full credit to be given

| | | | |
|---|---|---|---|
| | New Partner's Capital A/c | Dr. | |
| | To Old Partner's A/c | | (with Sacrificing Ratio) |
| *OR* | J.L.P. A/c | Dr. | |
| | Old Partner's Capital A/c | | (Old Ratio) |
| | All Partner's Capital A/c | Dr. | (New Ratio) |
| | J.L.P. A/c) | | |

2. If an examinee has given a note that J.L.P. appears in Balance Sheet, then no Journal entry to be given.

| | | | | | |
|---|---|---|---|---|---|
| March1 | Bank A/c | Dr. | 60,000 | | 1 mark |
| | Premium A/c | | | 60,000 | |
| | (Premium brought in cash by Sohan as his share of goodwill.) | | | | |

| | | | | | |
|---|---|---|---|---|---|
| March1 | Premium A/c | Dr. | 60,000 | | |
| | Mohan's A/c | Dr. | 4,000 | | |
| | Ram's Capital A/c | | | 64,000 | 1 mark |
| | (Premium brought in by Sohan transferred to Ram's Capital account & Mohan's Capital debited proportionately for the gain.) | | | | |

**Working Notes :**

(1) **Calculation of Sacrificing/Gain Ratio :**

Ram $= \frac{4}{5} - \frac{4}{9} = \frac{16}{45}$ (sacrifice)

Mohan $= \frac{1}{5} - \frac{2}{9} = \frac{-1}{45}$ (gain) $\frac{1}{3}$ 1 mark

(2) **Amount to be debited to Mohan's Capital A/c**

Share of Goodwill brought by Sohan = Rs 60,000

Share of Sohan in the firm = $\frac{1}{3}$

$\therefore$ Total goodwill of the firm = 60,000 × = 1,80,000

Amount to be debited to Mohan's Capital A/c = 1,80,000 $\times \frac{1}{45}$ = 4,000

**Total 6 marks**

Q. 13. Dr. Cr.

**Realisation A/c**

| Particulars | | Amount Rs. | Particulars | Amount Rs. |
|---|---|---|---|---|
| Land & Buildings | | 40,000 | Sundry Creditors | 20,000 |
| Furniture & Fitting | | 28,000 | Bills Payable | 40,000 |
| Truck | | 20,000 | | |
| Stock | | 10,000 | Cash | 1,28,000 |
| Debtors | | 12,000 | (assets realised) | |
| Ramesh's Capital A/c (Creditors) | | 20,000 | | |
| Suresh's Capital A/c (Bills payable) | | 40,000 | | |
| Ramesh's Capital A/c (realisation expenses) | | 1,200 | | |
| Realisation Profit credited to: | | | | |
| Ramesh's Capital | 8,400 | | | |
| Suresh's Capital | 8,400 | 16,800 | | |
| | | **1,88,000** | | **1,88,000** |

3 marks

**Partners's Capital A/c**

Dr. Cr.

| Particulars | Ramesh | Suresh | Particulars | Ramesh | Suresh |
|---|---|---|---|---|---|
| Cash A/c | 59,600 | 78,400 | Bal b/d | 30,000 | 30,000 |
| | | | Realisation A/c | 20,000 | 40,000 |
| | | | Realisation A/c | 1,200 | |
| | | | Realisation A/c | 8,400 | 8,400 |
| | **59,600** | **78,400** | | **59,600** | **78,400** |

***(1 mark for each partner's capital A/c)*** 1×2 = 2 marks

**Cash A/c**

Dr. Cr.

| Particulars | Amount Rs. | Particulars | Amount Rs. |
|---|---|---|---|
| Bal b/d | 10,000 | Ramesh's Capital A/c | 59,600 |
| Realisation A/c | 1,28,000 | Suresh's Capital A/c | 78,400 |
| | **1,38,000** | | **1,38,000** |

1 mark

**Total 6 marks**

<u>**OR**</u>

Q.13. **Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| (a) | A's Capital A/c | Dr. | | 300 | | |
| | Realisation A/c | | | | 300 | |
| | (Unrecorded asset of Rs. 300 taken over by A) | | | | | 1 mark |
| (b) | Realisation A/c | Dr. | | 14,000 | | |
| | Cash A/c | | | | 14,000 | |
| | (Payment made to creditors) | | | | | 1 mark |
| (c) | Cash A/c | Dr. | | 1,95,000 | | |
| | Realisation A/c | | | | 1,95,000 | |
| | (Assets realised) | | | | | 1 mark |
| (d) | B's Capital A/c | Dr. | | 1,500 | | |
| | Cash A/c | | | | 1,500 | 1 mark |
| | (Realisation expenses borne by B) | | | | | |
| | *(**Note:** Assuming 'B' has used his own money for paying the expenses examinee may write 'No Entry' for this transaction, full credit to be given)* | | | | | |
| (e) | Realisation A/c | Dr. | | 1,75,000 | | |
| | To Cash | | | | 1,75,000 | |
| | (Liabilities at the time of dissolution of the firm paid) | | | | | 1 mark |
| (f) | Realisation A/c | Dr. | | 15,000 | | |
| | A's Capital A/c | | | | 15,000 | |
| | (Mrs. A's Loan taken over by A) | | | | | 1 mark |

**Total 6 marks**

Q.14.

**Journal**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Bank A/c | Dr. | | 3,00,000 | | |
| | Equity Share Application A/c | | | | 3,00,000 | |
| | (Application money received on 50,000 shares @ Rs 6/-) | | | | | ½ mark |
| | Equity Share Application A/c | Dr. | | 3,00,000 | | |
| | Equity Share Capital A/c | | | | 1,60,000 | |
| | Security Premium A/c | | | | 80,000 | |
| | Equity Share Allotment A/c | | | | 60,000 | |
| | (Equity Share application money transferred to Equity Share Capital & to Security Premium and excess Application money transferred to Equity Share Allotment A/c) | | | | | 1 mark |
| | Equity Share Allotment A/c | Dr. | | 2,40,000 | | |
| | Equity Share Capital A/c | | | | 2,40,000 | |
| | (Equity Share Allotment money due on 40,000 Shares @ Rs 6/-) | | | | | ½ mark |
| | Bank A/c | Dr. | | 1,44,000 | | |
| | Calls-in-Arrears A/c | Dr. | | 36,000 | | |
| | Equity Share Allotment A/c | | | | 1,80,000 | |
| | (Equity Share Allotment money received on 32000 Shares @ Rs 6/-) | | | | | 1 mark |
| | Equity Share Capital A/c | Dr. | | 80,000 | | |
| | Share forfeiture A/c | | | | 44,000 | |
| | Calls-in-Arrears A/c | | | | 36,000 | |
| | (8,000 Equity Shares forfeited for non-payment of allotment money) | | | | | 1 mark |

