SAMPLE QUESTION PAPER-I

ACCOUNTANCY

CLASS XII

Max. Marks : 80 **Time Allowed : 3 hrs.**

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 Part B and C.

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

PART-A

PARTNERSHIP AND COMPANY ACCOUNTS

1. B and M are Partners in a firm. They withdrew Rs. 48,000 and Rs. 36,000 respectively during the year evenly at the middle of every month. According to the Partnership agreement, interest on drawing is to be charged @ 10% p.a.

   Calculate the interest on drawing of the partners using appropriate formula. 2

2. State the provision of Section 78 of Companies Act 1956, regarding the uses of Security Premium Amount. 2

3. How is Share Capital shown in the Company's Balance Sheet as per Section 211 Schedule VI part I of Company's Act 1956? 2

4. Excel Ltd. issued 4,00,000 9% Debentures of Rs. 50 each, payable on application, Pass journal entries at the time of following situations.

   (i) Issued at par redeemable at 10% Premium 2

   (ii) Issued at 5% discount, redeemable at 10% premium

5. What is Partnership? List any three main characteristics of Partnership. 3

6. What is meant by debentures? Name any four types of debentures. 3

7. What is meant by revaluation of assets and reassessment of liabilities on the reconstitution of the firm? What purpose does it serve at the time of reconstitution of partnership? 4

8. A, B and C started business on April 1, 2002 with capitals of Rs. 1,00,000, Rs. 80,000 and Rs. 60,000 respectively sharing profits (losses) in the ratio of 4:3:3. For the year ending March 31, 2003, the firm suffered a loss of Rs. 50,000. Each of the partners withdrew Rs. 10,000 during the year.

   On March 31, 2003 the firm was dissolved, the creditors of the firm stood at Rs. 24,000 on that date and cash in hand was Rs. 4000. The assets realised Rs. 3,00,000 and Creditors were paid Rs. 23,500 in full settlement of their claim.

   Prepare Realisation Account and show your workings clearly. 4

9. Bharat Ltd. was formed on 1.4.2003 with an authorised capital of Rs. 40,00,000 divided into Equity shares of Rs. 10 each.

   1. The company issued 5,000 shares to its Promoters as the remuneration of the services rendered by them at par.
   2. Company also issued shares at 10% Premium to Mr. Manoj for the Purchase of Assets of Rs. 5,50,000 from him.

   Pass the Journal entries for purchase of Assets and Shares issued to Promotors and Mr. Manoj.

   4

10 Hari Om Ltd. issued 1,50,000 12% debetures of Rs. 100 each at a premium of 10% payable as Rs. 40 on application and balance on allotment. Debentures are redeemable at Par after 3 years. All the money due on allotment was called up and received. Record necessary entries at the time of issue of debentures when premium is included in application money.

11. Mahesh Ltd. issued 1,00,000, 8% Debentures of Rs. 100 each on April 1, 2002 redeemable after 4 years. It has been decided to create Debenture Redemption Reserve for the purpose of redemption of debenture. The Sinking Fund Tables show that Rs. 0.2155 invested in 10% securities will amount to Re. 1 in 4 years. The relevant balances on April 1, 2005 were as follows :

Debenture 8%	=	Rs. 1,00,00,000
Debentures Redemption Fund Investment	=	Rs. 71,33,050
Debenture Redemption Fund	=	Rs. 71,33,050

   On March 31, 2006 the investments were sold at book value and the debentures were redeemed.

   You are required to pass journal entries for the year ending March 31,2006. 4

12. X and Y are Partners in a firm sharing Profits in the ratio of 3:2. They decided to admit Z as a new partner w.e.f. April 1, 2003. Future profits will be shared equally. The Balance Sheet of X and Y as at April 1, 2003 and the terms of admission are given below:

Balance Sheet of X and Y

Liabilities		**Amount Rs.**	**Assets**	**Amount Rs.**
Capitals :			Plant and Machinery	4,53,000
X	3,00,000		Furniture and Fittings	62,000
Y	3,00,000	6,00,000	Stock	84,000
S. Creditors		60,000	S. Debtors	36,000
Outstanding Expenses		15,000	Cash in hand	40,000
		6,75,000		6,75,000

(a) Capital of the firm was fixed at Rs. 6,00,000 to be contributed by Partners in the profit sharing ratio. The difference will be adjusted in cash.

