Time allowed : 3 Hours   Maximum Marks : 80

	Part A Accounting for Not-for-Profit Organizations, Partnership Firms and Companies		
	Question		Marks
1	**Journal** | Date	Particulars	L.F	Amount (₹)	Amount (₹) | | | Cash A/c Dr. | | 2,94,000 | | | | To Realisation A/c | | | 2,94,000 | | | (Being land and building sold through broker, paid 2% of realisable value to broker) | | | |		1
2	It is necessary to revalue assets and liabilities of a firm in case of admission of a partner so that the incoming partner is neither put to an advantage nor to disadvantage due to change in the market value of assets and liabilities.		1
	Or		

	Two reasons for preparation of 'Revaluation Account' at time of admission of a partner are:-
	   i) To record the effect of revaluation of assets and liabilities.
	   ii) To ensure that the profits or losses on revaluation of assets and liabilities may be divided amongst the old partners.
			½
			
			½

3	'Receipt and Payment Account' in case of Not-for-Profit Organisation is prepared on Cash Basis of Accounting.		1
	Or		
	Subscription received in advance during the current year is recorded on the liability side of current year's Balance Sheet.		1
4	Interest on drawings = ₹ 9,000 X 4 X (6/100) X (4.5/12) Interest on drawings = ₹ 810		1
5	C is not correct in his claim, unless agreed; new profit sharing ratio of the continuing partners remains same as their old profit- sharing ratio i.e. 3:1.		1
6		Basis	Equity Shares	Debentures	 | Risk involved | Shareholders are at a greater risk. They can even lose the amount invested in shares. | Debentures are relatively safe and secured. Debentures are almost risk free. |		1
	Or		
	Employee Stock Option Plan means option granted by the company to its employees and employee directors to subscribe the shares of the company at a price that is lower than the market price but it is not an obligation on the employee to subscribe for it.		

| 7 | Total Assets= ₹1,20,000
 Capital Employed = Total Assets – Current Liabilities
                 = 1,20,000   -   10,000
                 = ₹1,10,000   **1/2**
 Normal Profits   = 8% of 1,10,000
                 = ₹8,800   **1/2**
 Goodwill   = Super Profits X No. of Years Purchase   **1/2**
  Super Profits   = Actual Average Profits – Normal Profits   **1/2**
 Given Goodwill = ₹ 60,000
 60,000 = 4 (Average Actual Profits – Normal Profits)
 15000 =Average Actual Profits – 8,800   **1/2**
 Average Actual Profits= 15,000 + 8,800= ₹23,800   **1/2** | ½ X 6= 3 Marks |

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JOURNAL

Date	Particulars	L.F	Amount (₹)	Amount (₹)	
2018 June 30	12% Debentures A/c Dr To Debenture holders A/c (Being amount due for redemption)		10,00,000	10,00,000	1
June 30	Debenture holders A/c Dr To Bank A/c (Being payment made to debenture holders on redemption)		10,00,000	10,00,000	1

Note: According to Section 71(4) of the Companies Act, 2013 and Rule 18(7)(b) of Companies Rules,2014, an All India Financial Institution is not required to create Debenture Redemption Reserve.

1

9

JOURNAL

Date	Particulars	L.F.	Amount (₹)	Amount (₹)	

2018 April 1	Sundry Assets A/c Dr
	Goodwill A/c Dr
	    To Sundry Liabilities A/c
	    To Shiv Shankar Ltd.
	(Being Shiv Shankar Ltd. was taken over by Parvati Ltd. for a purchase consideration of ₹18,20,000)
			25,00,000
			1,00,000
				7,80,000
				18,20,000
					½ X 6=3 Marks

April 1	Shiv Shankar Ltd. Dr
	Discount on issue of Debentures A/c Dr
	    To Bills Payable A/c
	    To 8% Debentures A/c
	(For paying Shiv Shankar Ltd. by issuing a bill of ₹ 20,000 and the balance was paid by issue of 8% Debentures of ₹ 100 each at a discount of 10%)
			18,20,000
			2,00,000
				20,000
				20,00,000	

