

# 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**

**(Accounting for not for Profit Organisations, Partnership Firms & Companies)**

1. What is the basis for preparing an Income and Expenditure Account in the case of Not-for-Profit Organizations. 1
2. Distinguish between Fixed and Fluctuating Capital Accounts. 1
3. State the two main rights that a newly admitted partner acquires in the firm. 1
4. How does the market situation affect the value of goodwill of a firm ? 1
5. Pass the necessary Journal entry when 10,000 debentures of Rs. 100 each are issued as collateral security against a Bank loan of Rs. 8,00,000. 1
6. From the following information of a club show the amounts of match expenses and match fund in the Financial Statements of the Club for the years ended on 31st March, 2009 and 31st March, 2010.

<b>Details</b>	<b>Amount Rs.</b>
Match expenses (paid during the year 2009 - 2010)	30,000
Match Fund (as on 31-3-2009)	17,000
Donation for Match Fund (Received during the year 2009-2010)	9,000
Proceeds from the sale of match tickets (Received during the year 2009-2010)	3,000

7. Y Ltd. purchased furniture costing Rs. 1,35,000 from A. B. Ltd. The payment was made by issue of Equity Shares of Rs. 10 each at a discount of Rs. 1 per share. Pass necessary Journal entries in the books of Y Ltd. 3
8. X Ltd. redeemed 100, 6% Debentures of Rs. 100 each by converting them into Equity Shares of Rs. 100 each. The 6% Debentures were redeemable at 10% premium for which the Equity Shares were issued at 25% premium. Pass the necessary Journal entries for the redemption of above mentioned debentures in the books of X Ltd. 3
9. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. The following was the Balance Sheet of the firm as on 31-3-2010.

Liabilities		Amount Rs.	Assets	Amount Rs.
Capitals :	A	60,000	Sundry Assets	80,000
	B	20,000		
		<b>80,000</b>		

The profits Rs. 30,000 for the year ended 31-3-2010 were divided between the partners without allowing interest on capital @ 12% p.a. and salary to A @ Rs. 1,000 per month. During the year A withdrew Rs. 10,000 and B Rs. 20,000.

Pass the necessary adjustment journal entry and show your working clearly. 4

10. A business has earned average profits of Rs. 1,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out the value of Goodwill by
- Capitalisation of super profit method and
  - Super profit method if the goodwill is valued at 3 years purchase of super profit.
- The assets of the business were Rs. 10,00,000 and its external liabilities Rs. 1,80,000. 4
11. Pass the necessary Journal entries for the issue and redemption of Debentures in the following cases:
- 10,000, 10% Debentures of Rs. 120 each issued at 5% premium, repayable at par.
  - 20,000, 9% Debentures of Rs. 200 each issued at 20% premium, repayable at 30% premium. 4

12. From the following item of Receipts & Payments A/c. of Young Ladies Club, prepare an Income and Expenditure Account for the year ended 31-3-2010.

	Rs.
Salaries paid	50,000
Lighting and Heating	5,000
Printing and Stationery (including Rs. 500 for the previous year)	3,500
Subscriptions received (including Rs. 2,000 received in advance and Rs. 5,000 for the previous year)	40,000
Net proceeds of Refreshment Room	45,000
Miscellaneous expenses.	16,000
Interest paid on Loan for half year	1,200
Rent and Rates (including Rs. 1,000 prepaid)	7,500
Locker rent received	4,500

**Additional Information:**

Subscriptions in arrears on 31-3-2010 were Rs. 8,000 and Half year's interest on loan was also outstanding.

6

13. Pass the necessary Journal entries for the following transactions on the dissolution of the firm of P and Q after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account.

- (i) Bank Loan Rs. 12,000 was paid.
- (ii) Stock worth Rs. 16,000 was taken over by partner Q.
- (iii) Partner P paid a creditor Rs. 4,000.
- (iv) An asset not appearing in the books of accounts realised Rs. 1,200.
- (v) Expenses of realisation Rs. 2,000 were paid by partner Q.
- (vi) Profit on realisation Rs. 36,000 was distributed between P and Q in 5 : 4 ratio.

6

14. On 1st April, 2008 a company made an issue of Rs. 2,00,000, 6% Debentures of Rs. 100 each, repayable at a premium of 10%. The terms of issue provided for the

redemption of 400 debentures every year starting from the end of 31-3-2010 either by purchase from the open market or by draw of lots at the company's option.

On 31-3-2010, the company purchased for cancellation 300 Debentures at 95% and 100 Debentures at 90%.

Pass the necessary Journal entries for the issue and redemption of debentures assuming that the company had already created the Debenture Redemption Reserve A/c by the required amount.

6

15. X Ltd. issued 40,000 Equity Shares of Rs. 10 each at a premium of Rs. 2.50 per share. The amount was payable as follows:

On application	–	Rs. 2 per share
On allotment	–	Rs. 4.50 per share (including premium)
and on call	–	Rs. 6 per share

Owing to heavy subscription the allotment was made on pro-rata basis as follows:

- (a) Applicants for 20,000 shares were allotted 10,000 shares.
- (b) Applicants for 56,000 shares were allotted 14,000 shares.
- (c) Applicants for 48,000 shares were allotted 16,000 shares.

It was decided that excess amount received on applications would be utilized on allotment and the surplus would be refunded.

Ram, to whom 1,000 shares were allotted, who belong to category (a), failed to pay allotment money. His shares were forfeited after the call.

Pass the necessary Journal entries in the books of X Ltd. for the above transactions.

8

**OR**

Give Journal entries to record the following transactions of forfeiture and re-issue of shares and open share forfeited account in the books of the respective companies.

- (i) C Ltd. forfeited 1000 shares of Rs. 100 each issued at a discount of 8% on these shares the first call of Rs. 30 per share was not received and the final call of Rs. 20 per share was yet to be called. These shares were subsequently re-issued at Rs. 70 per share Rs. 80 paid up.

- (ii) L Ltd. forfeited 470 Equity Shares of Rs. 10 each issued at a premium of Rs. 5 per share for non-payment of allotment money of Rs. 8 per share (including share premium Rs. 5 per share) and the first and final call of Rs. 5 per share. Out of these 60 Equity Shares were subsequently re-issued at Rs. 14 per share.

16. M, N and a were partners in a firm sharing profits and losses equally. Their Balance Sheet on 31-12-2009 was as follows:

Liabilities		Amt. Rs.	Assets	Amt. Rs.
Capitals: M	70,000		Plant and Machinery	60,000
N	70,000		Stock	30,000
O	70,000	2,10,000	Sundry Debtors	95,000
General Reserve		30,000	Cash at Bank	40,000
Creditors		20,000	Cash in Hand	35,000
		<b>2,60,000</b>		<b>2,60,000</b>

N died on 14th March, 2010. According to the Partnership Deed, executors of the deceased partner are entitled to :

- (i) Balance of partner's capital account.
- (ii) Interest on Capital @ 5% p.a.
- (iii) Share of goodwill calculated on the basis of twice the average of past three year's profits and
- (iv) Share of profits from the closure of the last accounting year till the date of death on the basis of twice the average of three completed year's profits before death.

Profits for 2007, 2008 and 2009 were Rs. 80,000, Rs. 90,000, Rs. 1,00,000 respectively. Show the working for deceased partner's share of goodwill and profits till the date of his death. Pass the necessary journal entries and prepare N's Capital Account to be rendered to his executors.

8

**OR**

On 31-3-2010 the Balance Sheet of W and R who shared profits in 3 : 2 ratio was as follows:

<b>Liabilities</b>	<b>Amt. Rs.</b>	<b>Assets</b>	<b>Amt. Rs.</b>
Creditors	20,000	Cash	5,000
Profit and Loss Account	15,000	Sundry Debtors	20,000
Capital Accounts:		Less: Provision	700
W 40,000		Stock	25,000
R 30,000	70,000	Plant and Machinery	35,000
		Patents	20,700
	<b>1,05,000</b>		<b>1,05,000</b>

On this date B was admitted as a partner on the following conditions:

- (a) 'B' will get 4/15th share of profits.
- (b) 'B' had to bring Rs. 30,000 as his capital to which amount other Partners capitals shall have to be adjusted.
- (c) He would pay cash for his share of goodwill which would be based on 2½ years purchase of average profits of past 4 years.
- (d) The assets would be revalued as under:  
 Sundry debtors at book value less 5% provision for bad debts. Stock at Rs. 20,000, Plant and Machinery at Rs. 40,000.
- (e) The profits of the firm for the years 2007, 2008 and 2009 were Rs. 20,000; Rs. 14,000 and Rs. 17,000 respectively.

Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the new firm.