(b) Z to bring his share of capital and Goodwill in cash. Goodwill of the firm is to be valued on the basis of two year's purchase of Super Profit. The average net profit expected in future by the firm is Rs. 90,000 per year. The normal rate of return on capital in similar business is 10%.

Calculate Goodwill and prepare Partners Capital A/c and Bank A/c. 6

13. The Balance Sheet of P, Q and R as on March 31, 2003 who were sharing profits in the ratio of 5:3:1 was as follows :

Liabilities		Amount Rs.	Assets		Amount Rs.
Bills Payable		40,000	Buildings		40,000
Loan From Bank		30,000	Plant and Machinery		40,000
Reserve Fund		9,000	Stock		19,000
Capital	P	44,000	S. Debtors	42,000	
	Q	36,000	Less Prov. for doubtful	2,000	40,000
	R	20,000	Cash at Bank		40,000
		1,79,000			1,79,000

The Partners dissolved the business. The assets realised - stock - Rs. 23,400, Debtors 50% fixed Assets 10% less than their book value. Bills payables were settled for Rs. 32, 000. There was an outstanding Bill of Rs. 800 which was paid off. Realisation expenses Rs. 1,250 were also paid.

Prepare Realisation Account, Bank Account and Partner's Capital Accounts. 6

OR

Pass necessary Journal entries for the following transactions, at the time of dissolution of the firm :

(i) Realisation Expenses Rs. 3000 paid.

(ii) Realisation Expenses paid Rs. 2000, Mr. 'X' one of the partners has to bear these expenses.

(iii) 'Y', one of the partners, took over a machine for Rs. 20,000.

(iv) 'Z' one of the partners agreed to take over the creditor of Rs. 30,000 for Rs. 20,000.

(v) 'A' one of the partners has given loan to the firm of Rs. 10,000. It was paid back to him at the time of dissolution.

(vi) Profit and Loss Account balance of Rs. 50,000 appeared on the assets side of the Balance Sheet.

14. M. K. Sales Company Ltd. issued a prospectus inviting applications for 1,00,000 shares of Rs. 10 each at a premium of Rs. 2.50 per share payable as follows:

On Application	Rs. 5.00
On Allotment	Rs. 5.00 (including Premium)
On First Call	Rs. 2.50

The Company received applications for 1,50,000 shares, allotment was made on Pro-rata basis. Over subscribed money received on application was adjusted with the amount due on allotment.

Mr. Hemant to whom 200 shares were alloted failed to pay the allotment money and the First Call, his shares were forfeited after the first call. Later on the shares were re-issued to Mohan as fully paid for Rs. 9/- per share.

Pass journal entries in the books of Company, for recording the above transactions. 6

15. The Balance Sheet of A, B and C who were sharing profits in the ratio of 5:3:2, is given below as at March 32, 2003 :

Balance Sheet of A, B and C as at March 31, 2003

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Capitals :			Land	4,00,000
A	7,20,000		Buildings	3,80,000
B	4,15,000		Plant and Machinery	4,65,000
C	3,45,000	14,80,000	Furniture and Fitting	77,000
Reserve Fund		1,80,000	Stock	1,85,000
Sundry Creditors		1,24,000	Sundry Debtors	1,72,000
Outstanding Expenses		16,000	Cash in hand	1,21,000
		18,00,000		18,00,000

B retires on the above date and the following adjustments are agreed upon his retirement :

(a) Stock was valued at Rs. 1,72,000.

(b) Furniture and fittings were under valued by Rs. 3000.

(c) An amount of Rs. 10, 000 due from Mr. D. was doubtful and a provission for the same was required.

(d) Goodwill of the firm was valued at Rs. 2,00,000 but it was decided not to show goodwill in the books of accounts.