Or

(i)   Journal

Date	Particulars	L F	Dr. Amount (₹)	Cr. Amount (₹)	
	Bank Account Dr. To Bank Loan Account (Being loan obtained from State Bank of India @ 10 % p.a. interest, against collateral security of 7,500 10 % debentures of ₹100 each)		5,00,000	5,00,000	1

(ii)

Date	Particulars	L F	Dr. Amount (₹)	Cr. Amount (₹)	
	Bank Account Dr. To Bank Loan Account (Being loan obtained from State Bank of India @ 10 % p.a. interest, against collateral security of 7,500 10 % debentures of ₹100 each)		5,00,000	5,00,000	1
	Debenture Suspense Account Dr. 10 %Debentures Account (Being 10 % Debentures issued as collateral security in favour of State Bank of India)		7,50,000	7,50,000	1

10

Calculation of amount of sports material to be transferred to Income and Expenditure Account of Raman Bhalla Sports Club, Ludhiana for the year ended on 31st March, 2018

Particulars	Amount (₹)
Payment to creditors of sports material	91,000
Add: Closing creditors of sports material	45,000
Less: Opening creditors of sports material	(37,000)
Add: Cash purchases of sports material	40,000
Total purchases	**1,39,000**
Less: Sports material sold during the year (Book Value)	(50,000)
Add: Opening stock of sports material	50,000
Less: Closing stock of sports material	(55,000)
Amount to be shown to Income and Expenditure Account	**84,000**

(Margin: 1.5 Marks for total purchases and 1.5 marks For final amount=3 Marks)

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JOURNAL

Date	Particulars	L.F.	Amount (₹)	Amount (₹)	
31.3.18	Investment Fluctuation Fund A/c Dr To Investment A/c To Bhavya's Capital A/c To Sakshi's Capital A/c (Being Investment Fluctuation Fund adjusted against the Fluctuations in market Value and balance was distributed amongst partners)		20,000	10,000 6,000 4,000	1
31.3.18	Sakshi's Capital A/c Dr To Bhavya's Capital A/c (Being adjustment of goodwill made between partners due to change in profit sharing ratio between partners)		2,400	2,400	1
31.3.18	Sakshi's Capital A/c Dr To Bhavya's Capital A/c (Being General Reserve adjusted among the partners without writing it off)		2,340	2,340	1

Workings:
Sacrificing ratio = Old ratio – New Ratio

Bhavya's = 3/5 – 1/2 = 1/10   Sacrifice

Sakshi's =   2/5 – 1/2 = (1/10) Gain

| 1 |

12

Dr	Dinesh's Capital A/c				Cr	1/2 X 8=4
Particulars	**Amount (₹)**		**Particulars**	**Amount (₹)**		
To Deferred Revenue Expenditure **1/2**	7,000		By Balance b/d		30,000	
To Dinesh's Loan A/c **1/2**	2,500		By General Reserve **1/2**		20,000	
To Dinesh's Executor's A/c	95,500		By Alwin's Capital A/c **1/2**		15,000	
			By Pramod's Capital A/c **1/2**		10,000	
			By Profit and Loss Suspense A/c **1/2**		30,000	
	1,05,000				1,05,000	

Dr	Dinesh's Executor's A/c			Cr	
Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**		
To Cash A/c **1/2**	47,750	By Dinesh's Capital A/c	95,500		
To Bills payable A/c **1/2**	47,750				
	95,500		95,500		