| | | | |
|---|---|---|---|
| Bank A/c | Dr. | 70,000 | |
| Share Forfeiture A/c | Dr. | 10,000 | |
| Equity Share Capital A/c | | | 80,000 |
| (8,000 forfeited shares reissued for Rs 70,000 as fully paid up) | | | | 1 mark |
| Share Forfeiture A/c | Dr. | 34,000 | |
| Capital Reserve A/c | | | 34,000 |
| (Profit on reissue of 8,000 equity shares transferred to Capital Reserve) | | | | 1 mark |

***(No deduction of marks to be made if Call-in-Arrears are not shown in the journal entry)***

**Total 6 marks**

Q-15. **Revaluation A/c**

Dr. Cr.

| Particulars | | Amount Rs. | Particulars | Amount Rs. |
|---|---|---|---|---|
| Stock | | 6,000 | Plant | 30,000 |
| Provision for Bad & Doubtful Debt | | 3,000 | Land & Building | 7,500 |
| Creditors | | 4,500 | | |
| Revaluation Profit credited to: | | | | |
| M | 18,000 | | | |
| N | 6,000 | 24,000 | | |
| | | **37,500** | | **37,500** |

3 marks

**Partners's Capital A/c**

Dr. Cr.

| Particulars | M | N | O | Particulars | M | N | O |
|---|---|---|---|---|---|---|---|
| Bal c/d | 2,85,500 | 1,58,500 | 1,50,000 | Bal b/d | 2,00,000 | 1,30,000 | |
| | | | | Revaluation | 18,000 | 6,000 | |
| | | | | Cash | | | 1,50,000 |
| | | | | Premium | 67,500 | 22,500 | |
| | **2,85,500** | **1,58,500** | **1,50,000** | | **2,85,500** | **1,58,500** | |

3 marks

**Balance Sheet as on 31.3.2004**

| Liabilities | | Amount Rs. | Assets | | Amount Rs. |
|---|---|---|---|---|---|
| Creditors | | 32,500 | Cash | | 2,90,000 |
| Bills Payable | | 40,000 | Debtors | 60,000 | |
| Outstanding Salary | | 2,000 | Less provision | 3,000 | 57,000 |
| Captals : M | 2,85,500 | | Stock | | 34,000 |
| N | 1,58,500 | | Plant | | 1,30,000 |
| O | 1,50,000 | 5,94,000 | Land & Building | | 1,57,500 |
| | | **6,68,500** | | | **6,68,500** |

2 marks

**Total : 8 marks**

**OR**

**Revaluation A/c**

Dr. Cr.

| Particulars | Amount Rs. | Particulars | | Amount Rs. |
|---|---|---|---|---|
| Building | 40,000 | Creditors | | 4,000 |
| Provision for Doubtful Debts | 3,000 | Revaluation loss transferred to: | | |
| Salary Outstanding | 5,000 | P | 8,800 | |
| | | Q | 13,200 | |
| | | R | 22,000 | 44,000 |
| | **48,000** | | | **48,000** |

3 marks

**Partners's Capital A/c**

| Particulars | P | Q | R | Particulars | P | Q | R |
|---|---|---|---|---|---|---|---|
| P & L A/c | 2,000 | 3,000 | 5,000 | Bal b/d | 80,000 | 70,000 | 60,000 |
| Revaluation A/c | 8,800 | 13,200 | 22,000 | P's Capital | | | 14,400 |
| P's Capital | 14,400 | 21,600 | | O's Capital | | | 21,600 |
| Bank | | | 15,000 | | | | |
| R's Loan A/c | | | 54,000 | | | | |
| Bal c/d | 54,800 | 32,200 | | | | | |
| | **80,000** | **70,000** | **96,000** | | **80,000** | **70,000** | **96,000** |

3 marks

**Balance Sheet as on 31.3.2004**

| Liabilities | | Amount Rs. | Assets | | Amount Rs. | |
|---|---|---|---|---|---|---|
| Creditors | | 66,000 | Bank | | 30,000 | |
| Outstanding Salary | | 5,000 | Debtors | 40,000 | | |
| R's Loan | | 54,000 | Less: Provision for doubtful debt. | 8,000 | 32,000 | |
| Capitals : P | 54,800 | | | | | |
| Q | 32,200 | 87,000 | Stock | | 50,000 | |
| | | | Building | | 1,00,000 | |
| | | **2,12,000** | | | **2,12,000** | 2 marks |

**Total : 8 marks**

## PART B — 'Analysis of Financial Statements'

Q.16. **Cash Flow Statement**

A Statement which is prepared to show the flow (change) of cash in an organization during a given period is called Cash Flow Statement. It shows the inflows & outflows of cash. **2 marks**

Q-17. (i) Outflow of funds.

(ii) No flow of funds.

(iii) No flow of funds.

(iv) Inflow of funds.

***(½ mark for each)*** **Total : 2 marks**

Q-18. **Limitations of Financial Statements :**

The following limitations with brief explanation : (Any 3)

(i) Historical in nature.

(ii) Lack of uniformity.

(iii) Ignores price level changes.

(iv) Financial statements are devoid of qualitative aspects of transactions covered.

(v) Does not represent results in terms of precise measurement.