(e) B was paid Rs. 40,000 immediately on retirement and the balance was transferred to his loan Account.

(f) A & C were to share future profits in the ratio of 3:2.

Prepare Revaluation Account, Capital Account and Balance Sheet of the reconstituted firm. 8

OR

P, Q and R were Partners sharing profits in the ratio of 3:1:1. The balance sheet of the firm is given below as at March 31, 2002.

Balance Sheet of P, Q and R as at March 31, 2002

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Capitals :			Land	2,80,000
P	6,03,000		Buildings	3,40,000
Q	4,12,800		Plant and Machinery	2,48,000
R	2,01,900	12,18,000	Furniture and Fitting	48,000
General Reserve		10,000	Stock	1,09,000
S. Creditors		62,000	S. Debtors	1,32,000
			Cash in Bank	1,33,000
		12,90,000		12,90,000

Partnership deed provides for the settlement of claim on death of a partner in addition to his capital as under :

(i) The share of profit of deceased partner to be computed on the basis of average profits of the past three years for the period from the last balance sheet to date of death of the partner.

(ii) His share in profit / loss on revaluation of assets and reassessment of liabilities.

(iii) His share of Goodwill valued on the basis of two years purchase of last three average profits.

Q died on June 1, and the following information is provided :

(a) Profits for the last three years were :

Rs. 80,000, Rs. 1,30,000 and Rs. 1,50,000

(b) The assets were revealed as Land Rs. 3,80,000 Plant and Machinery Rs. 1,80,000.

(c) Q withdrew Rs. 10,000 during the current financial year.

(d) Rs. 1, 00,000 was paid immediately on Q's death to his executors and the balance amount was to be paid later.

Pass the Journal entries to give effect to the transactions relating to death of Q in the books of the firm.

PART B

ANALYSIS OF FINANCIAL STATEMENTS

16. What are two major inflow and two major outflows of cash from investing activities? 2

17. Mutual Fund Company receives a dividend of Rs. 25 lakhs on its investments in other Company's shares. Why is it a cash inflow from operating activities for this Company? 2

18. What is meant by financial analysis? Mention only two tools used for financial analysis. 3

19. The Current Assets of a company are Rs. 1,26,000 and the current Ratio is 3:2 and the inventories are Rs. 2000. Find out the Liquid Ratio. 3

20. Inventory Turnover Ratio is 3 times. Sales are Rs. 1,80,000, Opening Stock is Rs. 2000 more than the closing stock. Calculate the opening and closing stock when goods are sold at 20% profit on cost. 4

21. The net profit of a company before tax is Rs. 12,50,000 as on March 31, 2003, after considering the following :

Depreciation on Fixed Assets	Rs. 25,000
Goodwill written off	Rs. 15,000
Loss on sale of Machine	Rs. 12,000

The current assets and current liabilities of the company in the beginning and at the end of the year were as follows :

	March 31, 2002	**March 31, 2003**
Bills Receivables	25,000	15,500
Bills Payables	10,000	12,500
Debtors	30,000	38,800
Stock in hand	18,000	14,000
Outstanding Expenses	8,000	7,000

Calculate Cash flow from operating activities. 6

OR

Q21. Prepare Cash Flow Statement of Rose Ltd. from the following information for the year ended March 31, 2004

Particulars	March 31, 03	March 31, 04
Investments	1,80,000	2,40,000
Fixed Assets (at cost)	2,10,000	4,00,000
Equity Share Capital	10,00,000	14,00,000
Long Term Loan	8,00,000	4,50,000
Cash	64,000	44,000

Additional Information

i. Cash Flows from operating Activities after tax and extraordinary items Rs. 3,80,000/-

ii. Depreciation on Fixed Assets Rs. 85,000/-

iii. Interest received Rs. 45,000/-

iv. Dividend paid during the year Rs. 1,60,000/-

PART C

COMPUTERISED ACCOUNTING SYSTEM

16. What do you understand by Relation or Relationship type. (2)

17. Explain with one example Multi-group ledgers or Single group ledgers. (2)

18. How do you transform many-to-many relationship into database tables? Illustrate (3)

Accounting Reality for Q. 19, 20 and 21

The following statements describe the accounting reality in any organisation :

(a) Accounting transactions of an organisation are documented using a voucher.