## PART - B

### (Financial Statements Analysis)

17. What is meant by a 'Common Size Statement' ? . 1
18. Give the meaning of 'Cash Flow'. 1

19. State with reason whether deposit of cash into Bank will result into inflow, outflow or noflow of cash. 1
20. List the items which are shown under the heading current liabilities and provisions as per Schedule VI Part-I of the Companies' Act, 1956. 3
21. Prepare a Comparative Income Statement from the following information. 4

	2009	2010
	Rs.	Rs.
Sales	10,00,000	12,50,000
Cost of goods sold	5,00,000	6,50,000
Carriage inwards	30,000	50,000
Operating expenses	50,000	60,000
Income tax	50%	50%

22. On the basis of the following information, calculate:

- (i) Debt-Equity Ratio and  
(ii) Working Capital Turnover Ratio

<b>Information:</b>	<b>Rs.</b>
Net Sales	60,00,000
Cost of goods sold	45,00,000
Other current assets	11,00,000
Current liabilities	4,00,000
Paid up share capital	6,00,000
6% Debentures	3,00,000
9% Loan	1,00,000
Debenture Redemption Reserve	2,00,000
Closing Stock	1,00,000

4

23. From the following Balance Sheets of Vijaya Ltd. as on 31-3-2009 and 31-3-2010 prepare a Cash Flow Statement.

<b>Liabilities</b>	<b>31-3-2009 Rs.</b>	<b>31-3-2010 Rs.</b>	<b>Assets</b>	<b>31-3-2009 Rs.</b>	<b>31-3-2010 Rs.</b>
Share Capital	45,000	65,000	Fixed Assets	46,700	83,000
General Reserve	15,000	27,500	Stock	11,000	13,000
Profit & Loss Account	10,000	15,000	Debtors	18,000	19,500
Trade Creditors	8,700	11,000	Cash	2,000	2,500
			Preliminary Expenses	1,000	500
	<b>78,700</b>	<b>1,18,500</b>		<b>78,700</b>	<b>1,18,500</b>

**Additional Information:**

- (i) Depreciation on Fixed Assets for the year 2009-2010 was Rs. 14,700.  
 (ii) An interim dividend Rs. 7,000 has been paid to the shareholders during the year.

6

**PART - C**  
**(Computerised Accounting)**

17. What is codification of accounts? 1
18. What are logical values? 1
19. What is a query ? 2
20. What is a record in DBMS? 2
21. Why in DBMS do we seek to split formation into different tables rather than a single table? 3
22. Briefly explain the Accounting Information System. 4

23. Calculate the formula on excel for the following:

**Dearness allowance**

35% of basic pay upto Rs. 15,000, Minimum Rs. 4,000

30% on above basic pay Rs. 15,000, Minimum Rs. 6,600

**House Rent Allowance**

Up to basic pay of Rs. 8,000                      Rs. 3,000

Rs. 8,001-15,000 basic pay                      Rs. 6,000

Above Rs. 15,000 basic pay                      Rs. 9,000

**City Compensatory Allowance:**

10% of basic pay subject to a minimum of Rs. 1,500

3 x 2=6

**QUESTION PAPER CODE 67/1**

**Part A**

**(Accounting for not for Profit Organisations, Partnership Firms & Companies)**

- |    |  |   |
|----|--|---|
| 1. | What is the basis for preparing Receipt and Payment Account?   | 1 |
| 2. | Give the average period in months for charging interest on drawings for the same amount withdrawn at the beginning of each quarter.  | 1 |
| 3. | State the meaning of sacrificing ratio.  | 1 |
| 4. | How does the nature of business affect the value of goodwill of a firm?  | 1 |
| 5. | Give the meaning of 'Issue of Debentures as a collateral security'.  | 1 |
| 6. | From the following information of a club, show the amounts of Prize awarded & Prize Fund in the Financial Statements of the club for the year ended on 31st March 2009 and 31st March 2010 : | 3 |

Details	Rs.
Prize Fund as on 1.4.2009	20,000
Prize Fund donations received during the year 2009 - 2010	40,000
Prizes awarded during the year 2009 - 2010	69,000

7. Goodluck Ltd. purchased machinery costing Rs. 10,00,000 from Fair Deals Ltd. The company paid the price by issue of Equity shares of Rs. 10 each at a premium of 25%.

Pass necessary journal entries for the above transactions in the books of Goodluck Ltd.

3

8. X Ltd. redeemed 1000, 6% Debentures of Rs. 100 each by converting them into Equity shares of Rs. 100 each. The 6% Debentures were redeemable at a premium of 5% for which the Equity shares were issued at a premium of 25%. Pass the necessary journal entries for the redemption of the above mentioned Debentures in the books of X Ltd.

3

9. A and B entered into partnership on 1st April 2009 without any partnership deed. They introduced capitals of Rs. 5,00,000 and Rs. 3,00,000 respectively. On 31st October 2009, A advanced Rs. 2,00,000 by way of loan to the firm without any agreement as to interest.

The Profit and Loss Account for the year ended 31.3.2010 showed a profit of Rs. 4,30,000, but the partners could not agree upon the amount of interest on loan to be charged and the basis of division of profits. Pass a journal entry for the distribution of the profit between the partners and prepare the Capital A/c of both the partners and Loan A/c of 'A'.

4

10. A partnership firm earned net profits during the last three years as follows:

Years	Net profit Rs.
2007 - 2008	1,90,000
2008 - 2009	2,20,000
2009 - 2010	2,50,000

The capital employed in the firm throughout the above mentioned period has been Rs. 4,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of all the partners during this period is estimated to be Rs. 1,00,000 per annum.

Calculate the value of goodwill on the basis of (i) two year's purchase of super profits earned on average basis during the above mentioned three years and (ii) by capitalisation method.

4

11. Pass the necessary journal entries for the issue and redemption of Debentures in the following cases; 4
- (i) 15,000, 9% Debentures of Rs. 250 each issued at 5% premium, repayable at 15% premium.
- (ii) 2,00,000, 12% Debentures of Rs. 10 each issued at 8% premium, repayable at par.

12. From the following items of Receipt & Payment A/c of South India Club, prepare an Income and Expenditure Account for the year ended 31.3.2010 : 6

	Rs.
Salaries paid	55,000
Lighting expenses	5,500
Stationery (including Rs. 400 for the previous year)	4,000
Subscriptions received (including Rs. 1,000 received in advance and Rs. 750 for the previous year)	44,000
Net proceeds of Refreshment Room	30,000
Miscellaneous Expenses	3,000
Interest paid on loan for three months	1,200
Rent and Rates (including Rs. 500 pre-paid)	4,500
Lockers Rent received	4,900

*Additional Information:*

Subscriptions in arrears on 31.3.2010 were Rs. 4,700 and nine months interest on loan was also outstanding.

13. Pass the necessary journal entries for the following transactions on the dissolution of the firm of James and Haider who were sharing profits and losses in the ratio of 2 : 1. The various assets (other than cash) and outside liabilities have been transferred to Realisation Account: 6
- (i) James agreed to payoff his brother's loan Rs. 10,000.
- (ii) Debtors realised Rs. 12,000.
- (iii) Haider took over all investments at Rs. 12,000.

- (iv) Sundry creditors Rs. 20,000 were paid at 5% discount.
  - (v) Realisation expenses amounted to Rs. 2,000.
  - (vi) Loss on realisation was Rs. 10,200.
14. On 1.1.2007 a Public Limited Company issued 15,000, 10% Debentures of Rs. 100 each at par which were repayable at a Premium of 15% on 31.12.2011. On the date of maturity, the company decided to redeem the above mentioned 10% Debentures as per the terms of issue, out of profits; The Profit & Loss A/c shows a credit balance of Rs. 20,00,000 on this date. The offer was accepted by all the Debenture-holders and all the Debentures were redeemed.

Pass the necessary journal entries in the books of the Company only for the redemption of Debentures, if the Company follows Sec. 117 C of the Companies Act.

6

15. Dinesh Ltd. invited applications for issuing 10,000 Equity shares of Rs. 10 each. The amount was payable as follows:

On Application Rs. 1

On Allotment Rs. 2

On First Call Rs. 3

On Second and Final Call - Balance

The issue was fully subscribed. Ram to whom 100 shares were allotted, failed to pay the allotment money and his shares were forfeited immediately after allotment. Shyam to whom 150 shares were allotted, failed to pay the first call. His shares were also forfeited after the first call. Afterwards the second and final call was made. Mohan to whom 50 shares were allotted failed to pay the second and final call. His shares' were also forfeited. All the forfeited shares were- re-issued at f 9 per share fully paid up. Pass necessary journal entries in the books of Dinesh Ltd.

8

**OR**

Moti Ltd. invited applications for issuing 10,00,000 Equity shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows:

On Application Rs. 5 (including premium)

On Allotment Rs. 4

On First and Final Call Rs. 3

Applications for 15,00,000 shares were received. Applications for 3,00,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Excess application money was utilized towards sums due on allotment. Giri who had applied for 24,000 shares failed to pay the allotment and call money. His shares were forfeited. Out. of the forfeited shares 10,000 shares were reissued for f 8 per share fully paid up. Pass necessary journal entries in the books of Moti Ltd.

16. X, Y and Z were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31.3.2010 their Balance Sheet was as follows:

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital Accounts:		Building	50,000
X: 75,000		Patents	15,000
Y: 62,500		Machinery	75,000
Z: 37,500.	1,75,000	Stock	37,500
Sundry Creditors	42,500	Debtors	20,000
		Cash at Bank	20,000
	2,17,500		2,17,500

Z died on 31.7.2010. It was agreed that :

- (a) Goodwill be valued at  $2\frac{1}{2}$  year's purchase of the average profits of the last four years, which were as follows:

Years	Profits Rs.
2006 - 2007	32,500
2007 - 2008	30,000
2008 - 2009	40,000
2009 - 2010	37,500

- (b) Machinery be valued at Rs. 70,000; Patents at Rs. 20,000 and Building at Rs. 62,500.
- (c) For the purpose of calculating Z's share of profits in the year of his death the

profits in 2010 - 2011 should be taken to have been accrued on the same scale as in 2009 – 2010.

- (d) A sum of Rs. 17,500 was paid immediately to the executors of Z and the balance was paid in four half yearly instalments together with interest at 12% p.a. starting from 31.1.2011.

Give necessary journal entries to record the above transactions and Z's executors' account till the payment of instalment due on 31.1.2011.

8

### OR

Murari and Vohra were partners in a firm with capitals of Rs. 1,20,000 and Rs. 1,60,000 respectively. On 1.4.2010 they admitted Yadav as a partner for one-fourth share in profits on his payment of Rs. 2,00,000 as his capital and Rs. 90,000 for his one-fourth share of goodwill.