***(½ mark for listing, ½ mark for explanation)*** **Total : 3 marks**

Q-19. $\text{Current Ratio} = \frac{3}{1}$

$\text{Liquid Ratio} = \frac{1.75}{1}$

Current liabilities = 3,50,000

$$\frac{\text{Current Assets (CA)}}{\text{Current Liabilities}} = \frac{3}{1}$$

$$\text{or,} \quad \frac{CA}{3{,}50{,}000} = \frac{3}{1}$$

or, CA = Rs. 10,50,000 1 mark

$$\frac{\text{Liquid Assets (LA)}}{\text{Current Liabilities}} = \frac{1.75}{1}$$

$$\text{or,} \quad \frac{LA}{3{,}50{,}000} = \frac{1.75}{1}$$

or, LA = Rs. 6,12,500 1 mark

Also Inventory = Current Assets — Liquid Assets

= 10,50,000 — 6,12,500

= Rs. 4,37,500 1 mark

**Total : 3 marks**

Q-20. Any two of the following ratios

(i) **Gross Profit Ratio**

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

Gross Profit = Net Sales – Cost of Goods Sold

= 3,75,000 – 2,50,000

= 1,25,000

Net Sales = 3,75,000

$$\text{Gross Profit Ratio} = \frac{1{,}25{,}000}{3{,}75{,}000} \times 100$$

= 33.33% 2 marks

(ii) **Debt-Equity Ratio**

$$\text{Debt-Equity Ratio} = \frac{\text{Debt}}{\text{Equity}}$$

Debt = Loan + Debentures

= 60,000 + 75,000

= 1,35,000

Equity = Equity Share Capital

= 1,90,000

$$\text{Debt-Equity Ratio} = \frac{1{,}35{,}000}{1{,}90{,}000} \quad \text{or} \quad 1 : 1.41$$

= 0.71 : 1

2 marks

(iii) **Working Capital Turnover Ratio**

$$\text{Working Capital Turnover Ratio} = \frac{\text{Net Sales}}{\text{Working Capital}}$$

Net Sales = 3,75,000

Working Capital = Current Assets – Current Liabilities

= 4,25,000 — 1,20,000

= 3,05,000

$$\text{Working Capital Turnover Ratio} = \frac{3{,}75{,}000}{3{,}05{,}000}$$

= 1.23 times

2 marks

**Alternatively :**

$$\text{Working Capital Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Working Capital}}$$

$$= \frac{2{,}50{,}000}{3{,}05{,}000} \quad \text{or} \quad 0.82 : 1$$

or 0.82 times

***(½ mark for expression of formula, 1 mark for calculation, ½ mark for each answer)*** **Total : 2+2 = 4 marks**

Q-21 **Schedule of changes in Working Capital**

| Particulars | 2003 | 2004 | Increase in working capital | Decrease in working capital | |
|---|---|---|---|---|---|
| Current Assets | | | | | |
| Debtors | 30,000 | 43,200 | 13,200 | | |
| Stock | 34,000 | 31,200 | | 2,800 | |
| Cash | 6,800 | 11,200 | 4,400 | | |
| Total (A) | **70,800** | **85,600** | | | |
| Current Liabilities | | | | | |
| Bills Payable | 14,000 | 21,200 | | 7,200 | |
| Outstanding Expenses | 14,400 | 15,200 | | 800 | |
| Total (B) | **28,400** | **36,400** | | | |
| Working Capital (A– B) | **42,400** | **49,200** | | | |
| Increase in working Capital | **6,800** | | | **6,800** | |
| | **49,200** | **49,200** | **17,600** | **17,600** | 1 mark |

**Statement showing Calculation of Funds From Operations**

| Particulars | Amount. Rs. | |
|---|---|---|
| Balance of P& L A/c on 31.3.2004 | 6,200 | |
| Less : Balance of P & L as on 31.3.2004 | 7,200 | |
| | (1,000) | |
| Adjustment for non-fund & Non-operating Items : | | |
| Add : Amortisation of Goodwill | 4,000 | |
| Add : Preliminary Expenses written off | 1,200 | |
| Add : Transfer to General Reserve | 4,000 | |
| Add : Transfer to Proposed Dividend | 20,200 | |
| Funds from operations | **28,400** | 2 marks |

**Funds Flow Statement for the year ended 31.3.2004**

| Sources | Amount Rs. | Application | Amount Rs. | |
|---|---|---|---|---|
| Funds from operation | 28,400 | Payment of Dividend | 11,200 | |
| Issue of Share Capital | 20,000 | Purchase of Building | 20,400 | |
| | | Purchase of Investment | 10,000 | |
| | | Increase in Working Capital | 6,800 | |
| | **48,400** | | **48,400** | 3 mark |

**Total 6 marks**

**<u>OR</u>**

**Plant A/c**

Dr. Cr.

| Date | Particulars | Amount Rs. | Date | Particulars | Amount Rs. |
|---|---|---|---|---|---|
| 1.4.03 | Bal b/d | 7,50,000 | | Bank A/c | 35,000 |
| | Bank A/c (b/f) (Purchase) | 3,65,000 | | Accumulated Depreciation A/c | 70,000 |
| | | | | Loss on sale of Plant A/c | 40,000 |
| | | | 31.3.04 | Bal. c/d | 9,70,000 |
| | | **11,15,000** | | | **11,15,000** |

**Accumulated Depreciation A/c**

Dr. Cr.

| Date | Particulars | Amount Rs | Date | Particulars | Amount Rs |
|---|---|---|---|---|---|
| 1.4.03 | Plant A/c | 70,000 | 1.4.03 | Bal b/d | 1,80,000 |
| | | | 31.3.04 | Depreciation (Bal fig) | 1,30,000 |
| 31.3.04 | Bal c/d | 2,40,000 | | | |
| | | **3,10,000** | | | **3,10,000** |

| | | |
|---|---|---|
| Amount of Plant Purchased | = Rs 3,65,000 | 1 mark |
| Depreciation charged | = Rs 1,30,000 | 1 mark |
| Loss on Sale of Plant | = Rs 40,000 | 1 mark |

**Presentation in Cash Flow Statement :**

(2) * The sale of plant worth Rs. 35,000 will be shown as a inflow of cash in investing activities. 1 mark

* The purchase of plant worth Rs. 3,65,000 will be shown as outflow of cash in investing activities. 1 mark

* Depreciation charged during the year Rs. 1,30,000 and loss on sale of plant Rs. 40,000 will be added back while calculating cash from operating activities. 1 mark