(b) Each voucher is assigned a unique number which begins with months of date of voucher followed by a serial number. “05 01” indicates first voucher of May. There are two types of vouchers used for documenting the transaction: Voucher-1 and Voucher-2 as shown below:

Voucher-1

Voucher 05 02 Date : 05-May-2002

Credit Account : 631001 Cash Account M/s Satyam Computers

Debit Account

S. No.	Code	Name of Account	Amount (Rs.)	Narration
1.	711001	Purchases	60000	Purchases from R. S. Sons
		Total	60000	

Authorised by Aditya Prepared by Sunil

Voucher-2

Voucher 04 01 Date : 01-April-2002

Debit Account : 631001 Cash Account M/s Satyam Computers

Debit Account

S. No.	Code	Name of Account	Amount (Rs.)	Narration
1.	110001	Capital Account	100000	Purchases from R. S. Sons
		Total	100000	

Authorised by Aditya Prepared by Ramesh

The transaction Voucher-1 is used for debiting one or more accounts with one accounts with one account being credited. The transaction Voucher-2 is used for crediting one or more accounts with one account being debited.

(a) Each voucher is prepared by a particular employee and authorised by another employee.

(b) There is an exhaustive list of Accounts with respect to which the transactions are documented.

(c) Each Account is classified as belonging to one of the types :

Expenditure, Income, Assets and Liabilities.

Required

19. Conceptualise the above accounting reality in terms of E R Model concepts. (6)

20. Develop and depict an E R Model for this accounting reality. (3)

21. Show the database design in terms of relevant data tables and their inter-relationship. (4)

MARKING SCHEME

SET I

1. Calculation of Interest on Partners Drawings :

Formula : Drawings x Rate x 6/12 (which amount is drawn in the middle of month)

$$B = \frac{48000 \times 10 \times 6}{100 \times 12} = \text{Rs. } 2400$$ 1

$$M = \frac{36000 \times 10 \times 6}{100 \times 12} = \text{Rs. } 1800$$ 1

2. Provisions of Section 78 of Companies Act 1956 regarding the uses of Security Premium :

(a) In paying up unissued securities of the company to be issued to members of the company as fully paid bonus securities.

(b) To write off Preliminary expenses of the Company.

(c) To write off the expenses of or commission paid or discount allowed on any of the securities of the company.

(d) To pay premium on the redemption of preference shares or debentures of the company.

½ x 4 = 2

3. Balance Sheet of X Ltd. as per Section 211 Schedule VI Part I

Liabilities	Amount
Share Capital :	
- Authorised Capital	
- Issued Capital	
- Subscribed Capital and called up Capital	
Less calls unpaid	
Add forfeited shares	
(Amount originally paid up)	

4. **Journal entries**

(i)	Bank A/C	Dr.	200,00,000	
	Loss on issue of Deb. A/C	Dr.	20,00,000	
	To 9% Debentures A/C			200,00,000
	Premium on realisation of Deb. A/C			20,00,000
	(Debenture issued at par repayable at premium)			
(ii)	Bank A/C	Dr.	190,00,000	
	Loss on issue of Deb. A/C	Dr.	30,00,000	
	To 9% Debenture A/C			2,00,00,000
	To Premium on redemption of Deb. A/C			20,00,000
	(Debentures issued at discount repayable at Premium)			

1 x2 = 2

5. Meaning of Partnership :

The relation between persons who have agreed to share the profit of a business carried on by all or any one of them acting for all.

Characteristics (any three)

1. Two or more persons
2. Agreement between the Partners
3. Business
4. Sharing of Profits
5. Business carried on by all or any one of them acting for all 2+1 = 3

6. Meaning of Debentures :

Debenture is an instrument of debt owed by a Company. As an acknowledgement of debt, such instruments are issued under the seal of a Company and duly signed by authorised signatory.