On that date the creditors of Murari and Vohra were Rs. 60,000 and Bank overdraft was Rs. 15,000. Their assets apart from cash included Stock Rs. 10,000; Debtors Rs. 40,000; Plant and Machinery Rs. 80,000; Land and Building Rs. 2,00,000. It was agreed that stock should be depreciated by Rs. 2,000; Plant and Machinery by 20%, Rs. 5,000 should be written off as bad debts and Land and Building should be appreciated by 25%.

Prepare Revaluation Account, Capital Accounts of Murari, Vohra and Yadav and the Balance Sheet of the new firm.

### PART B

#### (Financial Statements Analysis)

17. State the interest of tax authorities in the analysis of financial statements. 1
18. List any two investing activities which result into outflow of cash. 1
19. 'Payment of dividend' will come under which type of activity while preparing a Cash Flow Statement? 1
20. Give the major headings under which the following items will be shown' in a Company's Balance Sheet as per Schedule VI Part I of Companies Act, 1956 : 3
- (i) Sundry Creditors; (ii) Provision for Tax; (iii) Preliminary Expenses; (iv) Loose Tools; (v) Interest accrued on investments and (vi) Goodwill.

21. Calculate Current Ratio of a company from the following information:

4

Stock Turnover Ratio: 4 times

Stock in the end was Rs. 20,000 more than stock in the beginning.

Sales Rs. 3,00,000 Gross Profit Ratio 25%

Current Liabilities Rs. 40,000

Quick Ratio 0.75 : 1

22. Prepare a Comparative Income Statement from the following information:

4

Particulars	31.3.2009 Rs.	31.3.2010 Rs.
Sales	40,000	50,000
Cost of goods sold	30,000	35,000
Wages paid	16,000	14,000
Operating Expenses	2,500	3,000
Other Incomes	2,000	3,000
Income Tax	4,750	7,500

23. From the following Balance Sheets of Vikas Ltd. as on 31.3.2009 and 31.3.2010, prepare a Cash Flow Statement:

Liabilities	31.3.2009 Rs.	31.3.2010 Rs.	Assets	31.3.2009 Rs.	31.3.2010 Rs.
Share Capital	90,000	1,30,000	Fixed Assets	93,400	1,66,000
General Reserve	30,000	55,000	Stock	22,000	26,000
Profit and Loss Account	20,000	30,000	Debtors	36,000	39,000
Trade Creditors	17,400	22,000	Cash	4,000	5,000
			Preliminary Expenses	2,000	1,000
	1,57,400	2,37,000		1,57,400	2,37,000

*Additional Information:*

- (i) Depreciation charged on fixed assets for the year 2009 - 2010 was Rs. 20,000.
- (ii) Income Tax Rs. 5,000 has been paid in advance during the year.

**PART C**  
**(Computerised Accounting)**

- |     |   |         |
|-----|---|---------|
| 17. | What are Sequential codes?  | 1       |
| 18. | What is Normalisation ?   | 1       |
| 19. | What is the function of 'Table' in DBMS?  | 2       |
| 20. | What is 'a join line in DBMS?   | 3       |
| 21. | Why in DBMS do we seek to split formation into different tables rather than a single table? | 3       |
| 22. | What are the advantages of Computerised Accounting System?                                  | 4       |
| 23. | Calculate the formula on Excel for the following:   |         |
|     | <b>Dearness Allowance</b>   | 3x2 = 6 |
|     | 45% on basic pay upto Rs. 15,000, minimum Rs. 6,000   |         |
|     | 35% on basic pay above Rs. 15,000, minimum Rs. 7,500  |         |
|     | <b>House Rent Allowance</b>   |         |
|     | Upto basic pay of Rs. 10,000 : Rs. 4,000  |         |
|     | Rs. 10,001 – Rs. 15,000 basic pay : Rs. 8,000   |         |
|     | Above Rs. 15,000 basic pay : Rs. 10,000   |         |
|     | <b>City Compensatory Allowance:</b>   |         |
|     | 10% of basic pay subject to a minimum of Rs. 1,500  |         |

## 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 weight age.
2. Some of the questions may relate to higher order thinking ability. These questions have been indicated to you separately by a star mark and are to be evaluated carefully to judge the students understanding/analytical ability.
3. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration-Marking Scheme should be strictly adhered to and religiously followed.
4. The Head-Examiner has to go through the first five answer scripts evaluated by each evaluator to ensure that evaluation has been carried out as per the instructions given in the marking scheme. The remaining answer scripts meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
5. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and written in the left hand margin and circled.
6. If a question does not have any parts, marks must be awarded in the left hand margin.
7. If a student has attempted an extra question, answer of the question deserving more mark should be retained and other answer scored out.
8. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
9. Deductions up to 25% of the marks must be made if the student has not drawn formats of the journal and ledger and has not given the narrations.

10. A full scale of marks 1-80 has to be used. Please do not hesitate to award full marks if the answer deserves it.
11. No marks are to be deducted or awarded for writing / not writing 'TO and BY' while preparing journal and ledger accounts.
12. In theory questions, credit is to be given for the content and not for the format.

QUESTION PAPER CODE 67/1/1

**EXPECTED ANSWERS/VALUE POINTS**

**PART A**

(Not for Profit organisations, Partnership firms and company Accounts)

**Marks Dist.**

1. What is the basis .....  
Not- for -Profit Organisation?

Ans. The basis for preparing an Income & Expenditure Account in the case of Not for profit Organisation is accrual basis of accounting. 1 Mark

2. Distinguish b/w ..... Accounts. (Any One) 1 Mark

Basis	Fixed Capital	Fluctuating Capital
<b>Balance of Accounts</b>	In case of fixed capital the balance of capital accounts normally remain unchanged except capital is introduced or where capital is withdrawn permanently.	In case of fluctuating capital accounts, the balance in capital accounts change from year to year.
<b>No. of Accounts</b>	In case of fixed capital accounts, each partner has 2 accounts(1) Capital account (2) Current Account	In case of Fluctuating capital accounts, each partner has only one account, i.e. Capital Account.
<b>Recording of Adjustment</b>	All adjustments for drawings, interest, profit etc. are recorded in current accounts.	All Adjustments are made in Capital accounts itself.



### Balance Sheet

as on 31st March 2010

Liabilities	Rs.	Assets	Rs.
Match Fund	17,000		
Add: Donation for Match Fund	9,000		
	26,000		
Add: Proceeds from Sale of match tickets	3,000		
	29,000		
Less: Match Expenses	30,000		
Transfer to income & expenditure A/c	(1,000)	Nil	

2

### Income And Expenditure Account

Dr. for the year ended 31st march,2010 Cr.

Expenditure	Rs.	Income	Rs.
To Match Expenses	1,000		

$\frac{1}{2}$   
 $+ \frac{1}{2}$   
 $\frac{1}{2} + 2 + \frac{1}{2}$   
 = 3 marks

Note :- If the examinee has shown a working note for calculating the excess amount of match expenses instead of balance sheet as on 31st Dec 2010 full credit should be given.

7. Y Ltd. Purchased furniture .....  
 books of Y Ltd.

Ans. **Journal of Y Ltd.**

Date	Particulars	L F	Dr( Rs.)	Cr(Rs.)
	Furniture A/c <span style="float: right;">Dr</span> To AB Ltd.		1,35,0000	1,35,000
	(Being furniture purchased)			

1 mark

	AB Ltd Dr		1,35,000		2 mark
	Discount on Issue of Equity Share A/c Dr		15,000		=
	To Equity Share capital A/c			1,50,000	3 marks
(being the issue of 15,000 fully paid Equity Share of Rs. 10 each at a discount of Rs. 1 per share)					

Working note:- Number of Equity Shares to be issued = purchase price / issue price per share = 135000 / 9 = 15000 shares

8. X Ltd. Redeemed 100, 6% ..... books of X Ltd.

Ans. **Journal of X Ltd.**

Date	Particulars	LF	Dr( Rs.)	Cr(Rs.)	
	6% Debenture A/c Dr		10,000		
	Premium on Redemption of Debenture A/c Dr		1,000		
	To Debentureholders A/c			11,000	1½
	(Being amount due to Debenture holders)				
	Debentureholders A/c Dr.		11,000		
	To Equity Share capital A/c			8,800	
	To Securities Premium A/c			2,200	1½
	(Being the issue of 88 shares of Rs. 100 each @ Rs. 125)				

Working note:- Number of Equity Shares to be issued =3  
 = Amount Payable / Issue Price per share = 11000 / 25 = 88 Equity Share. marks

9. A & B are partners..... Working Clearly.

Ans. **Journal**

Date	Particulars	LF	Dr( Rs.)	Cr(Rs.)	
	B's Capital A/c Dr		5,280		
	To A's Capital A/c			5,280	1 mark
	(Being Interest on capital and salary to A not charged, now adjusted)				

Working Note:- Calculation of opening capital

Particulars	A (Rs.)	B (Rs.)
Closing Capital	60,000	20,000
Less : Profit (3:2)	18,000	12,000
	42,000	8,000
Add: Drawing	10,000	20,000
Capital in the beginning	52,000	28,000

1 mark

### Adjustment Table

Particulars	A's Capital A/c		B's Capital A/c		Firm			
	Dr.	Rs.	Cr	Rs.	Dr.	Rs.	Cr	Rs.
Interest on capital			6,240		3,360	9,600		
Salary to A			12,000			12,000		
Loss to be debited (3:2)	12,960			8,640				21,600
Total	12,960		18,240	8,640	3,360	21,600		21,600
Net Balance Effect			5,280(Cr.)	5,280(Dr.)				