**Total : 6 marks**

**PART C — 'Computerised Accounting'**

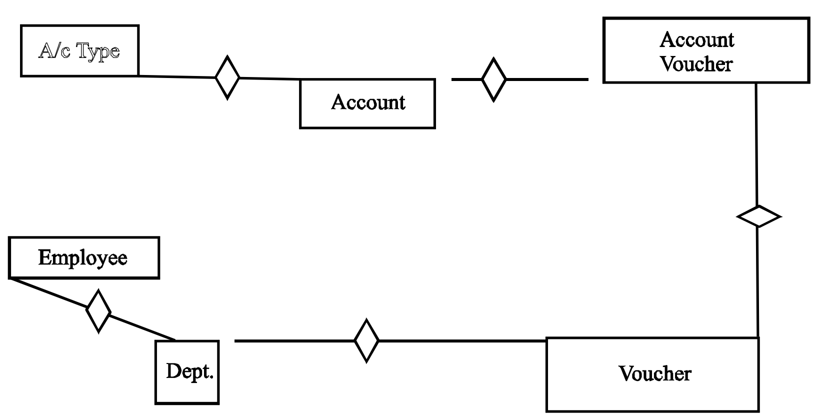
Q-16. Normalisation is the transformation of the conceptual scheme (logical data structure) into a computer representation form/format. **2 marks**

Q-17. Duplication of Data is known as data redundancy. Duplication of data (data redundancy) may lead to inconsistency or incorrect data. Give a suitable example :

***(Meaning - 1 Mark, Problem - 1 mark, Example - 1 mark)*** **3 marks**

Q-18. Where the operations are based on a single or one relation, it is called Unary relation. When they operate or a pair of relations, it is called Binary relation. **2 marks**

Q-19. Entity relationship model :




| <u>Account</u> | <u>Account Type</u> |
|---|---|
| Cash | Asset |
| Sales | Income/Revenue |
| Machinery | Asset |

**3 marks**

Q-20.

| Type ID | Description |
|---|---|
| 1 | Asset |
| 2 | Revenue |

**3 marks**

Q-21. Relation of A/c Types :

| Account No. | Description | Type id |
|---|---|---|
| 110001 | Cash | Asset |
| 174001 | Sales | Revenue |
| 140001 | Machinery | Asset |

3 marks

Account Voucher :

| Voucher No. | Account No. | Debit/Credit | Account type |
|---|---|---|---|
| 0705 | 110001 | Cash | Asset |
| 0705 | 174001 | Sales | Revenue |
| 1105 | 110001 | Cash | Asset |
| 1105 | 140001 | Machinery | Asset |

4 marks

**Total 7 marks**

QUESTION PAPER CODE 67/1

**EXPECTED ANSWERS/VALUE POINTS**

**PART A — 'Accountancy'**

Q-1. Distinction between fixed and fluctuating capitals :

| **Fixed Capital** | **Fluctuating Capital** |
|---|---|
| When the capital of the partners remains fixed unless some additional capital is introduced or some amount of capital is withdrawn, it is called fixed capital. | When the balance in the capital account keeps on fluctuating due to adjustments like drawings, share of profit, interest etc, it is called as fluctuating capital. |

**2 marks**

| | | | | | |
|---|---|---|---|---|---|
| Q.2. | Y Ltd A/c | Dr. | 50,00,000 | | |
| | Bank A/c | | | 50,00,000 | |
| | (Payment made to Y Ltd. through Bank). | | | | 1 mark |
| | Y Ltd A/c | Dr. | 9,00,00,000 | | |
| | Discount on issue of shares A/c | Dr. | 1,00,00,000 | | |
| | Equity Share Capital A/c | | | 10,00,00,000 | 1 mark |

(Payment made to Y Ltd. by issuing equity shares of Rs. 100 each at a discount of 10%).

**Alternatively :**

| | | | |
|---|---|---|---|
| Land A/c | Dr. | 9,50,00,000 | |
| Discount on issue of shares A/c | Dr. | 1,00,00,000 | |
| Bank A/c | | | 50,00,000 |
| Equity Share Capital A/c | | | 10,00,00,000 |

(Payment for purchase of land made to Y Ltd. partly through Bank and partly by issuing equity shares of Rs. 100 each at a discount of 10%)

***Note : No marks should be awarded/deducted if a Journal entry is made for the purchase of land.*** **Total : 2 marks**

Q-3.

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Bank A/c | Dr. | | 16,90,000 | | |
| | Equity Share Application & Allotment A/c | | | 16,90,000 | | |
| | (Being application & allotment money received) | | | | | ½ mark |
| | Equity Share Application & Allotment A/c | Dr. | | 16,90,000 | | |
| | Equity Share Capital A/c | | | | 10,00,000 | |
| | Securities Premium A/c | | | | 3,00,000 | |
| | Bank A/c | | | | 3,90,000 | |
| | (Being application & allotment money adjusted) | | | | | 1½ marks |

**Total : 2 Marks**

Q-4. Entries in the books of BCL Ltd.

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | 9% Debenture A/c | Dr. | | 1,00,000 | | |
| | Debentureholder's A/c | | | | 1,00,000 | |
| | (Being amount due to Debentureholders) | | | | | ½ mark |
| | Debentureholder's A/c | Dr. | | 1,00,000 | | |
| | 8% Pref. Share Capital A/c | | | | 80,000 | |
| | Securities Premium A/c | | | | 20,000 | |
| | (Being 800 preference share issued at a premium of 25% to Debentureholders. | | | | | 1½ marks |

**Total : 2 marks**

Q-5. **Profit and Loss Appropriation A/c**

Dr. Cr.

| Particulars | | Amount Rs. | Particulars | | Amount Rs. |
|---|---|---|---|---|---|
| Salary (Rams Current A/c) | | 60,000 | P&L A/c | | 2,50,000 |
| Bonus (Mohan's Current A/c) | | 40,000 | Interest on Drawings | | |
| Interest on Capital A/c : | | | Ram's Current A/c | 3,000 | |
| Ram | 40,000 | | Mohan's Current A/c | 2,000 | 5,000 |
| Mohan | 15,000 | 55,000 | | | |
| Profit credited to : | | | | | |
| Ram's Current A/c | | 70,000 | | | |
| Mohan Current A/c | | 30,000 | | | |
| | | **2,55,000** | | | **2,55,000** |

**Note : If a transfer is made to the capital account instead of current account ½ mark is to be deducted.**

***(½ mark for each item)*** **Total : 3 marks**

Q-6. **Debenture :** Debenture is an instrument of debt owed by a company. As an acknowledgement of debt, such instruments are issued under the seal of a company and duly signed by authorized Signatory.