Types of Debentures (any four)

(i) Secured;

(ii) Unsecured;

(iii) Redeemable;

(iv) Perpetual;

(v) Convertible;

(vi) Non-convertible;

(vii) Zero coupon rate;

(viii) Specific rate; 1+2 = 3

7. At the time of reconstitution of a Firm the present value of the Assets maybe different from their book value and the same condition may be with the liabilities. Hence a revaluation of Assets and reassessment of Liabilities becomes necessary to adjust the profit or loss on revaluation in the Capital Accounts of the old Partners in their old profit sharing ratio.

The main purpose of revaluing assets and re-assessing the liabilities is that a partner who gains on account of such a change should compensate the other partner(s) who are expecting loss in their profit share in future.

4

8. Dissolution of a Partnership Firm ½x4 = 2

Memorandum Balance Sheet of A, B and C as on 31st March, 2003

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
A	100,000		Cash in hand	4,000
Less loss	-20,000			
	80,000			
Less Drawings	-10,000	70,000	Sundry Assets	1,80,000
B	80,000		(Balancing Figure)	
Less loss	-15,000			
	65,000			

Less Drawings	10,000	55,000		
C	60,000			
Less loss	-15,000			
	45,000			
Less Drawings	-10,000	35,000		
Creditors		24,000		
		1,84,000		1,84,000

½ x 4 = 2

(½ mark for correct calculation of each Partners Capital and the amount of assets)

Realisation A/C

To S. Assets	1,80,000	By Creditors	24,000
To Cash A/C	23,500	By Cash	3,00,000
To Capital A/C (Profit)			
A 48,200			
B 36,150			
C 36,150	1,20,500		
	3,24,000		3,24,000

1+1=2

1 mark for placing the figure and 1 mark for calculation and distribution of Profit among Partners

9. **Journal**

1.	Formation Expenses A/C Dr.	50,000	
	To Share Capital A/C		50,000
	(Share issued to promotion)		

2.	Asset A/C Dr.	5.50,000	
	To Manoj		5,50,000
	(Asset purchased from Mr. Manoj)		
	Manoj Dr.	5,50,000	
	To Share Capital A/c		5,00,000
	To Security Premium A/C		50,000
	(Shares issued to Manoj for purchase of Asset)		

1+1+2=4

10.

Date	Particulars	L.F.	Debit	Credit
	Bank A/C		75,00,000	
	To 12% Debenture Application A/C (Debenture application money received)			75,00,000
	12% Debenture Application A/C		75,00,000	
	To 12% Debenture A/c			60,00,000
	Securities Premium A/C			15,00,000
	(Application money transferred to 12% Debenture and Securities premium, consequent upon allotment)			
	12% Debenture Allotment A/C Dr.		90,00,000	
	To 12% Debenture A/C			90,00,000
	(12% Debenture Allotment made due)			
	Bank A/C		90,00,000	
	To 12% Debenture Allotment A/C			90,00,000
	(12%Debenture Allotment money received)			

(1mark for each entry 1x4 = 4marks)

11. **Journal Entries**

31 March, 2006	Bank A/C Dr.	7,13,305		
	To Interest on Deb. Red. Fund Inv. A/C		7,13,305	
	(Interest received on investments)			1
	Interest on Deb. Red. Fund Investment A/C Dr.	7,13,305		
	To Deb. Redemption Fund A/C		7,13,305	
	(Interest transferred to Deb. Redemption Fund)			½
	P & L App. A/C Dr.	21,55,000		
	To Deb. Redemption Fund A/C		21,55,000	
	(Amount of Profit transferred to Deb. Redemption Fund A/C			1
	Bank A/C Dr.	71,33,050		
	To Deb. Red. Fund Investment A/C		71,33,050	
	(Investments sold at par)			½
	Deb. Red. Fund A/C Dr.	1,00,01,355		
	To General Reserve A/C		1,00,01,355	
	(The amount of Deb. Red. fund transferred to General Reserve A/C)			½
	(7,13,305+21,55,000+71,33,050)			
	8% Debentures A/C Dr.	1,00,00,000		
	To Bank A/C		1,00,00,000	
	(Debentures redeemed)			½