Working Note :-

Share of Profit =₹ 3,60,000 X 1/6 X 5/10 = ₹ 30,000

13

Income And Expenditure A/c
For the year ended 31ˢᵗ March, 2018

Dr			Cr			**4**
Particulars	**Amount (₹)**		**Particulars**	**Amount (₹)**		
To Salaries	31,500		By Subscription 60,000			
To Postage	1,250		Add Outstanding Subscription 15,000	75,000		
To Rent	9,000		By Entrance Fees	1,100		
To Printing and Stationery	14,000		By Sale of old magazines	450		
To Miscellaneous Expenses	3,100		By Interest on Investment	3,500		
To Consumption of Sports Material	10,000					
To Depreciation on Furniture	1,000					
To Surplus	10,200					
	80,050			80,050		

Working Notes:-

i)   Consumption of Sports Material = Opening stock of sports material+ Purchases of sports material during the year – Closing stock of sports material

        = ₹ 3,000 + ₹ 11,500 – ₹4,500= ₹ 10,000

ii)   Depreciation of Furniture = ₹ 20,000 X (6/12) X (10/100) = ₹ 1,000

iii)   Interest on Investment = ₹ 70,000 X (10/100) X (6/12) = ₹ 3,500

| **1** |
| ½ |
| ½ |

14

Dr	Realisation A/c			Cr		6
Particulars	Amount (₹)		Particulars	Amount (₹)		
To Building	1,20,000		By Provision on Debtors	4,000		

To Investment		30,600	By Creditors			80,000		
To Debtors		34,000	By Mrs Pradeep's Loan			40,000		
To Bills Receivable		37,400	By Investment Fluctuation Fund			8,000		
To Goodwill		4,000	By Bank A/c **1 ½**					
To Pradeep's Capital A/c **1/2**		40,000	Debtors	12,000				
To Bank A/c (expenses) **1/2**		2,500	Building	1,52,000				
To Bank A/c (creditors) **1/2**		59,000	Bill Recievable	36,000	2,00,000			
To Pradeep's Capital A/c **1/2**		1,000	By Cash A/c **1/2**			27,000		
To Partner's Capital A/cs: **1**								
Pradeep	18,300							
Rajesh	12,200	30,500						
		3,59,000				**3,59,000**		

Working Notes :-

i) Payment to creditors = (₹80,000 - ₹ 20,000) - { ₹ 60,000 X (10/100) X (2/12)}

= ₹ 60,000 - ₹ 1,000

= ₹ 59,000

*½ mark each for transferring assets and liabilities to realization account

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Adjustment Table:

Firm's		Particular's	Mudit's		Sudhir's		Uday's		
Dr	Cr		Dr	Cr	Dr	Cr	Dr	Cr	
	1,00,000	Profits Given	60,000		20,000		20,000		½
17,000		Interest on Capital		10,000		4,000		3,000	1 ½
18,000		Salary		18,000					½
15,000		Commission		3,000				12,000	1 ½
50,000		Profit to be credited		30,000		10,000		10,000	½
			60,000	**61,000**	**20,000**	**14,000**	**20,000**	**25,000**	

(marks column also shows: ½, 1½, ½ and 1 ½ lower)

Mudit's Commission = (53,000 X 6/106) = 3,000

RECTIFYING JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Sudhir's Current A/c Dr		6,000	
	To Mudit's Current A/c			1,000
	To Uday's Current A/c			5,000
	(Being interest on capital, salary and commission to partners missed in distributing profits, now adjusted)			

½
1
½

Or

Firm's		Particular's	Alia's		Bhanu's		Chand's		
Dr	Cr		Dr	Cr	Dr	Cr	Dr	Cr	
	80,000	Profits Given	30,000		30,000		20,000		1
36,000		Salary		18,000				18,000	
4,000		Commission				4,000			
40,000		Profit to be credited		35,000		5,000			
			30,000	53,000	30,000	9,000	20,000	18,000	

Divisible profits = ₹ 80,000 – ₹ 36,000 – ₹ 4,000 = ₹ 40,000

Alia's Share = ₹ 15,000 + ₹ 20,000 = ₹ 35,000

Bhanu's share = ₹ 15,000 - ₹ 10,000 = ₹ 5,000

Chand's share ₹ 10,000 – ₹ 10,000 = nil

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Bhanu's Capital A/c Dr Chand's Capital A/c Dr To Alia's Capital A/c (Being Salary, Commission to partners missed in distribution of profit, guarantee to Alia, now adjusted)		21,000 2,000	 23,000