Distinction between a Share and a Debenture : (Any two)

| **Basis** | **Share** | **Debenture** |
|---|---|---|
| Meaning | A share represents a portion of capital. Hence a shareholder is an owner. | A debenture represents a portion of debt of a company. Therefore a debenture holder is a creditor. |
| Return | A shareholder gets dividend as profit. | A debenture holder gets interest on his investment at stated rate. |
| Repayment | Normally the amount of share is not returned during the life time of the company. | Amount of debenture is returned after the definite period. |
| Mortgage | There can be no mortgage on share. | There can be a mortgage on Debentures. |

***(or any other distinction)***

***(1 mark for meaning and 1 mark each for any two differences)*** **Total : 3 marks**

Q.7 Reconstitution of the firm may happen under the following circumstances : (Any 4)

(i) Change in the profit sharing ratio among the existing partners.

(ii) Admission of a new partner.

(iii) Retirement of an existing partner.

(iv) Death of a Partner.

(v) Amalgamation of two or more partnership firms.

***( ½ mark each for listing & ½ mark for Explanation of any four points)***

**Total : 4 marks**

Q.8 A Company can issue shares at a discount provided the following conditions are satisfied :-

(a) The issue of shares at a discount is authorized by an ordinary resolution passed by the company at its General Meeting and sanctioned by the Company Law Board.

(b) The resolution must specify the maximum rate of discount at which the shares are to be issued but the rate of discount must not exceed 10% of the nominal value of share. The Rate of discount can be more than 10% if the Board is convinced that a higher rate is called for under special circumstances.

(c) At least one year must have elasped since the company was entitled to commence the business.

(d) The share must belong to a class, which has already been issued.

(e) The shares are issued within two months from the date of receiving sanction of the same from the Government.

***(Full marks to be awarded only if all 5 points have been listed as it is a statutory provision )*** **4 marks**

Q.9.

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. |
|---|---|---|---|---|---|
| (i) | Harry's Capital A/c | Dr. | | 4,500 | |
| | Jim's Capital A/c | Dr. | | 3,000 | |
| | P/L A/c | | | | 7,500 |
| | (Being amount of loss transferred to partners capital A/c) | | | | |
| (ii) | Harry's Capital A/c | Dr. | | 6,18,000 | |
| | Realization A/c | | | | 6,18,000 |
| | (Being Assets taken over by Harry) | | | | |
| (iii) | Realisation A/c | Dr. | | 34,000 | |
| | Jim's Capital A/c | | | | 34,000 |
| | (Being Payment made by Jim to Creditors ) | | | | |

| | | | | |
|---|---|---|---|---|
| | Realisation A/c | Dr. | 4, 000 | |
| | Jim's Capital A/c | | | 4,000 |
| | (Being Realisation expenses paid by Jim) | | | |
| (iv) | Harry's Capital A/c | Dr. | 5,400 | |
| | Jim's Capital A/c | Dr | 3,600 | |
| | Realization A/c | | | 9,000 |
| | (Being loss on dissolution transferred to capital A/c) | | | |

***( 1 mark for each entry )*** **Total : 4 marks**

Q.10 Entries in the books of Sona Ltd.

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. |
|---|---|---|---|---|---|
| 1.1.2000 | Bank A/c | Dr. | | 50,00,000 | |
| | 7% Debenture Application A/c | | | | 50,00,000 |
| | (Debenture application money on 50,000 debentures received) | | | | |
| 1.1.2000 | 7% Debenture Application A/c | Dr. | | 50,00,000 | |
| | 7% Debentures A/c | | | | 50,00,000 |
| | (Debentures application money transferred to 7% Debenture A/c) | | | | |
| 31.12.2004 | 7% Debenture A/c | Dr. | | 10,00,000 | |
| | Loss on Redemption of Debentures A/c | Dr. | | 1,00,000 | |
| | Bank A/c | | | | 11,00,000 |
| | (Payment to 10,000 Debenture-holders made @ Rs. 110/-) | | | | |
| 31.12.2003 | Profit and Loss A/c | Dr. | | 1,00,000 | |
| | Loss on Redemption of Debenture A/c | | | | 1,00,000 |
| | (Loss on redemption transferred to P&L A/c) | | | | |

**Note : In case loss on redemption is recorded along with the entry for issue of Debentures 1 mark is to be deducted.**

**( 1 mark for each entry.)** **4 marks**

Q.11 Entries in the books of Z Ltd.

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Bank A/c | Dr. | | 2,50,00,000 | | |
| | 8% Debenture Application A/c | | | | 2,50,00,000 | |
| | (Being application money received for 500000 debentures @ 50 each) | | | | | 1 mark |
| | 8% Debenture Application A/c | Dr. | | 2,50,00,000 | | |
| | 8% Debenture A/c | | | | 2,50,00,000 | |
| | (Being application money transferred to 8% Debenture A/c) | | | | | 1 mark |
| | Debenture Allotment A/c | Dr. | | 2,20,00,000 | | |
| | Loss on issue of Debenture A/c | Dr. | | 80,00,000 | | |
| | 7% debenture A/c | | | | 2,50,00,000 | |
| | Premium on redemption of Debentures A/c | | | 50,00,000 | | |
| | (Being allotment money due) | | | | | 1 mark |
| | Bank A/c | Dr. | | 2,20,00,000 | | |
| | 8% Debenture Allotment A/c | | | | 2,20,00,000 | |
| | (Being allotment money received ) | | | | | 1 mark |

**Total : 4 marks**

Q-12 **Calculation of Sacrificing/Gain Ratio :**

E's old share $= \frac{3}{4}$

E's new share $= \frac{1}{3}$

E's sacrifice $= \frac{3}{4} - \frac{1}{3} = \frac{5}{12}$ (Sacrifice) 1½ marks

F's old share $= \frac{1}{4}$

F's new share $= \frac{1}{3}$

F's sacrifice $= \frac{1}{4} - \frac{1}{3} = \frac{-1}{12}$ (Gain) 1½ marks

**Journal Entries :**

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| | Cash A/c | Dr. | | 50,000 | | |
| | Machinery A/c | Dr. | | 70,000 | | |
| | To Premium A/c | | | | 1,20,000 | |
| | (Being cash & machinery brought by G as premium) | | | | | 1½ marks |
| | Premium A/c | Dr. | | 1,20,000 | | |
| | F's Capital A/c | Dr. | | 30,000 | | |
| | To E's Capital A/c | | | | 1,50,000 | |
| | (Amount of premium credited to E) | | | | | 1½ marks |