Total = 4

12. Calculation of Goodwill

Capital	Rs. 6,00,000	given	
Normal Rate	10%	given	
Expected Profit	90,000	given	
Average Profit	60,000	(6,00,000x10/100)	
Super Profits	30,000	(90,000-60,000)	
Goodwill (30,000x2) = 60,000			2

Partners Capital A/Cs

	X	Y	Z		X	Y	Z
To X (Goodwill)			16,000	By Balance b/d	3,00,000	3,00,000	
To Y (Goodwill)			4,000	By Bank A/C			2,00,000
To Bank	1,16,000	1,04,000		By Bank A/C			20,000
To Balance c/d	2,00,000	2,00,000	2,00,000	Premium for Goodwill	16,000	4,000	
	3,16,000	3,04,000	2,20,000		3,16,000	3,04,000	2,20,000

3

Bank A/C

To Balance b/d	40,000	By X's Capital	1,16,000
To Z's Capital	2,00,000	By Y's Capital	1,04,000
To Z's Capital (brought in by Z)	20,000	By Balance b/d	40,000
	2,60,000		2,60,000

1

Working Notes :

Sacrificing Ratio :

$$X \quad \frac{3}{5} - \frac{1}{3} = \frac{9-5}{15} = \frac{4}{15}$$

$$Y \quad \frac{2}{5} - \frac{1}{3} = \frac{6-5}{15} = \frac{1}{5}$$

2+3+1 = 6

13

Realisation A/C

	Rs.		Rs.
To Building	40,000	By Bills Payable	40,000
To Plant and Machinery	40,000	By Loan from Bank	30,000
To Stock	19,000	By Reserve for Bad Debts	2,000
To Debtors	42,000	By Bank (Stock)	23,400
To Bank (Bills Payable)	32,000	By Bank (Debtors)	21,000
To Bank (Bank Loan)	30,000	By Bank (Fixed Assets)	72,000
To Bank (Realisation Exp)	1,250	By Partners Capital A/C	
To Bank (Repair Bill)	800	P 9,250	
		Q 5,550	
		R 1,850	16,650
	2,05,050		2,05,050

2½

Bank A/c

To Balance b/d	40,000	By Realisation (BP)	32,000
To Realisation (Stock)	23,400	By Bank Loan	30,000
To Realisation (Debtors)	21,000	By Realisation Expenses	1,250
To Realisation (Fixed Assets)	72,000	By Repairs Bill	800
		By Capital P 39,750	
		Q 33,450	
		R 19,150	92,350
	1,56,400		1,56,400

2½

Partners Capital A/c

Dr. Cr.

Particulars	P	Q	R	Particulars	P	Q	R
To Realisation (Loss)	9,250	5,550	1,850	By Balance B/d	44,000	36,000	20,000
To Bank A/c	39,750	33,450	19,150	By Reserve Fund	5,000	3,000	1,000
	49,000	39,000	21,000		49,000	39,000	21,000

1½

OR

Journal Entries

(i)	Realisation A/c	Dr.	3,000	
	To Bank A/c			3,000
	(Realisation expenses paid)			
(ii)	X's Capital A/c	Dr.	2,000	
	To Bank A/c			2,000
	(X bears Realisation Expenses)			
(iii)	Y's Capital A/c	Dr.	20,000	
	To Realisation A/c			20,000
	(Y took over machine)			
(iv)	Realisation A/c	Dr.	20,000	
	To Z's Capital A/c			20,000
	(Z's took over the credit)			

(v)	A's Loan A/c	Dr.	10,000	
	To Bank A/c			10,000
	(A's loan paid)			
(vi)	All the Partners Capital A/c	Dr.	50,000	
	To P & L A/c			50,000
	(Loss charged to Partners Capital A/c)			