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JOURNAL

Date	Particulars	L.F.	Amount (₹)	Amount (₹)	
	Bank A/c Dr To Equity Share Application A/c (Being application money received on 3,00,000 shares)		18,00,000	18,00,000	½

	Equity Share Application A/c Dr
	     To Equity Share Capital A/c
	     To Securities Premium Reserve A/c
	     To Equity Share Allotment A/c
	 (Being 2,00,000 shares allotted, excess amount transferred to allotment)
			18,00,000	8,00,000
				 4,00,000
				 6,00,000
					1

	Equity Share Allotment A/c Dr
	     To Equity Share Capital A/c
	     To Securities Premium Reserve A/c
	 (Being allotment due on 2,00,000 shares)
			14,00,000	10,00,000
				 4,00,000
					1

	Bank A/c Dr Calls in Arrears A/c Dr To Equity Share Allotment A/c (Being allotment money received on 199,600 shares)		7,98,400 1,600	8,00,000	1
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (Being share 1st call due on 2,00,000 shares)		2,00,000	2,00,000	½
	Bank A/c Dr Calls in Arrears A/c Dr To Equity Share First and Final Call A/c (Being first call received on 199,400 shares)		1,99,400 600	2,00,000	1

Marks column (right margin): 1 ½, 1, 1 ½, 8

		Equity Share Capital A/c Dr		6,000		1
		Securities Premium Reserve A/c Dr		800		
		To Calls in Arrears A/c			2,200	
		To Share Forfeited A/c			4,600	
		(Being forfeiture of 600 shares executed)				
		Bank A/c Dr		3,200		1
		Equity Share Forfeited A/c Dr		800		
		To Equity Share Capital A/c			4,000	
		(Being 400 shares reissued @ Rs 8, as fully called up)				
		Equity Share Forfeited A/c Dr		2,400		1
		To Capital Reserve A/c			2,400	
		(Being gain on reissue of forfeited shares transferred to Capital Reserve)				

Or

Date	Particulars	L.F.	Amount (₹)	Amount (₹)	
	Bank A/c Dr		2,40,000		½
	To Equity Share Application A/c			2,40,000	
	(Being application money received on 1,20,000 shares)				
	Equity Share Application A/c Dr		2,40,000		1
	To Equity Share Capital A/c			1,60,000	
	To Equity Share Allotment A/c			50,000	
	To Bank A/c			30,000	
	(being 80,000 shares allotted and excess amount transferred to allotment and then refunded)				½
	Equity Share Allotment A/c Dr		2,40,000		
	To Equity Share Capital A/c			2,40,000	
	(Being share allotment due on 80,000 shares)				1
	Bank A/c Dr		1,84,800		
	Calls in Arrears A/c Dr		5,200		
	To Share Allotment A/c			1,90,000	
	(Being allotment money received)				1
	Equity Share Capital A/c Dr		10,000		
	To Equity Share Forfeited A/c			4,800	
	To Calls in Arrears A/c			5,200	
	(Being forfeiture of 2000 shares executed)				1
	Equity Share First Call A/c Dr		1,56,000		
	To Equity Share Capital A/c			1,56,000	
	(Being share first call due on 78,000 shares)				1
	Bank A/c Dr		1,55,000		
	Call in arrear A/c Dr		1,000		
	To Equity Share First Call A/c			1,56,000	
	(Being first call received on 77,500 shares)				1
	Bank A/c Dr		9,000		
	To Equity Share Capital A/c			7,000	
	To Security Premium Reserve A/c			2,000	
	(Being 200 shares reissued @ Rs 7 paid up, for Rs 9)				
	Equity Share Forfeited A/c Dr.		2,400		

| | To Capital Reserve A/c
(Being gain on reissue of forfeited shares transferred to Capital Reserve) | | | 2,400 | **1** |

| 17 | | | | | | | | | | |

Dr   **Revaluation Account**   **Cr**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Creditors	7,000	By Machinery	20,000
To Partner's Capital A/c		By Outstanding Expenses	1,000
Divya 7,700			
Yasmin 4,900			
Fatima <u>1,400</u>	14,000		
	21,000		21,000