2 marks

= 4

marks

**Note :- Working can be in any form**

10. A business has earned..... liabilities Rs. 1,80,000.

Ans. i (a). Capital Employed = Assets – Liabilities = Rs.10,00,000-Rs.1,80,000  
= Rs. 8,20,000.

1 mark

(b). Normal Profits = Capital Employed x Normal rate / 100 = Rs.8,20,000  
x 10 / 100 = Rs. 82,000.

 for  
each

(c). Super Profits = Average Profits - Normal Profits = Rs. 1,00,000 –  
Rs.82,000 = Rs. 18,000

 finding  
= 1×4

As per capitalization method.

= 4

Goodwill = Super Profits x 100/ Normal Rate = 18,000 x 100 / 10 =  
Rs. 1,80,000

marks

ii. As per Super Profit method.

Goodwill = Super Profit x No. of years of Purchase = Rs.18,000 x 3 = Rs. 54,000

11. Pass the ..... 30% premium.

Ans.	Date	Particulars	L F	Dr( Rs.)	Cr(Rs.)
(i)	a)	Bank A/c Dr To 10% Debenture Application & Allotment A/c (Being receipt of application money)		12,60,000	12,60,000
	b)	10% Debentures Application and Allotment A/c Dr To 10% Debenture A/c To securities Premium A/c (Being issue of 10% Debenture at premium and redeemed at par.)		12,60,000	12,00,000 60,000
At the time of redemption	a)	10% Debenture A/c Dr To Debenture holder A/c (Being amount due to holders)		12,00,000	12,00,000
	b)	Debentureholders A/c To Bank A/c (Being Amount paid to holders)		12,00,000	12,00,000
(ii)	a)	Bank A/c Dr To 9% Debenture Application and allotment A/c (Being the receipt of application money)		48,00,000	48,00,000
	b)	9% Debenture Application and allotment A/c Dr Loss on issue of debentures A/c Dr To 9% Debentures A/c To Securities premium A/c To Premium on Redemption of Debenture (Being issue of 9% Debenture at 20% Premium and redeemable at 30% Premium)		48,00,000 12,00,000	40,00,000 8,00,000 12,00,000
At the time of redemption	a)	9% Debenture A/c Dr Premium on Redemption of Debenture A/c Dr To Debentureholders A/c (Being the amount on redemption transferred to Debentureholders' A/c)		40,00,000 12,00,000	52,00,000
	b)	Debentureholders' A/c Dr To Bank A/c (Being Amount paid to debentureholders on redemption)		52,00,000	52,00,000

1/2  
mark  
for  
each  
correct  
entry 1/2  
× 8 = 4  
marks

12. From the following .....outstanding

Ans. **Income and Expenditure Account**

Dr.	<b>For the year ended 31.3.2010</b>		Cr.	
<b>Expenditure</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>	
To salaries	50,000	By Subscription	40,000	1½ marks for sub- scription amount + ½ mark for each correct posting = 6 marks
To Lighting and heating	5000	Less: Advance received	<u>2,000</u>	
To Printing & Stationary	3,500		38,000	
- Outstanding (Previous year)	<u>500</u>	Less : Arrears ( Previous year)	<u>5,000</u>	
To miscellaneous Expenses	16,000		33,000	
To Interest on loan	1,200	Add: Arrear (current year)	<u>8,000</u>	
Add Outstanding	<u>1,200</u>	By Net Proceeds of Refreshment Room	45,000	
To Rent and Rates	7,500	By Locker's Rent Received	4,500	
Less : prepaid	<u>1,000</u>			
To Surplus (Excess of Income over Expenditure)	7,600			
	<u>90,500</u>		<u>90,500</u>	

13. Pass the .....**Date**..... 5:4 ratio

Ans. **Journal**

<b>Date</b>	<b>Particulars</b>	<b>L F</b>	<b>Dr( Rs.)</b>	<b>Cr(Rs.)</b>
i.	Realisation A/c <span style="float: right;">Dr</span> To Bank A/c (Being the payment of Bank Loan made)		12,000	12,000
ii.	Q's capital A/c <span style="float: right;">Dr</span> To Realisation A/c (Being stock taken over by Q)		16,000	16,000
iii.	Realisation A/c <span style="float: right;">Dr</span> To P's Capital A/C (Being Creditors paid by P credited to his capital)		4,000	4,000

iv	Cash or Bank A/c To Realisation A/c (Being the Realisation of unrecorded assets)	Dr	1,200	1,200
v	Realisation A/c To Q's Capital A/c (Being dissolution expenses paid by partner and credited to his capital A/c)	Dr	2,000	2,000
vi	Realisation A/c To P's Capital A/c To Q's Capital A/c (Being Profit on Realisation transferred to capital A/cs of the Partners)	Dr	36000	20,000 16,000

14. On 1st April, 2008 ..... amount.

Ans.

### Journal

Date	Particulars	L F	Dr( Rs.)	Cr(Rs.)
2008 April, 1	Bank A/c To 6% Debentures Application & Allotment A/c (Being the amount received on 2000 6% debentures @ Rs.100 each)	Dr	2,00,000	2,00,000
2008 April, 1	6% Debenture Application and Allotment A/c Loss on Issue of Debentures A/c To 6% Debentures A/c To Premium on Redemption of Debenture A/c (Being issue of 2000 6% debentures of Rs. 100 each at par and redeemable at premium)	Dr Dr	2,00,000 20,000	2,00,000 20,000
2010, 31 March	Own Debentures A/c To Bank A/c (Being the purchase of own 300 Debentures of Rs. 100 each @ Rs. 95 per debentures)	Dr	28,500	28,500

1 mark

1 mark

1 mark

2010, 31 March	6% Debentures A/c To Own Debentures A/c To Profit on cancellation of Debenture A/c (Being the cancellation of 300 debentures of Rs. 100 each by purchasing @ Rs. 95 per debentures)	Dr	30,000	28,500 1500	1 mark
2010, 31 March	Own Debenture A/c To Bank A/c (Being the purchase of own 100 debentures of Rs.100 each @ Rs. 90 per debenture)	Dr	9,000	9,000	1 mark
2010, 31 March	6% Debentures (100 x 100) To Own Debenture A/c To profit on cancellation of Debentures A/c (Being the cancellation of 100 debentures of Rs. 100 each by purchasing @ Rs. 90 per debenture)	Dr	10,000	9,000 1000	1 mark
<b><u>Alternatively in place of entries no. 3,4,5,&amp; 6 :-</u></b>					
	Own Debenture A/c To Bank A/c (Being Old debentured purchased)	Dr	37500	37500	2 mark
	6% Debenture A/c To Own Debenture A/c To profit on Cancellation of debenture A/c (Cancellation of Debenture)	Dr	40000	37500 2500	2 mark
<b>= 6 marks</b>					

15. XLtd. Issued..... above transactions

Ans. **Working Note:- Analysis Table**

Shares Applied	Shares Allotted	Applicati on money Received Rs.	Share Application money Transferred to share capital a/c (Rs.)	Excess Application received money (Rs.)	Share Allotment Due (Rs.)	Share Allotment Received (Rs.)	Refunded (Rs.)
20,000	10,000	40,000	20,000	20,000	45,000	25,000	
56,000	14,000	1,12,000	28,000	84,000	63,000		21,000
48,000	16,000	96,000	32,000	64,000	72,000	8,000	
<b>1,24,000</b>	<b>40,000</b>	<b>2,48,000</b>	<b>80,000</b>	<b>1,68,000</b>	<b>1,80,000</b>	<b>33,000</b>	<b>21,000</b>

2. Calculation of Calls in arrears on allotment:-

Category (a) Applicants 20,000 shares were allotted 10,000 shares

Ram was allotted 1000 shares, He applied for :  $(1000 \times 20000) / 10000 = 2000$  shares

Calls in arrear  $(1000 \times 4.5) = 4,500$

Less: Already received  $(1000 \times 2) = 2,000$

Rs. 2,500

**Journal**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)	
	Bank A/c <span style="float: right;">Dr</span> To Equity Share Application A/c (Being application money received)		2,48,000	2,48,000	1
	Equity share application A/c <span style="float: right;">Dr</span> To Equity share capital A/c To Equity share Allotment A/c To Bank A/c (Being application money transferred)		2,48,000	80,000 1,47,000 21,000	1
	Equity Share Allotment A/c <span style="float: right;">Dr</span> To Equity Share Capital A/c To Securities Premium A/c (Being Allotment money due)		1,80,000	80,000 1,00,000	1
	Bank A/c <span style="float: right;">Dr</span> To Equity Share Allotment A/c		30,500	30,500	1½
	<b>OR</b>				
	Bank A/c <span style="float: right;">Dr</span>		30500		
	Calls in Arrear A/c <span style="float: right;">Dr</span>		2500		

To Equity Share Allotment A/c (Being allotment money received)			33000	
Equity Share First & Final Call A/c      Dr		2,40,000		
To Equity Share Capital A/c (Being First & Final Call money due)			2,40,000	1
Bank A/c      Dr		2,34,000		
To Equity Share First & Final Call A/c			2,34,000	1
<b>OR</b>				
Bank A/c      Dr		234000		
Calls in Arrears A/c      Dr		6000		
To Equity Share First & Final Call A/c (Being First & Final Call money received)			240000	
Equity Share Capital A/c      Dr.		10000		
Securities Premium A/c      Dr.		2500		
To Forfeited Share A/c			4000	1½
To Equity Share Allotment A/c			2,500	= 8
To Equity Share First & Final Call A/c			6,000	marks
<b>OR</b>				
Equity Share Capital A/c      Dr.		10000		
Securities Premium A/c      Dr.		2500		
To Forfeited Share A/c			4000	
To Calls in Arrears A/c			8500	
(Being 1000 shares forfeited)				

**OR**

15. Give Journal entries ..... Rs. 14 per share.

Ans.