**Total : 6 marks**

Q-13. **Realisation A/c**

| Dr. Particulars | | Amount Rs. | Particulars | | Cr. Amount Rs. |
|---|---|---|---|---|---|
| sundry Assets: | | | sundry liabilities. | | |
| Land | 2,40,000 | | Creditors | 130,000 | |
| Machinery | 1,30,000 | | Bills Payable | 70,000 | 2,00,000 |
| Goodwill | 20,000 | | Cash A/c | | |
| Stock | 50,000 | | Land | 1,92,000 | |
| Debtors | 40,000 | 4,80,000 | Machinery | 70,000 | |
| Ram's Capital: | | | Stock | 37,500 | |
| (Creditors ) | | 1,17,000 | Debtors | 25,000 | 3,24,500 |
| Shyam's Capital : | | | Partner's Capital : | | |
| Bill Payable | 70,000 | | Ram | 58,400 | |
| Expenses | 3,500 | 73,500 | Shyam | 87,600 | 1,46,000 |
| | | **6,70,500** | | | **6,70,500** |

**Partner's Capital A/c**

| Dr. | | | | | Cr. |
|---|---|---|---|---|---|
| Particulars | Ram | Shyam | Particulars | Ram | Shyam |
| Realisation A/c | 58,400 | 87,600 | Bal. B/d | 1,50,000 | 1,50,000 |
| Cash A/c | 2,08,600 | 1,35,900 | Realisation | 1,17,000 | 73,500 |
| | **2,67,000** | **2,23,500** | | **2,67,000** | **2,23,500** |

**Cash A/c**

| Dr. | | | Cr. |
|---|---|---|---|
| Particulars | Amount Rs. | Particulars | Amount Rs. |
| Balance b/d | 20,000 | Ram's Capital | 2,08,600 |
| Realisation A/c | 3,24,500 | Shyam's Capital | 1,35,900 |
| | **3,44,500** | | **3,44,500** |

***( 3 marks for realization account, 2 marks for partners capital accounts and 1 mark for cash account)*** **Total : 6 marks**

**OR**

Valuation of Capital as on 31st Dec 2002

| | P | Q | R | |
|---|---|---|---|---|
| Capital at the beginning | 1,50,000 | 1,00,000 | 50,000 | |
| Add. Interest on Capital @ 5% | 7,500 | 5,000 | 2,500 | |
| Less: Loss during the year (85,000 + 15000) | 40,000 | 30,000 | 30,000 | |
| Less:Drawings | 10,000 | 10,000 | 10,000 | |
| Capital at the end | **1,07,500** | **65,000** | **12,500** | 1 mark |

**Memorandum Balance sheet**
**As on 31st Dec. 2002**

| Liabilities | | Amount Rs. | Assets | Amount Rs. | |
|---|---|---|---|---|---|
| Capital | | | Sundry Assets | 2,10,000 | |
| P | 1,07,500 | | (Bal. fig.) | | |
| Q | 65,000 | | | | |
| R | 12,500 | 1,85,000 | | | |
| Creditors | | 25,000 | | | |
| | | **2,10,000** | | **2,10,000** | 1 mark |

**Realisation A/c**

Dr. Cr.

| Particulars | Amount Rs. | Particulars | | Amount Rs. | |
|---|---|---|---|---|---|
| Sundry Assets | 2,10,000 | Creditors | | 25,000 | |
| Cash A/c | 25,000 | Cash A/c | | | |
| (Paid to creditors) | | (Assets Realisation) | | 2,00,000 | |
| Cash A/c | 3,000 | Partner's Capital | | | |
| (Realisation Expenses ) | | (Loss on Realisation) | | | |
| | | P | 5,200 | | |
| | | Q | 3,900 | | |
| | | R | 3,900 | 13,000 | |
| | **2,38,000** | | | **2,38,000** | 2 marks |

**Partner's Capital A/c**

Dr. Cr.

| Particulars | P | Q | R | Particulars | P | Q | R |
|---|---|---|---|---|---|---|---|
| Realization | 5,200 | 3,900 | 3,900 | Bal.B/d | 1,07,500 | 65,000 | 12,500 |
| Cash A/c | 1,02,300 | 61,100 | 8,600 | | | | |
| | **7,07,500** | **65,000** | **12,500** | | **1,07,500** | **65,000** | **12,500** |

1 mark

**Cash A/c**

| Dr. Particulars | Amount Rs. | Particulars | Dr. Amount Rs. | |
|---|---|---|---|---|
| To Realisation A/c | | By Realisation A/c (Creditors ) | 25,000 | |
| (Assets) | 2,00,000 | By Realisation A/c (Expenses) | 3,000 | |
| | | By P's Capital A/c | 1,02,300 | |
| | | By Q's Capital A/c | 61,100 | |
| | | By R's Capital A/c | 8,600 | |
| | **2,00,000** | | **2,00,000** | 1 mark |

**Total : 6 marks**

Q-14 Entires in the books of AB Ltd.