2 ½

Dr   **Partner's Capital Account**   **Cr**

Particulars	Divya	Yasmin	Fatima	Aditya	Particulars	Divya	Yasmin	Fatima	Aditya
To Furniture A/c	**80,000**	**80,000**	**80,000**		**By Balance b/d**	**5,10,000**	**3,00,000**	**5,00,000**	
To Balance C/d	**5,97,200**	**3,76,400**	**4,50,400**	**4,50,000**	**By Bank A/c**		**50,000**		**4,50,000**
					By Reserve Fund	49,500	31,500	9,000	
					By Premium for goodwill A/c	1,10,000	70,000	20,000	
					By Revaluation A/c	7,700	4,900	1,400	
	6,77,200	**4,56,400**	**5,30,400**	**4,50,000**		**6,77,200**	**4,56,400**	**5,30,400**	**4,50,000**

3

2 ½

Balance Sheet
As at 1.4.2018

Liabilities	Amount (₹)	Assets		Amount (₹)
Sundry creditors	77,000	Factory building		7,35000
Public deposits	1,19000	Plant and Machinery		2,00000
Outstanding Expenses	9,000	Furniture		20,000
Capital accounts		Stock		1,45000
Divya 5,97,200		Debtors	1,50000	
Yasmin 3,76,400		Less: Provision	(30000)	1,20000
Fatima 4,50,400		Cash at bank		8,59000
Aditya <u>4,50,000</u>	18,74,000			
	20,79000			**20,79000**

Working Notes:
1. Goodwill = 2.5 X {(₹ 60,000 + ₹ 20,00)/2} = ₹ 10,00,000

2.Dr   **Bank Account**   **Cr**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance B/d	1,59,000	By balance c/d	8,59,000

	To Aditya's Capital A/c To Premium for GoodwillA/c To Yasmin's CapitalA/c	4,50,000 2,00,000 50,000			
		8,59,000		8,59,000	**1**

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Date	Particulars		L.F.	Amount (₹)	Amount (₹)	
	Revaluation A/c	Dr		3,400		**1**
	To Motor Car A/c				900	
	To Stock a/c				2,500	
	(Being assets revalued at the time of retirement)					
	Adil's Capital A/c	Dr		1,700		
	Bhavya's Capital A/c	Dr		1,020		
	Cris Capital A/c	Dr		680		
	To revaluation A/c				3,400	**1.5**
	(Being loss on revaluation transferred to all partner's capital A/c)					
	General Reserve A/c	Dr		10,000		
	To Provision for bad debts A/c				2,000	
	To Adil's Capital A/c				4,000	
	To Bhavya's Capital A/c				2,400	
	To Cris Capital A/c				1,600	**1**
	(Being 20% of general reserve provided as provision for bad and doubtful debts and remaining distributed among old partners)					
	Investment Fluctuation Reserve A/c Dr			7,000		
	To Investments A/c				2,000	
	To Adil's Capital A/c				2,500	
	To Bhavya's Capital A/c				1,500	
	To Cris's Capital A/c				1,000	
	(Being Investment Fluctuation Reserve amount distributed among the partners after adjusting the fluctuation in Investment's Value)					**1.5**
	Adil's Capital A/c	Dr		6,000		
	Bhavya;s Capital A/c	Dr		3,600		
	To Cris's Capital A/c				9,600	**1**
	(Being adjustment of goodwill between partners made due to retirement of a partner)					
	Bank A/c	Dr		19,520		
	To Bank Loan A/c				19,520	**1**
	(Being amount borrowed from the Bank on the security of Building to pay off retiring partner)					
	Cris's Capital A/c	Dr		31,520		
	To Bank A/c				31,520	
	(Being retiring partner paid off the necessary amount)					