**Journal**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)	
	Share Capital A/c (1000 x 80) Dr		80,000		
	To Forfeited Share A/c (1000 x 42)			42,000	1½
	To Discount on Issue of Share A/c (1000 x 8)			8,000	
	To Share First Call A/c (1000 x 30) / Calls in Arrears A/c			30,000	
	(Being 1000 Shares Forfeited due to non payment of first call)				
	Bank A/c (1000 x 70) Dr		70,000		
	Discount on Issue of Share A/c (1000 x 8) Dr		8,000		
	Forfeited Share A/c Dr		2,000		1
	To Share Capital A/c (1000 x 80)			80,000	
	(Being 1000 shares re – issued as Rs. 80 called up at Rs. 70 per share)				
	Forfeited Share A/c Dr		40,000		
	To Capital Reserve A/c			40,000	½
	(Being the profit on re- issued shares transferred to Capital Reserve A/c)				

**Forfeited share Account**

Particulars	Rs.	Particulars	Rs.	
To Share Capital A/c	2000	By share capital A/c	42000	1
To Capital Reserve	40000			
	42000		42000	

ii.

**Journal**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)	
	Equity Share Capital A/c (470 x 10) Dr		4,700		
	Securities Premium A/c (470 x 5) Dr		2,350		
	To Forfeited Share A/c (470 x 2)			940	1½
	To Equity Share Allotment A/c (470 x 8)			3,760	
	To Equity Share First & Final Call A/c (470 x 5)			2,350	
	<b>OR</b>				
	Equity Share Capital A/c (470 x 10) Dr		4700		
	Securities Premium A/c (470 x 5) Dr		2350		
	To Forfeited Share A/c (470 x 2)			940	
	To Calls in Arrears A/c			6110	
	(Being 470 shares forfeited)				
	Bank A/c (60 x 14) Dr.		840		
	To Equity Share Capital A/c (60 x 10)			600	1
	To Security Premium A/c (60 x 4)			240	
	(Being 60 shares re issued @ of Rs. 14 per share)				
	Forfeited Shares A/c Dr		120		
	To Capital Reserve A/c			120	½
	(Being the profit on re-issued shares transferred to capital reserve A/c)				

**Forfeited share Account**

Particulars	Rs.	Particulars	Rs.	
To Capital Reserve A/c	120	By share capital A/c	940	1
To Balance c/d	820			
	<b>940</b>		<b>940</b>	

**Working Note:**

Amount of Forfeited shares transferred to capital reserve A/c =  $940 \times 60 / 470 = \text{Rs. } 120$

16. M, N & O were partners..... his executors

Ans.

**Journal**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)	
2010	General Reserve A/c	Dr	10,000		
14th	To N's Capital A/c			10,000	1
March	(Being transfer of N's share of general reserve to his capital A/c)				
	Interest on Capital A/c	Dr	700		1
	To N's Capital A/c			700	
	(Being Interest 5% pa credited to N's Capital A/c upto 14/3/2010)				
	M's Capital A/c	Dr	30,000		
	O's Capital A/c	Dr	30,000		
	To N's Capital A/c			60,000	1
	(Being the share of Goodwill Adjusted)				
	Profit and Loss Suspense A/c	Dr	12,000		
	To N's Capital A/c			12,000	1
	(Being the transfer of N's Share of Profit to his capital A/c upto the date of his death)				
	N's Capital A/c	Dr	1,52,700		
	To N's Executor A/c			1,52,700	1
	(Being the transfer of amount due to N's executor a/c)				= 1×5 marks

**N's Capital A/c**

Particulars	Rs.	Particulars	Rs.	
To N's Executor A/c	1,52,700	By Balance b/d	70,000	½×6=
		By General Reserve A/c	10,000	3 marks

	By Interest on Capital A/c (70,000 x 5 / 100 x 73 / 365)	700	Total
	By M's Capital A/c	30,000	= 8
	By O's Capital A/c	30,000	marks
	By Profit & Loss Suspense A/c (90000 x 2x73/365x1/3 )	12,000	
	<b>1,52,700</b>	<b>1,52,700</b>	

### Working Note

Calculation of Goodwill = Average Profit x No. of year of Purchase = 9000 x 2 = Rs. 1,80,000

Average Profit = Total Profit / No. Of year = 2,70,000 / 3 = 90,000

N's Share in Good Will = 1,80,000 x 1/3 = 60 ,000.

**OR**

16. On 31.3.2010 ..... Balance sheet of new firm.

Ans. **Revaluation A/c**

Particulars	Rs.	Particulars	Rs.
To Provision for Bad Debts A/c	300	By Plant & Machinery A/c	5000
To Stock A/c	5,000	By loss transferred to	
		W's Capital A/c	180
		R's Capital A/c	120
	<b>5,300</b>		<b>300</b>
			<b>5,300</b>

1/2 x 4 = 2 marks

### Partners' Capital A/c

1 x 3 = 3 marks

Particulars	W Rs.	R Rs.	B Rs.	Particulars	W Rs.	R Rs.	B Rs.
To Revaluation A/c	180	120		By Balance b/d	40,000	30,000	
To Cash				By Profit & Loss A/c	9,000	6,000	
(Bal Figure)	5,920	7,280		By Cash A/c			30,000
To Balance c/d	49,500	33,000	30,000	By Premium for goodwill A/c	6,600	4,400	
	<b>55,600</b>	<b>40,400</b>	<b>30,000</b>		<b>55,600</b>	<b>40,400</b>	<b>30,000</b>

**Balance Sheet of W, R & B as on 31st Mar 2010**

Liabilities	Rs,	Assets	Rs.		
Creditors	20,000	Cash	32,800	$\frac{1}{2} \times 6 =$	
Capital Accounts		Sundry Debtors	20,000	3 marks	
W	49,500	Less Provision for Bad Debts	1,000	19,000	$= 2+3+$
R	33,000	Stock	20,000	3 = 8	
B	30,000	Plant & Machinery	40,000	marks	
		Patents	20,700		
	132500		132500		

Working Note:-

- Average Profit = Total profit / No. of Years = Rs.66,000 / 4 = 16,500.
- Calculation of Good Will = Average Profit x No. Of Year of Purchase =  
 $16500 \times 2 \frac{1}{2} = \text{Rs. } 41,250.$
- B's Share in Goodwill =  $41250 \times \frac{4}{15} = \text{Rs. } 11,000$
- New Profit Share is calculated as under:-

Let Total Profit = 1

B' share =  $\frac{4}{15}$ th share

Remaining Profit =  $1 - \frac{4}{15} = \frac{11}{15}$

W's Share =  $\frac{11}{15} \times \frac{3}{5} = \frac{33}{75}$

R's Share =  $\frac{11}{15} \times \frac{2}{5} = \frac{22}{75}$

New Ratio of W :R :B =  $\frac{33}{75} : \frac{22}{75} : \frac{4}{15}$  or 33:22:20

- Adjustment of Capital

For  $\frac{4}{15}$  share, B Brought Capital = Rs. 30,000

Therefore Total Capital of the firm = Rs. 30,000 x  $\frac{15}{4} = 1,12,500$

W's Capital =  $1,12,500 \times \frac{33}{75} = \text{Rs. } 49,500$

R's Capital =  $1,12,500 \times \frac{22}{75} = \text{Rs. } 33,000$

B's Capital =  $1,12,500 \times \frac{20}{75} = \text{Rs. } 30,000$

**PART B**  
**(Financial Statement Analysis)**

17. What is ..... Statement ‘ ?

Ans. Common size statements express all items of a financial statement as a percentage of some common base such as sales for profit & loss a/c and total assets & total liabilities for balance sheet. 1 mark

18. Give meaning of ‘Cash Flow’.

Ans. Cash flow is inflow & outflow of cash & cash equivalents. 1 mark

19. State reason ..... no flow of cash

Ans. No flow because it simply represents the movement between items of cash or cash equivalents. 1 mark

20. List the items..... Act, 1956

Ans. The following items are included in under the heading current liabilities and provisions:-

Current Liabilities : (Any Three)

- |                         |         |
|-------------------------|---------|
| a) Acceptances          | ½ x 3 = |
| b) Sundry Creditors.    | 1 ½     |
| c) Outstanding Expenses | marks   |

Provision:- (Any Three)

- |                                    |         |
|------------------------------------|---------|
| • For Taxation                     |         |
| • For Dividends.                   |         |
| • For Contingencies.               | ½ x 3 = |
| • For Provident Fund Scheme.       | 1 ½     |
| • For Insurance                    | marks   |
| • Pension & Other similar benefits |         |

21. Prepare a comparative ..... information

Ans. Comparative Income Statement(as on 31st March 2009 & 2010)

Particulars	2009 Rs.	2010 Rs.	Absolute Change Rs.	% of Increase or Decrease	
Sales	10,00,000	12,50,000	2,50,000	25	1 mark
Less :Cost of Goods Sold	5,00,000	6,50,000	1,50,000	30	
Gross Profit	5,00,000	6,00,000	1,00,000	20	1 mark
Less :Operating Expenses	50,000	60,000	10,000	20	
Net Profit before tax	4,50,000	5,40,000	90,000	20	1 mark
Less: Income Tax	2,25,000	2,70,000	45,000	20	1 mark=
Net Profit Alter tax	2,25,000	2,70,000	45,000	20	4 marks