| Date | Particulars | | L.F. | Debit Amount Rs. | Credit Amount Rs. | |
|---|---|---|---|---|---|---|
| 1. | Bank A/c | Dr. | | 1,92,000 | | |
| | Equity Share Application A/c | | | | 1,92,000 | ½ mark |
| | (Being Application Money Received for 48,000 Share @ Rs. 4 each ) | | | | | |
| 2. | Equity Share Application A/c | Dr. | | 1,92,000 | | |
| | Equity Share Capital A/c | | | | 1,60,000 | |
| | Equity Share Allotment A/c | | | | 32,000 | 1 mark |
| | (Being Application money for 40,000 Shares Transferred to Capital A/c & remaining Application money transferred to Share Allotment A/c ) | | | | | |
| 3. | Equity Share Allotment A/c | Dr. | | 2,00,000 | | |
| | Discount on Issue of Shares A/c | Dr. | | 40,000 | | |
| | Equity Share Capital A/c | | | | 2,40,000 | 1 mark |
| | (Being Allotment money due @ 5% discount) | | | | | |
| 4. | Bank A/c | Dr. | | 1,66,320 | | |
| | Equity Share Allotment A/c | | | | 1,66,320 | 1 mark |
| | (Being Allotment money received excluding 400 Shares ) | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 5. | Equity Share Capital A/c | Dr. | 4,000 | | |
| | Equity Share allotment A/c | | | 1,680 | |
| | Discount on Issue of shares A/c | | | 400 | |
| | Share Forfeiture A/c | | | 1,920 | 1 mark |
| | (Being 400 Shares forfeited ) | | | | |
| 6. | Bank A/c | Dr. | 3,200 | | |
| | Discount on Issue of shares A/c | Dr. | 400 | | |
| | Share Forfeiture A/c | Dr. | 400 | | |
| | Equity Share Capital | | | 4,000 | 1 mark |
| | (Being forfeited share reissued at Rs. 8 each ) | | | | |
| 7. | Share Forfeiture A/c | Dr. | 1,520 | | |
| | Capital Reserve A/c | | | 1,520 | ½ mark |
| | (Being Balance of Share Forfeiture Tranferred to Capital Reserve.) | | | | |

**Total : 6 Marks**

Q-15.

**Revaluation A/c**

| Dr. Particulars | Amount Rs. | Particulars | | Cr. Amount Rs. | |
|---|---|---|---|---|---|
| Machinery | 8,000 | Land & Building | | 30,000 | |
| Stock | 20,000 | Partners Capital A/c | | | |
| Bad debts Reserve | 2,000 | (Loss on revaluation) | | | |
| outstanding salary | 5,000 | X | 3,000 | | |
| | | Y | 2,000 | 5,000 | |
| | **35,000** | | | **35,000** | 3 marks |

**Partners Capital A/c**

Dr. Cr.

| Particulars | P | Q | R | Particulars | P | Q | R |
|---|---|---|---|---|---|---|---|
| Revaluation | 3,000 | 2,000 | - | Bal.B/d | 1,80,000 | 70,000 | - |
| | | | | Premium | 12,000 | 8,000 | - |
| Bal. c/d | 1,89,000 | 76,000 | 1,20,000 | Cash A/c | - | - | 1,20,000 |
| | **1,92,000** | **78,000** | **1,20,000** | | **1,92,000** | **78,000** | **1,20,000** |

3 marks

**Balance sheet**
**(As on 31.03.2004)**

| Liabilities | | Amount Rs. | Assets | | Amount Rs. |
|---|---|---|---|---|---|
| Creditors | | 50,000 | Land & Building | | 1,30,000 |
| Bills Payable | | 20,000 | Machinery | | 72,000 |
| Out standing Expenses | | 15,000 | Stock | | 80,000 |
| Capital A/c | | | Debtors | 40,000 | 38,000 |
| X | 1,89,000 | | Less: Provision for | | |
| Y | 76,000 | | Bad Debt. | 2,000 | |
| Z | 1,20,000 | 3,85,000 | Cash | | 1,50,000 |
| | | **4,70,000** | | | **4,70,000** |

2 Marks

**Total : 8 Marks**

**OR**

**Revaluation A/c**

Dr. Cr.

| Particulars | | Amount Rs. | Particulars | Amount Rs. |
|---|---|---|---|---|
| Provision for Doubtful Debts. | | 5,000 | Building | 27,000 |
| Outstanding Bill | | 2,000 | Creditors | 10,000 |
| Partners Capital A/c | | | | |
| (Profit on Revaluation) | | | | |
| E | 18,000 | | | |
| F | 6,000 | | | |
| G | 6,000 | 30,000 | | |
| | | **37,000** | | **37,000** |

3 marks

**Partner's Capital A/c**

Dr. Cr.

| Particulars | E | F | G | Particulars | E | F | G |
|---|---|---|---|---|---|---|---|
| P&L A/c | 12,000 | 4,000 | 4,000 | Bal. b/d | 1,50,000 | 1,00,000 | 99,000 |
| F's Capital | 11,250 | — | 3,750 | Revaluation | 18,000 | 6,000 | 6,000 |
| Bank | — | 20,000 | — | E's Capital | — | 11,250 | — |
| Loan A/c | — | 97,000 | — | G's Capital | — | 3,750 | — |
| Bal. c/d | 1,44,750 | — | 97,250 | | | | |
| | **1,68,000** | **1,21,000** | **1,05,000** | | **1,68,000** | **1,21,000** | **105,000** |

3 marks

**Balance sheet of E & G**
**as on 31.3.2004**

| Liabilities | | Amount Rs. | Assets | | Amount Rs. |
|---|---|---|---|---|---|
| Creditors | | 80,000 | Bank | | 11,000 |
| Outstanding bill | | 2,000 | Debtors | 70,000 | |
| Bills Payable | | 30,000 | Less : Provision for | | |
| F's Loan A/c | | 97,000 | Doubtful debts. | 7,000 | 63,000 |
| E | 1,44,750 | | Stock | | 80,000 |
| G | 97,250 | 2,42,000 | Building | | 2,97,000 |
| | | **4,51,000** | | | **4,51,000** |

2 Marks

**Total : 8 Marks**

**PART B — 'Analysis of Financial Statements'**

Q-16 Distinction between Cash Flow Statement & Funds Flow Statement :

| **Basis** | **Cash Flow Statement** | **Funds Flow Statement** |
|---|---|---|
| Meaning | Shows the changes in financial position of business due to inflow & outflow of cash. | Shows the changes in financial position of business due to inflow & outflow of funds. |
| Period | It is prepared for short range Planning. | Funds flow statement is used for long range Planning. |
| Basis | Prepared on cash basis. | Prepared on Accrual basis. |

***(1 mark for each point, any two points)*** **2 marks**

Q-17. (i) No flow of funds

(ii) No flow of funds

(iii) Inflow of funds

(iv) Outflow of funds

***(½ mark for each point )*** **½×4 = 2 marks**

Q-18. **Interest of shareholders:** Through financial statement analysis, shareholder is interested in the safety of his/her investment. They are also interested to know whether the business is profitable and whether it has a growth potential and is progressing on sound lines.