Part B: Analysis of Financial Statements **Option-I**				
18	Rent received is inflow of cash from Investing Activities			1

19	An advantage of preparing Cash Flow Statement is:-
	   i. Cash flow statement when used along with other financial statements provides information that enable users to evaluate changes in net assets of the enterprises, its financial structure and its ability to affect the amount and the timings of cash flows in order to adapt to changing circumstances and opportunities.
	   ii. Cash flow information is useful in assessing the ability of enterprise to generate cash and cash equivalents and enable users to develop models to assess and compare the present value of the future cash flows of different enterprises
	   iii. It also enhances the comparability of the reporting of operating performance by different enterprises because it eliminates the effects of using different accounting treatments for the same transactions and events.
	   iv. It also helps in balancing the cash inflow and cash outflow, keeping in response to changing conditions. It is also helpful in checking the accuracy of the past assessment of future cash flows and in examining the relationship between profitability and net cash flow and impact of changing prices.
	     (any one)
				1

20					
		Items	**Major Head of Balance Sheet**	**Sub Head of Balance Sheet**	1/2X8 =4
	i)	Loose Tools	Current Assets	Inventories	
	ii)	Retirement Benefits Payable to employees	Non-Current Liabilities	Long Term Provisions	
	iii)	Patents	Non-Current Assets	Fixed Asset (Intangible)	
	iv)	Interest on Calls in Advance	Current Liabilities	Other current Liabilities	

21	Sales = Cost of Revenue from Operations + Profit	1 X4=4 Marks

Sales = Cost of Revenue from Operations + Profit

If Sales is 100; Gross Profit = ₹ 20

Cost of Revenue from Operations = ₹ 100 - ₹ 20 = ₹80

Applying Unitary Method

If Cost of Revenue of Operation is ₹ 80, then Revenue from Operations = ₹ 100

If Cost of Revenue of Operation is ₹ 8,00,000

Then, Revenue from Operations = (₹ 8,00,000 X 100) /80 = ₹ 10,00,000 **1**

Revenue from Operations = Cash Revenue from Operations + Credit Revenue from Operations (i)

Let Cash Revenue from Operations be x; Credit Revenue from Operations = 4x

Substituting in (i)

₹ 10,00,000 = x +4x

x = ₹ 10,00,000 /5 = ₹ 2,00,000

Credit Revenue from Operations = ₹ 8,00,000 **1**

Trade Receivable Turnover ratio = Credit Revenue from Operations / Average Trade Receivables (ii)

Average Trade Receivables = (Opening Trade Receivables + Closing Trade Receivables) /2

Let Opening Trade Receivables be y; Closing Trade Receivables = y + ₹ 40,000

Substituting in (ii)

5 = ₹ 8,00,000 / (y + y + ₹ 40,000)/2

5 = ₹ 8,00,000 / (y + ₹ 20,000)

5y + ₹ 1,00,000 = ₹ 8,00,000

y= ₹ 7,00,000/5

y= ₹1,40,000 (Opening Trade Receivables) **1**

Opening Trade Receivables = ₹ 1,40,000

Closing Trade Receivables = Opening Trade Receivables + ₹ 40,000

= ₹1,40,000 +₹ 40,000

Closing Trade Receivables = ₹1,80,000 **1**

Or	

Current Assets = Liquid Assets + Inventories (excluding loose tools) +Prepaid Expenses