1 x 6 = 6

14. Journal Entries M.K. Sales Company

Date	Particulars		LF	Amount Dr. (Rs.)	Amount Cr. (Rs.)
	Bank A/c	Dr.		7,50,000	
	To Share Application A/c				7,50,000
	(Received application money for 150,000 shares @ Rs. 5)				
	Share application A/c	Dr.		7,50,000	
	To Share Capital A/c				5,00,000
	To Share allotment A/c				2,50,000
	(Application money adjusted)				
	Share allotment A/c	Dr.		5,00,000	
	To Share Capital A/c				2,50,000
	To Security Premium A/c				2,50,000
	(Allotment money due)				

	Bank A/c Dr. Calls in Arrears A/c Dr. To Share Allotment A/c (Allotment money received for 99800)		2,49,500 500	 2,50,000
	Share first call A/c Dr. To Share Capital A/c (First call Money Due)		2,50,000	 2,50,000
	Bank A/c Dr. Call in Arrears A/c Dr To Share First Call A/c (First call money received for 99,800 shares)		2,49,500 500	 2,50,000
	Share Capital A/c Dr. Security Premium A/c Dr. To Call in Arrears A/c To Share forfeited A/c (200 shares forfeited)		2,000 500	 1,000 1,500
	Bank A/c Dr. Share Forfeited A/c Dr. To Share Capital A/c (200 shares reissued)		1,800 200	 2,000
	Share forfeited A/c Dr. To Capital Reserve A/c (Excess amount in Share forfeited A/c transferred to Capital Reserve A/c)		1,300	 1,300

½ Mark to each correct entries 1 to 6 = ½x6 =3

½ Mark to each correct entry from 7 to 9 = 1x3=3 6

15. **Revaluation A/c**

To Stock	13,000	Furniture & Fittings			3,000
Provision for Bad & Doubtful debts	10,000	Loss	A	10,000	
			B	6,000	
			C	4,000	20,000
	23,000				23,000

2

Partners Capital A/cs

	A	B	C		A	B	C
To Revaluation (Loss)	10,000	6,000	4,000	By Balance b/d	7,20,000	4,15,000	3,45,000
To B's Capital A/c (goodwill)	20,000		40,000	By Reserve Fund	90,000	54,000	36,000
To Cash A/c (Goodwill)		40,000		By A's Capital A/c		20,000	
To B's Loan A/c		4,83,000		By C's Capital A/c		40,000	
To Balance b/d	7,80,000		3,37,000				
	8,10,000	5,29,000	3,81,000		8,10,000	5,29,000	3,81,000

1+1+1=3

Balance Sheet of A and C as on 31st March,2003

Capital A	7,80,000	Land		4,00,000
C	3,37,000	Building		3,80,000
B's Loan A/c	4,83,000	Plant &Machinery		4,65,000
S.Creditors	1,24,000	Furniture & Fittings		80,000
Outstanding Expenses	16,000	Stock		1,72,000
		Debtors	1,72,000	
		Less Pro. of B D	10,000	1,62,000
		Cash in Hand		81,000
	17,40,000			17,40,000

3

Working Notes:

Gaining ratio: A $\frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} - \frac{1}{10}$ Gain