**Interest of lenders:** Lenders are primarily interested in the regular payment of interest and repayment of principal amount on specified dates. Their concern is the safety of their loans and regularity of returns.

**Interest of taxation authorities:** Taxation authorities are interested to see that tax liability has been properly assessed according to the tax laws prevailing at the time.

***(1 mark for each point)*** **Total : 3 marks**

Q-19. Current Ratio = 3 : 1

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Assets}}$$

When Current Assets = Rs. 15,00,000

$$\text{Then Current Liabilities} = 15{,}00{,}00 \times \frac{1}{3} = \text{Rs. } 5{,}00{,}000$$ 1 mark

Liquid Ratio $= \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$ [illegible] $= 33.63\%$

Liquid assets are 1.25 times of current liabilities = 5,00,000×1.25 = Rs. 6,25,000 1 mark

Inventory = Current Assets − Inventory

1 mark

**Total : 3 marks**

Q-20. (i) Gross Profit Ratio

Gross Profit = Net Sales − Cost of goods sold

Gross Profit Ratio

(ii) Debt Equity Ratio $= \dfrac{\text{Long Term Debts}}{\text{Share holders fund}}$

$$= \frac{1,25,000 + 1,29,000}{3,95,000}$$

$$= \frac{2,54,000}{3,95,000} = 0.64 : 1 \quad \text{or} \quad 1 : 1.56$$

(iii) Working Capital Turnover Ratio $= \dfrac{\text{Sales}}{\text{Working Capital}}$ or $\dfrac{\text{Cost of Goods sold}}{\text{Working Capital}}$

$$= \frac{5,65,000}{3,25,000 - 1,75,000} \quad \text{or} \quad \frac{3,75,000}{1,50,000}$$

$$= \frac{5,65,000}{1,50,000} = 3.77 \text{ times} \quad \text{or} \quad = 2.5 \text{ times}$$

***( 2 marks each) (½ mark for expression of formula, 1 mark for calculation and ½ mark for final answer)*** **Total : 4 Marks**

**Q. 21 (1) Schedule of change in Working Capital :**

| Particular | 2003 | 2004 | Increase in working capital | Decrease in working capital | |
|---|---|---|---|---|---|
| Current Assets | | | | | |
| Debtors | 15,000 | 18,700 | 3,700 | — | |
| Stock | 27,000 | 21,600 | — | 5,400 | |
| Cash | 7,500 | 18,400 | 10,900 | — | |
| Total Current Assets (A) | **49,500** | **58,700** | | | |
| Current liabilities | | | | | |
| Bills payable | 8,000 | 2,300 | 5,700 | | |
| Outstanding salary | 3,000 | 4,900 | | 1,900 | |
| Total Current Liability (B) | **11,000** | **7,200** | | | |
| Working capital (A-B) | 38,500 | 51,500 | | | |
| Change in working capital (Net increase in working capital) | **13,000** | | | **13,000** | |
| | **51,500** | **51,500** | **20,300** | **20,300** | 2 marks |

**(2) Statement showing Calculation of Funds from Operation**

| Particulars | | Amount Rs. | |
|---|---|---|---|
| Profit at the end of the year | | 14,300 | |
| Less: profit at the begining of the year | 17,000 | | |
| Net profit during the year | | (2,700) | |
| Add: Non-operating expenses/Non-fund charges | | | |
| Amortisation of Goodwill | 5,000 | | |
| Preliminary Expenses written off | 1,800 | | |
| Transfer to Reserve | 7,000 | | |
| Transfer to Proposed Dividend | 21,700 | 35,500 | |
| Fund from operation | | **32,800** | 2 marks |

**Fund Flow Statement**
**for the year ended March 31, 2004**

| Sources of fund | Amount Rs. | Uses of fund | Amount Rs. | |
|---|---|---|---|---|
| Issue of share capital | 31,200 | Purchase of machinery | 25,000 | |
| Fund from operation | 32,800 | Purchase of Investment | 7,000 | |
| | | Dividend paid | 19,000 | |
| | | Net Increase in working Capital | 13,000 | 2 marks |
| | **64,000** | | **64,000** | |

**Total : 6 marks**

**OR**

**Accumulated Depreciation A/c**

Dr. Cr.

| Particulars | Amount Rs. | Particulars | Amount Rs. |
|---|---|---|---|
| Machinery A/c | 1,00,000 | Depriciation on machinery (Bal. fig.) | 2,34,895 |
| Bal b/d | 4,75,690 | | |
| | | Bal c/d | 3,40,795 |
| | **5,75,690** | | **5,75,690** |

**Machinery A/c**

| Dr. Particulars | Amount Rs. | Particulars | Cr. Amount Rs. |
|---|---|---|---|
| Bal b/d | 17,78,985 | Cash | 75,000 |
| Cash A/c (Bal. fig.) | 11,41,465 | Accumulated Depriciation A/c | 1,00,000 |
| | | P&L A/c | 90,000 |
| | | Bal c/d | 26,55,450 |
| | **29,20,450** | | **29,20,450** |

(1) Amount of machinery purchased = 11,41,465 — 1 mark

Depreciation charged for the year = 2,34,895 — 1 mark

Loss on sale of machinery = 90,000 — 1 mark

**Presentation in Cash Flow Statement :**

(2) * The sale of machinery worth Rs. 75,000 will be shown as a inflow of cash in investing activities. — 1 mark

* The purchase of machinery worth Rs. 11,41,465 will be shown as outflow of cash in investing activities. — 1 mark

* Depreciation charged during the year Rs. 2,34,895 and loss on sale of Rs. 90,000 will be added back while calculating cash from operating activities. — 1 mark

**Total : 6 marks**

**PART C — 'Computerised Accounting'**

Q-16. Normalisation is the transformation of the conceptual scheme (logical data structure) into a computer representation form/format. **2 marks**

Q-17. Duplication of Data is known as data redundancy. Duplication of data (data redundancy) may lead to inconsistency or incorrect data. Give a suitable example :

***(Meaning 1 Mark, Problem - 1 mark, Example - 1 mark)*** **3 marks**

Q-18. Where the operations are based on a single or one relation, it is called Unary relation. When they operate or a pair of relations, it is called Binary relation. **2 marks**