22. On the basis..... closing stock 1,00,000

Ans. i) Debt Equity ratio = Debt / Equity = 4,00,000 / 8,00,000 = 0.5 : 1

Debt = 6% Debentures + 9% Loan = Rs. 3,00,000 + Rs.1,00,000  
=Rs. 4,00,000

Equity = Paid up Share Capital + Debenture Redemption Reserve  
= Rs.6,00,000 +Rs. 2,00,000 = Rs.8,00,000

ii) Working Capital Turnover Ratio = Cost of goods sold / Working Capital  
OR Net Sales / Working Capital

= 45,00,000 / 8,00,000 or 60,00,000 / 8,00,000

= 5.63 times or 7.5 times

Working capital = Other Current Assets + Closing Stock - Current Liabilities

= Rs. 11,00,000 + Rs.1,00,000 – Rs.4,00,000

= Rs. 8,00,000

½ mark  
formula  
+ ½  
mark  
compo  
nents +  
1 mark  
compu  
tation of  
ratio  
= 2

½ mark  
formula  
+ ½  
mark  
compo  
nents +  
1 mark  
compu  
tation of  
ratio  
= 2 = 4  
marks

23. From the following ..... during the year

Ans. **Cash Flow Statement (For the year ended 31st March 2010)**

Particulars	Rs.	Rs.
(A) <u>Cash Flow from Operating Activities :-</u>		
Net Profit Before Tax	24,500	1
Adjustment: Add 1. Depreciation on Fixed Assets	14,700	
2. written off Preliminary Expenses	500	½
Operating Profit Before Changes in Working Capital	39,700	½
Less : Increase in Current Assets		
Stock	(2,000)	
Debtors	(1,500)	½
Add: Increase in Current Liabilities		½
Trade Creditors	2,300	½
<u>Cash Flow from Operating Activities :-</u>		38,500
(B). <u>Cash Flow from Investing Activities:</u>		
Purchase of Fixed Assets	(51000)	
Net <u>Cash Used in Investing Activities :-</u>		(51,000) ½
(C). <u>Cash Flow from Financing Activities:</u>		½
Issue of Shares	20,000	½
Payment of Interim Dividend	(7,000)	
<u>Cash Flow from Financing Activities:</u>		13,000
Net Increase in Cash & Cash Equivalent		500
Add: Opening Balance of Cash & Cash Equivalent		2,000 ½
Closing Balance of Cash & Cash Equivalent		2,500

**Working Note: Calculation of Net Profit Before Tax.**

Net Profit as per Profit & Loss A/c (15,000- 10,000)	5,000
Add: Transfer to General Reserve	12,500
Interim Dividends paid during the year	7,000
Net Profit Before Tax	24,500

**Fixed Assets Account**

Particulars	Rs.	Particulars	Rs.
To Balance b/d	46,700	By Depreciation A/c	14,700
		By Balance c/d	83,000
To Bank A/c (Purchase)	51,000		
	97,700		97,700

½  
= 6  
marks

**PART C**

**(Computerized Accounting)**

17. What is codification of accounts? 1 mark
- Ans. Classification & division of Accounting terms in the Hierarchy of Generally Accepted Accounting Principles is called codification of accounts.
18. What are logical values? 1 mark
- Ans. The values together when represents complete information of any entity are called logical values.
19. What is query? 2 marks
- Ans. A query is a computer database language, it consists a set of command to perform basic data management functions like retrieval, addition & deletion of data.
20. What is a record in DBMS? 3 marks
- Ans. Record is a named collection of data items which represents a complete unit of information.

21. Why in DBMS ..... Single table? 3 marks

Ans. Because of following advantages:-

1. Data Redundancy.
2. Easy Management.
3. Centralized Data.
4. Simultaneous Updation.
5. Rapid Access.

22. Briefly ..... Accounting Information System. 4 marks

Ans. Accounting Information Systems (AISs) combine the study and practice of accounting with the design, implementation, and monitoring of information systems. Such systems use modern information technology resources together with traditional accounting controls and methods to provide users the financial information necessary to manage their organizations.

AIS Processing ( Input ? Process ? Output)

AISs cover all business functions from backbone accounting transaction processing systems to sophisticated financial management planning and processing systems. Its various functions are:-

Financial reporting, Cost accounting systems, Management accounting systems

DEVELOPMENT The development of AIS includes five basic phases: planning, analysis, design, implementation, and support.

23. Calculate..... Following 3x2=6 marks

Ans. Dearness allowance

=if((a2-15000\*.30) <6600,(a2-15000)\*.30,6600) + if((15000 \* .35) <4000 , (15000\*.35),4000)

House Rent Allowance

=if(c2>=15000,9000,if(c2>=8001,6000,3000))  
=if(c2<=8000,3000,if(c2<=15000,6000,9000))

City Compensatory Allowance

= if(.10 \* a2<=1500, 1500, .10\*a2)

QUESTION PAPER CODE 67/1

EXPECTED ANSWERS/VALUE POINTS

PART A

(Not for Profit organisations, Partnership firms and company Accounts)

Marks Dist.

1. What is the Basis ..... Account? 1 mark

Ans. **Cash basis**

2. Give the average..... each quarter. 1 mark

Ans. 7½ months.

3. State the ..... ratio. 1 mark

Ans. The ratio in which the partners may sacrifice their share of profit in favour of other partner is called Sacrificing Ratio.

4. How Does..... of a firm? 1 mark

Ans. **The firm that produces high value added products or has stable demand will be able to earn more profit and more goodwill.**

5. Give the ..... security. 1 mark

Ans. When the Debentures are issued as secondary or additional security along with the Principal security is called the issue of Debentures as a collateral security.

6. From the following ..... 2009- 2010.

Ans. **Balance Sheet** (As on 31st March 2009)

Liabilities	Rs.	Assets	Rs.
Prize Fund	20,000		

½

**Balance Sheet** (As on 31st March 2010)

Liabilities	Rs.	Assets	Rs.
Prize Fund	20,000		
Add: Donation for			

Match Fund	40,000			
	60,000			
Less: Prize Awarded	69,000			
Transfer to income & expenditure A/c	(9,000)	Nil		

2

**Income And Expenditure Account ( for the year ended 31st march,2010)**

+½

Expenditure	Rs.	Income	Rs.
To Prize Awarded	9,000		

½+2+½

= 3 marks

Note :- If the examinee has shown a working note for calculating the excess amount of prize expenses instead of balance sheet as on 31st Dec 2010 full credit should be given.

7. Good Luck ..... Good Luck Ltd.

Ans.

**Journal of Good Luck Ltd.**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)	
	Machinery A/c <span style="float: right;">Dr</span>		10,00,000		
	To Fairdeals Ltd.			10,00,000	1 mark
	(Being Machinery purchased)				
	Fairdeals Ltd <span style="float: right;">Dr</span>		10,00,000		
	To Equity Share Capital A/c			8,00,000	2 mark
	To Securities Premium A/c			2,00,000	=
	(Being the issue of 80,000 fully paid Equity Shares of Rs. 10 each at a premium of 25% per share)				3 mark

Working note:- Number of Equity Shares to be issued = purchase price / issue price per share = 1000000 / 12.5 = 80000 shares

8. X Ltd. Redeemed ..... books  
of X Ltd.

Ans. **Journal of X Ltd.**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)	
	6% Debenture A/c <span style="float: right;">Dr</span>		1,00,000		
	Premium on Redemption of Debenture A/c Dr		5,000		
	To Debentureholders A/c			1,05,000	1½
	(Being 1000 debenture due for redemption)				
	Debentureholders A/c <span style="float: right;">Dr.</span>		1,05,000		
	To Equity Share capital A/c			84,000	
	To Securities Premium A/c			21,000	1½ =
	(Being 1000 debentures were redeemed by converting them into 840 equity shares of Rs 100 each issued at a premium of 25% )				3 marks

Working note:- Number of Equity Shares to be issued

= Amount Payable / Issue Price per share = 1, 05,000 / 125 = 840 Equity Share.

9. A & B Entered ..... Loan A/c of 'A'. 1 mark

Ans. Dr. Profit & Loss Appropriation A/c Cr.

Particulars	Amount Rs.	Particulars	Amount Rs.
To A's Capital A/c 2,12,500		By Net Profit ( 4,30,000	
To B's Capital A/c 2,12,500	4,25,000	After Interest on loan-5,000)	4,25,000
	4,25,000		4,25,000

entry + 2 marks  
for capital a/c + 1 mark for loan a/c  
= 4 marks

**Partners Capital A/c**

Dt.	Particulars	A Rs.	B Rs.	Dt.	Particulars	ARs.	BRs.
				1.4.09	By Bank	5,00,000	3,00,000
1.4.09	Balance c/d	7,12,500	5,12,500		By Profit &		

P.T.O.



## II. Capitalisation Method:

$$\text{Goodwill} = \text{Estimated Capital} - \text{Actual Capital Employed}$$

$$= 8,00,000 - 4,00,000 = \text{Rs.}4,00,000$$

$$\text{Average Profit} = 2,20,000 - 1,00,000 = \text{Rs.}1,20,000$$

$$\text{Estimated Capital} = \text{Average Profit} \times 100 / \text{Normal rate of return}$$

$$= 1,20,000 \times 100 / 15 = \text{Rs.}8,00,000$$

Goodwill = Rs.4,00,000

 1 mark for each finding =  $1 \times 4 = 4$  marks

11. Pass the necessary journal ..... repayable at par.

Ans.