= ₹ 75,000+ ₹ 15,000 + ₹ 10,000

= ₹ 1,00,000 **1**

Working Capital = Current Assets – Current Liabilities

Current Liabilities = Current Assets – Working Capital

= ₹ 1,00,000 - ₹ 60,000

= ₹ 40,000 **1**

Current Ratio = Current Assets / Current Liabilities

= ₹ 1,00,000 / ₹ 40,000

= 2.5 : 1 **1**

Liquid Ratio = Liquid Assets / Current Liabilities

= ₹ 75,000 / ₹ 40,000

= 1.875 : 1 **1**

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Common Size Balance Sheet of R Ltd.
As at 31st March, 2017 and 2018
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Particulars	Note no.	Absolute Amounts		Percentage of Balance sheet Total		
		31.3.2017 (₹)	31.3.2018 (₹)	31.3.2017 (%)	31.3.2018 (%)	
I EQUITY AND LIABILITIES						
1. Shareholder's Funds:						½
a. Share Capital		2,00,000	2,50,000	66.7	62.5	½
b. Reserve and Surplus		60,000	80,000	20	20	
2. Current Liabilities:						½
a. Trade Payable		40,000	70,000	13.3	17.5	
Total		**3,00,000**	**4,00,000**	**100**	**100**	
II ASSETS						
1. Non-Current Assets:						
a. Fixed Assets:						
i. Tangible Assets		1,20,000	1,60,000	40	40	½
ii. Intangible Assets		30,000	20,000	10	5	½
2. Current Assets						½
a. Inventories		30,000	80,000	10	20	½
b. Trade Receivables		1,00,000	1,20,000	33.3	30	
c. Cash and Cash Equivalents		20,000	20,000	6.7	5	½
Total		**3,00,000**	**4,00,000**	**100**	**100**	

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Or
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Comparative Statement of
Profit and Loss of Sakhi Ltd.
For the year ending 31st March 2017 and 2018
</div>

Particulars	Note No.	Absolute amounts		Absolute change	Percentage change	
		31st March 2017	31st March 2018			½
Revenue from operations		20,00,000	25,00,000	5,00,000	25%	½
Less: Expenses Employee Benefit Expenses						½
						1
Other Expenses		7,00,000	10,00,000	3,00,000	42.85%	½
		3,00,000	2,00,000	1,00,000	33.33%	½
Total Expenses		10,00,000	12,00,000	2,00,000	20%	½
Profit before Tax		10,00,000	13,00,000	3,00,000	30%	
Less Tax@40%		4,00,000	5,20,000	1,20,000	30%	
Profit after Tax		6,00,000	7,80,000	1,80,000	30%	

Vishva Ltd
Cash Flow Statement for the year ended on 31ˢᵗ March, 2018

Particulars	Details	Amount (₹)
I. Cash Flow from Operating Activities		
Net profit before tax and Extraordinary Items (W.N. 1) **1**		26,640
Adjustment for Non cash and non-operating Expenses		
Add: Interest on Debentures	4,800	
Depreciation on Land and Building	1,200	
Depreciation on Plant and Machinery **1**	14,400	20,400
Operating Profit before Working Capital changes		47,040
Add: Increase in Current Liability and decrease in Current Assets		
Debtors	4,800	4,800
Less: Decrease in Current Liability and increase in Current Assets		
Trade Payables	(7,200)	
Inventories	(16,200)	
Bills Receivables	(10,800)	(34,200)
Cash Flow from Operating Activities before payment of Tax		17,640
Less : Tax paid		(14400)
Cash Flow from Operating Activities **1**		3,240
II Cash Flow from Investing Activities		
Purchase of Plant and Machinery		(2,400)
Cash used in Investing Activity **1**		(2,400)
III Cash Flow from Financing Activities		
Issue of Equity Shares	18,000	
10 % Debentures raised	12,000	
Interest on Debenture Paid	(4,800)	
Proceeds from Bank Overdraft	5,000	30,200
Cash Flow from Financing Activities **1.5**		
IV Increase in Cash and Cash Equivalents (I +II+ III)		31,040
V Opening Cash and Cash Equivalents		8,360
Closing Cash and Cash Equivalents (IV + V) 1/2		**39,400**