**Journal**

Particulars	LF	Debit (Rs.)	Credit (Rs.)
Bank A/c Dr To 9% Debenture Application & Allotment A/c (Being debenture application & allotment money recd)		39,37,500	39,37,500
9% Debenture Application & Allotment A/c Dr Loss on issue of Debenture A/c Dr. To 9% Debenture A/c To Securities Premium A/c To Premium on Redemption of Debenture A/c (Being 9% debentures issued at premium)		39,37,500 5,62,500	37,50,000 1,87,500 5,62,500
9% Debenture A/c Dr. Premium on Redemption of Debenture A/c Dr. To 9% Debenture-holders A/c (Being 9% Debentures due for redemption)		37,50,000 5,62,500	43,12,500
Debenture-holders A/c Dr. To Bank A/c (being amount paid to debenture holders)		43,12,500	43,12,500

 ½ mark  
for  
each  
correct  
entry  
½ x 8 =  
4 marks

II)

Particulars	LF	Debit (Rs.)	Credit (Rs.)
Bank A/c To 12% Debenture application & allotment A/c (being debenture app & allotment money recd)	Dr	21,60,000	21,60,000
12 % Debenture application & allotment a/c To 12% Debenture A/c To Securities Premium A/c (Being 12% Debentures issued at premium)	Dr	21,60,000	20,00,000 1,60,000
12% Debenture A/c To Debenture holders A/c (Being Debentures due for redemption at par)	Dr.	20,00,000	20,00,000
Debenture holders A/c To Bank A/c (Being amount paid to debenture holders)	Dr.	20,00,000	20,00,000

12. From the following items..... outstanding.

Ans.

**Income and Expenditure Account**

Dr.		For the year ended 31.3.2010		Cr.	
Expenditure	Rs.	Income		Rs.	
To salaries	55,000	By Subscription	44,000		
To Lighting expenses	5,500	Less: Advance received	<u>1,000</u>		
To Stationary	3,600		43,000		
To miscellaneous Expenses	3,000	Less : Arrears (Previous year)	<u>750</u>		
To Interest on loan	1,200		42,250		
Add Outstanding	<u>3,600</u>	Add: Arrear (current year)	<u>4,700</u>	46,950	
To Rent and Rates	4,500	By Net Proceeds of			
Less : prepaid Rent	<u>500</u>	Refreshment Room		30,000	
To Surplus (Excess of Income over Expenditure)	5,950	By Locker's Rent Received		4900	
	<u>81,850</u>			<u>81,850</u>	

 1½  
 marks  
 for  
 sub-  
 scription  
 amount  
 + ½  
 mark  
 for  
 each  
 correct  
 posting  
 = 6  
 marks

13. Pass the necessary..... loss of Realisation.

Ans. **Journal**

Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)
i.	Realisation A/c <span style="float: right;">Dr</span> <div style="text-align: right; padding-right: 20px;">To James Capital A/c</div> (Being Brother's Loan taken over by James)		10,000	10,000
ii.	Bank A/c <span style="float: right;">Dr</span> <div style="text-align: right; padding-right: 20px;">To Realisation A/c</div> (Being Debtors Realized in cash)		12,000	12,000
iii.	Haider's Capital A/c <span style="float: right;">Dr</span> <div style="text-align: right; padding-right: 20px;">To Realisation A/c</div> (Being Investment taken over by Haider)		12,000	12,000
iv	Realisation A/c <span style="float: right;">Dr</span> <div style="text-align: right; padding-right: 20px;">To Bank A/c</div> (Being creditors settled)		19,000	19,000
v	Realisation A/c <span style="float: right;">Dr</span> <div style="text-align: right; padding-right: 20px;">To Bank / Cash A/c</div> (Being dissolution expenses paid )		2,000	2,000
vi	James Capital A/c <span style="float: right;">Dr</span> Haider Capital A/c <span style="float: right;">Dr</span> <div style="text-align: right; padding-right: 20px;">To Realisation A/c</div> (Being loss on Realisation transferred to partners capital A/cs)		6800 3400	10,200

1 mark  
for each  
correct  
entry =  
1 x 6 =  
6 marks

14. On 1 .1.2007 a public..... Companies Act.

Ans.	Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)
	2011 31stdec.	Profit and loss Appropriation A/c Dr. To Debenture redemption reserve A/c (Being sufficient reserve created out of profit)		15,00, 000	15,00, 000
	2011 dec.31st	10% Debenture A/c Dr. Premium on redemption of Debenture A/c Dr. To Debentures-holders A/c (Being debentures due for redemption at premium)		15,00, 000 2,25,000	17,25,000
		Debentureholders A/c Dr. To Bank A/c (Being 15,000 Debentures are redeemed)		17,25,000	17,25,000
		Debenture redemption reserve A/c Dr To General reserve A/c (Being Debenture Redemption Reserve A/c closed)		15,00,000	15,00,000

1½ for  
each  
Entry  
× 4 = 6  
marks

15. Dinesh Ltd. Invited.....Dinesh Ltd.

Ans.	Date	Particulars	LF	Dr (Rs.)	Cr (Rs.)
		Bank A/c Dr. To Equity share application A/c (Being application money recd)		10,000	10,000
		Equity Share application A/c Dr. To Equity Share Capital A/c (Application money transferred to capital)		10,000	10,000

1 mark  
each for  
First Call  
Second  
Call due  
And  
1 mark  
for  
Capital  
reserve  
Entry

Share allotment A/c	Dr.	20,000		For all other Entries ½ mark each
To Share Capital A/c (Being allotment due)			20,000	
Bank A/c	Dr.	19,800		1+1+1+ ½ x 10 = 8 marks
Calls in Arrears A/c	Dr.	200		
To Share allotment A/c (Allotment money received)			20,000	
Share Capital A/c	Dr.	300		
To Share allotment A/c /Calls in Arrears A/c			200	
To forfeited shares A/c (forfeited 100 shares for non payment of allotment money)			100	
Share I call A/c	Dr.	29,700		
To Share Capital A/c (Being I call due on 9900 shares)			29,700	
Bank A/c	Dr.	29,250		
Calls in Arrears A/c	Dr.	450		
To Share I call A/c (First call money recd, with the exception of 150 shares)			29,700	
Equity Share Capital A/c	Dr.	900		
To Calls in arrear A/c			450	
To Forfeited shares A/c (Being 150 shares forfeited)			450	
Equity Share II & Final Call A/c	Dr	39,000		
To Equity Share Capital A/c (Being II & final call money due on 9750 shares)			39,000	

Bank A/c	Dr.	38,800	
Calls in arrears A/c	Dr.	200	
To Equity Share II Final Call A/c			39,000
(II call money recd with exception of 50 shares)			
Share Capital A/c	Dr	500	
To calls in arrears A/c			200
To Forfeited shares A/c			300
(50 shares forfeited for non payment of final call money)			
Bank A/c	Dr	2700	
Forfeited Share A/c	Dr.	300	
To Equity Share Capital A/c			3000
(All 300 shares are reissued )			
Forfeited Shares A/c	Dr.	550	
To Capital Reserve A/c			550
(being excess amount in for feited shares A/c after adjustment, transferred to capital reserve A/c)			

Note:- Even if Calls in arrears A/c is not opened full credit to be given.

**OR**

15 Applications for 15,00,000 shares ..... Moti Ltd.

Ans. **Journal Entries in Book's of MotiLtd.**

Particulars	LF	Dr (Rs.)	Cr (Rs.)
Bank A/c	Dr.	75,00,000	
To Equity Share Application A/c			75,00,000
(being application money recd)			

½ mark  
for entry  
3 & 5

Equity Share Application A/c	Dr	75,00,000		Other entries 1 mark each  = 1+7 = 8 marks
To Equity Share Capital A/c			30,00,000	
To Securities Premium A/c			20,00,000	
To Bank A/c			15,00,000	
To Equity Share allotment A/c			10,00,000	
(being application money adjusted)				
Equity Share Allotment A/c	Dr.	40,00,000		
To Equity Share Capital A/c			40,00,000	
(being allotment money due)				
Bank A/c	Dr.	29,40,000		
Calls in arrears A/c	Dr.	60,000		
To Equity Share allotment A/c			30,00,000	
(Being allotment money recd)				
Equity Share I & Final call A/c	Dr.	30,00,000		
To Equity Share Capital A/c			30,00,000	
(Being I & final call due)				
Bank A/c	Dr.	29,40,000		
Calls in arrears A/c	Dr	60,000		
To Equity Share First & Final call A/c			30,00,000	
(being I & final call recd)				
Equity Share Capital A/c	Dr.	2,00,000		
To calls in arrears A/c			1,20,000	
To forfeited shares A/c			80,000	
(being 20,000 Equity shares forfeited)				
Bank A/c	Dr.	80,000		
Forfeited Share A/c	Dr.	20,000		
To Equity Share Capital A/c			1,00,000	
(being 10,000 forfeited shares reissued)				

Forfeited Share A/c	Dr.		20,000	
To Capital Reserve A/c				20,000
(being amount transferred to capital reserve)				

W.N :  $20000 \times 4 = 80000$

Less:  $4000 \times 5 = 20000 = 60000$

16. X, Y & Z ..... due on 31.1.2011.

Ans.	Date	Particulars	LF	Debit (Rs.)	Credit (Rs.)	
	2010	X's capital Account	Dr.	10938		
	July 31st	Y's capital Account	Dr.	6562		
		To Z's capital Account			17500	1 mark for each correct entry =
		(being Z's share of goodwill compensated by the existing partner)				1x7=7 marks
		Profit and loss suspense A/c	Dr.	2500		
		Z's capital A/c			2500	
		(being Z's share profit till the date of death credited to his capital A/c)				
		Revaluation A/c	Dr.	5,000		1 mark for executors A/c = 8 marks
		To Machinery A/c			5,000	
		(being decrease in the value machinery recorded)				
		Patents A/c	Dr.	5,000		
		Building A/c	Dr.	12,500		
		To Revaluation A/c			17500	
		(Being assets revalued)				
		Revaluation A/c	Dr.	12,500		
		To X's Capital A/c			6,250	
		To Y's Capital A/c			3,750	
		To Z's Capital A/c			2,500	
		(Being Profit on Revaluation transferred to Partners Capital A/c)				

Z' capital Account	Dr.	60,000	
To Z's Executors A/c			60,000
(being net amount due to Z transferred to his executors a/c)			
Z's Executor's Account	Dr.	17,500	
To Bank A/c			17,500
(being executors are paid cash partly)			

**Dr. Z's Executor's Account Cr.**

Date	Particulars	Amount Rs.	date	Particulars	Amount Rs.
31st July	To bank	17,500	2010 July 31st	By Z's Capital A/c	60,000
2011 Jan 31st	To bank (10625+2550)	13,175	2011 Jan 31st	By interest on loan	2,550
	To balance c/d	31,875			
		<u>62,550</u>			<u>62550</u>

Working Notes:-

**Dr. Z' Capital Account Cr.**

	To Z's Executors A/c	60,000	By balance b/d	37,500
			By profit and loss suspense A/c	2,500
			Revaluation A/c	2,500
			By X, capital A/c	10938
			By Y's capital Account	6562
		<u>60,000</u>		<u>60,000</u>

**OR**

16. Murari and Vohra were partners ..... of the new firm.

Ans.

**Revaluation A/c**

Dr		Cr		Rev. A/c 2
<b>Particulars</b>	<b>Amount Rs.</b>	<b>Particulars</b>	<b>Amount Rs.</b>	+
To Stock A/c	2,000	By Land	50,000	Cap. A/cs 3 marks
To P & M A/c	16,000			+
To Bad Debts Written off A/c	5,000			Final
To Muraris cap. A/c 13,500				Balance sheet 3 marks
Vohra's cap. A/c 13,500	27,000			= 8 marks
	50,000		50,000	

Dr				Cr			
<b>Capital A/cs of Murari vohra &amp; Yadav</b>							
Particulars	Murari Rs.	Vohra Rs.	Yadav Rs.	Particulars	Murari Rs.	Vohra Rs.	Yadav Rs.
To Balance C/d	1,78,500	2,18,500	2,00,000	By Balance b/d	1,20,000	1,60,000	
				By Cash			2,00,000
				By Pre. for G.W.	45,000	45,000	
				By Rev.	13,500	13,500	
	1,78,500	2,18,500	2,00,000		1,78,500	2,18,500	2,00,000

**Balance Sheet of Murari Vohra & Yadav as on 1st Apr 2010**

Liabilities	Amount Rs.	Assets	AmountRs.
Capital A/cs		Cash in hand	3,15,000
Murari 1,78,500		Plant & Machinery	64,000
Vohra 2,18,500		Land & Building	2,50,000

Yadav	2,00,000	5,97,000	Stock	8,000
Bank O/D		15,000	Debtors	35,000
Creditors		60,000		
		6,72,000		6,72,000

Working Notes

Memorandum **Balance Sheet**

Liabilities	Amount Rs.	Assets	AmountRs.
Creditors	60,000	L & B	2,00,000
Bank O/D	15,000	Stock	10,000
Murari 's Capital	1,20,000	Debtors	40,000
Vohra 's Capital	1,60,000	P & M	80,000
		Cash (balancing figure)	25,000
	3,55,000		3,55,000

**Part B**

**(Financial Statements Analysis)**

17. State the interest ..... financial statements.

1 mark

Ans. Tax Authorities are interested to analyse the financial statements to know about the performance of the company & to collect various types of taxes.

18. List any two investing ..... out of cash.  $\frac{1}{2} \times 2 = 1$  mark

Ans. Outflow of cash i) purchase of fixed assets ii) purchase of investments.

Or any other two correct activities  $\frac{1}{2}$  mark each

19. 'Payment of dividend' ..... Cash Flow Statement.

1 Mark

Ans. Payment of dividend classified under financing activity.

½ Mark  
for each  
correct  
Item

20 Give the major..... Goodwill.

Liabilities	Assets
Share capital	Fixed Assets
Reserves surplus	Goodwill
Secured loan	Investment
Unsecured loan	
Current liabilities and provisions	Current assets loans and advances
Sundry creditors	Current assets
Provision for tax	Interest accrued on investments
	Loose tools
	Miscellaneous
	Expenditure A/c
	Preliminary expenses

½ x 6 =  
3 marks

If candidate has presented the items in a statement form also full credit to be given

21. Calculate Current Ratio ..... Quick Ratio 0.75 : 1.

Ans. Stock turnover ratio = 4times = cost of goods sold / average stock

Cost of goods sold = Sales - Gross profit = 3,00,000 - 75,000 = 2,25,000

Ave. stock = op. stock + closing stock / 2 =  $X + X + \{20,000\} / 2 = 2,25,000 / 4 = 56,250$

let the opening stock be 'X'  $2x + 20,000 / 2 = 56,250, 2x = 56,250 - 20,000 \times 2$

$x = 92,500 / 2 = 46,250$  op. stock = 46,250 cl. stock = 46,250 + 20,000 = 66,250

current liabilities = 40,000 Quick assets 0.75:1 = 40,000 / 0.75 = 30,000

current assets = quick assets + stock = 30,000 + 66,250 = 96,250

current ratio = current assets / current liabilities = 96,250 / 40,000 = 2.41 : 1

Calculation  
of closing  
stock 1  
mark +  
quick  
assets 1  
mark +  
current  
ratio 2  
marks  
= 4 marks

22. Prepare the Comparative ..... information

Ans. **Comparative income statement**

Particulars	31.3.2009 Rs.	31.3.2010 Rs.	Absolute change Rs.	% of Increase or Decrease
Sales	40,000	50,000	10,000	25
COST OF GOODS SOLD	30,000	35,000	5,000	16.67
GROSSPROFIT	10,000	15,000	5,000	50
LESS operating expenses	2,500	3,000	500	20
Operating profit	7,500	12,000	4,500	60
Add income	2,000	3,000	1,000	50
NET PROFIT BEFORE TAX	9,500	15,000	5,500	57.89
LESSTAX	4,750	7,500	2,750	57.89
PROFIT AFTER TAX	4,750	7,500	2,750	57.89

1 mark  
for Gross  
Profit  
comparision  
+ I mark  
for  
operating  
profit  
+ 1 mark  
for net  
profit  
before tax.  
+ 1 mark  
for net  
profit after  
tax  
=  
4 marks

23. From the following Balance ..... during the year.

Ans. CALCULATION OF NBIT

PROFIT = 10,000

ADD RESERVE 25,000 Add Advance Tax 5,000 NBIT = 40,000

NBIT for  
1 mark  
+ FAA/c  
½ mark

**FIXED ASSETS ACCOUNT**

**Dr.**

**Cr**

TO BALANCE B/d	93400	By depreciation	20,000
To bank (PURCHASES)	92600	By balance c/d	1,66,000
	1,86,000		1,86,000

+ Op. A .  
2 marks  
+ .I.A.  
½ mark  
+ FA  
1 mark  
+  
net C.F.  
1 mark  
= 6 marks

**Cash flow statement of Vikas ltd for the year ending 31stmarch 2010 asper AS3revised**

<b>Particulars</b>	<b>Amount Rs.</b>	<b>Amount Rs.</b>
Net profit before interest and tax	40,000	40,000
A cash flow from operating activities		
Non cash items		
Add Depreciation	20,000	
Preliminary expenses written off	1,000	
Cash flow from operating activities before working capital changes	61,000	
Less in crease in stock	(4000)	
LESS Increase in Debtors	(3,000)	
ADD increase in creditors	4,600	
Net cash flow from operating activities before tax	58,600	
Less Advance Tax	(5000)	
Cash Flow from operating activities after tax		53600
B. Cash flow from investing activities		
Purchase of fixed assets	(92,600)	
Net cash used in investing activities		(92600)
C. Cash flow from financing activities		
Issue of shares	40,000	
Net cash flow from financing activities		40,000
Net cash flow from A+B+C	1,000	
Cash and cash equivalent in the beginning	4,000	
Cash and cash equivalent at the end	5,000	

### PART C (Computerized Accounting)

17. What are Sequential codes? 1 mark

Ans. The data storage format or transmission where the resolution is constant and later data adds only.

18. What is Normalization? 1 mark

Ans. It is a process of refining a database design in order to reduce or eliminate the possibility of duplicate or redundant data items.

19. What is the function of 'Table' in DBMS? 2 marks

Ans. 'Table' is a collection of related information represented in form of rows and columns.. It is the only factor which can establish the associations among the attributes of an entity as well as the relationship between various entities.

20. What is a join line in DBMS? 3 marks

Ans. In Join Line related tables are joined using an inner join that creates a result set based on rows containing matching information in the join columns.

21. Why in DBMS ..... Single table? 3 marks

Ans. Because of following advantages:-

1. Data Redundancy.
2. Easy Management.
3. Centralized Data.
4. Simultaneous Updation.
5. Rapid Access.

22. Briefly ..... Computerized Accounting System. 4 marks

Ans. 1) **SECURITY OF DATAS**:-User rights are restricted to a vast extent so that data manipulation, control is effective. 2) **FLEXIBILITY**: It is easy to enter data, retrieval of data, and generation of reports at any time.

23. Calculate..... Following 3x2 = 6 marks

Ans. Dearness allowance

= if((a2-15000\*.45) <6000,(a2-15000)\*.45,6600) + if((15000 \* .35) <7500 ,(15000\*.35),7500)

House Rent Allowance

=if(c2>=15000,10000,if(c2>=10001,8000,4000)) or

= if(c2<=10000,4000,if(c2<=15000,8000,10000))

City Compensatory Allowance

= if(.10 \* a2<=1500, 1500, .10\*a2)

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