Working Notes:

Calculation of Net Profit before Tax and Extraordinary items:

Surplus i.e. Balance in Statement of Profit and Loss	9,840
Add: Transfer to General Reserve	3,600
Add: Provision for Tax	13,200
Net profit before tax and Extraordinary Item	26,640

Dr		Provision For Income Tax Account	Cr
Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Bank A/c (Tax Paid)	14,400	By Balance b/d	18,000
To Balance C/d	16,800	By Profit and Loss A/c	13,200
	31,200		31,200

Dr		Machinery Account	Cr
Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance B/d	34,800	By depreciation A/c	14,400
To Bank A/c	2,400	By Balance C/d	22,800
	37,200		37,200

	Part B: Computerised Accounting **Option II**	
18.	The function PMT is used to compute the loan repayment schedule.	1
19	Data validation is a feature to define restrictions on type of data entered into a cell. We can configure data validation rules for cells data that will not allow users to enter invalid data.	1
20	(Any four differences) 1. Application : Desktop database can be used by a single user server data base can be used by many users at the same time. 2. Additional provision for reliability: Desktop database doesn't present this but these provisions are available in server based database. 3. Cost: Desktop database tend to cost less than the server database. 4. Flexibility regarding the performance in front ends applications: It is not present in desktop database but server database provide this flexibility. 5. Suitability: Desktop database are suitable for small/home offices and server database are more suitable for large business organizations.	1X4=4
21	For installation of computerised accounting system, the following steps are required: 1. Insert CD in the system . 2. After inserting CD select the option in following steps ; a. Select any (C: or E: or D:) from My Computer icon on the desktop. Double click on install.exe OR b. Select start > run > type the file name E:\install.exe 3. After the above process the default directories of application , data and Configuration opens in a window. In case, the user wants to change the default directories then it can be changed by providing the desired drive and file name/directory name for example : D:\software name, instead of C :\accounting software (default name) 4. Click on install and installation process begins, accounting software displays the Message of successful installation, then this CD can be removed.	1X4=4
22	Following are the salient features of computerized accounting system : (any four) 1. It is designed to automate, integrate and simplify all the business operations, such as sales, finance, purchase, inventory and manufacturing. CAS is integrated to provide accurate, up-to-date business information rapidly in a cost effective manner. 2. It provides sufficient time to plan, increases data accessibility and enhances user satisfaction. With computerised accounting, the organisation will have greater transparency for day-to-day business operations and access to the vital information. 3 .It provides user -definable templates (data entry screens or forms) for fast, accurate data entry of the transactions. It also helps in generalizing desired documents and reports. 4. It enables in changing the volume of data processing in tune with the change in the size of the business. The software can be used for any size of the business and type of the organisation. 5. It makes sure that the generalised critical financial information is accurate, controlled and secured.	1x4=4
	OR	
	Limitations of Computerised accounting system : Following are the limitation of CAS software:	

	1. Faster obsolescence of technology necessitates investment in shorter period of time. 2. Data may be lost or corrupted due to power interruptions. 3. Data are prone to hacking. 4. Un-programmed and un-specified reports cannot be generated.	
23	Features of Tally 9.0 software are (any six) i) Gateway - Gateway is the starting of Tally. In other words we can say that gateway is the gate to enter in Tally. ii) Company creation - Before inputting accounting transactions, first we create a company through company creation. iii) Chat of accounts - Chart of accounts is the segmentation of Liabilities and Assets of Balance Sheet and preparation of Profit and Loss account. iv) Account master - Account master basically used for account group and ledger. v) Voucher entry - After creation of account user inputs accounting voucher entry in the book of accounts. In computerized accounting system all entries are inputted through a voucher entry. vi) Trial Balance - Trial balance is the statement of different closing balances of ledger. vii) Balance Sheet - The balance sheet is constructed by simply posting all items of liabilities and assets for the finalization of journal entry.	1x6=6