C $\frac{2}{5} - \frac{2}{10} = \frac{4-2}{10} - \frac{2}{10}$ Gain

Gaining Ratio = 1:2

Goodwill : B's share 2,00,000 x3/10=60,000

From A 60,000 x 1/3=20,000

From C 60,000 x 2/3=40,000 2+3+3=8

OR

Calculation of Profit of

Average Profit of last 3 years = $\frac{3,60,000}{3}$ = 1,20,000

Profit for 2 months 120,000 x $\frac{2}{12}$ = Rs. 20,000

Q's share of Profit 20,000 x $\frac{1}{5}$ = Rs. 4,000

Calculation of Goodwill

Goodwill of the firm = $\frac{3,60,000 \text{ x } 2}{3}$ = Rs. 2,40,000

Q's share of Goodwill = Rs. 48,000

Journal Entries

June 2002	Profit & Loss Suspense A/c Or Deceased partner's share in Profit A/c Dr. To Q's Capital A/c (Profit upto the date of death credited to Q)	4,000	 4,000	 (1)
	P's Capital A/c Dr. R's Capital A/c Dr. To Q's Capital A/c (Share of Goodwill of Q adjusted in Gaining ratio)	36,000 12,000	 48,000	 (1)
	Land A/c Dr. To Revalution A/c (The value of Land increased)	1,00,000	 1,00,000	 (½)
	Revaluation A/c Dr. To Plant & machinery A/c (To value of Plant decreased)	68,000	 68,000	 (½)
	Revalution A/c Dr. To P's Capital A/c To Q's Capital A/c To R's Capital A/c (Profit on revaluation transferred to Partner's Capital A/cs)	32,000	 19,200 6,400 6,400	 (1)

	General Reserve A/c Dr. To Q's Capital A/c (Share of General Reserve credited to Q's Capital A/c)	2,000	2,000	(1)
	Q's Capital A/c Dr. To Q's Drawings A/c (Amount of Drawings adjusted with Capital A/c)	10,000	10,000	(1)
	Q's Capital A/c Dr. To Q's Excutors A/c (Amount of Capital balance transferred to his Executor A/c)	4,63,200	4,63,200	(1)
	Q's Executor A/c Dr. To Bank A/c (Cash paid to Q's Executor)	1,00,000	1,00,000	(1)

Working Notes

Q's Capital A/c

To Drawing A/c	10,000	By Balance b/d	4,12,800
To Q's Execution A/c	4,63,200	By P&L Suspense A/c	4,000
		By P's Capital (Goodwill)	36,000
		By R's Capital (Goodwill)	12,000
		By Revaluation (profit share)	6,400
		By General Reserve	2,000
	4,73,200		4,73,200

PART B

ANALYSIS OF FINANCIAL STATEMENTS

16. Inflows of cash from Investing Activities (any 2 of the following)

    (i) Sale of fixed assets.

    (ii) Sale of investments

    (iii) Repayment of advances and loans made to third parties

    Outflows of Cash from Investing Activites (any 2 of the following)

    (i) Purchase of fixed Assets

    (ii) Purchase of Investments

    (iii) Advances and Loans made to third parties. (1+1=2)

17. The Mutual Fund Company is a Finance Company. The Dividend received by it on the shares held in other companies is its revenue income. Therefore the dividend received by this company is cash inflow from operating activities. 2

18. Financial Analysis is a Systematic process of the critical examination of the financial information contained in the financial statements in order to understand and make decisions regarding the operations of the firm. (2 marks)

    The tools used for financial analysis are as follows : (any two)

    a) Comparative statements

    b) Common-size statements

    c) Trend Analysis

    d) Ratio Analysis

    e) Cash flow Analysis (½ marks x 2) = 1marks

    (2+1= 3 marks)

19. Current Assets = Rs. 1,26,000

    Current Ratio = 3/2

    $$\text{Current Liabilities} = \frac{\text{CA}}{\text{Current Ratio}}$$

$$= \frac{1,26,000}{3/2} = \frac{1,26,000}{3} \times 2$$

$= 84,000$ (a) (1)

Liquid Assets = CA - Inventory

= 1,26,000 - 2,000

= 1,24,000 (b) (1)

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

$$= \frac{1,24,000}{84,000} - \frac{31}{21}$$

(1+1+1=3)

20. Sales = 1,80,000

Rate of profit = 20% on cost

$$\text{Cost of goods sold} = \frac{100}{120} \times 1,80,00$$

= 1,50,000 (1)

$$\text{Inventory Turn Over Ratio} = \frac{\text{C.O.G.S.}}{\text{Average Inventory}}$$

If Closing Stock = x

Opening Stock = x + 2000

$$\text{Average Stock} = \frac{x + x + 2000}{2} = x + 1000$$ (1)

$$\text{Now} = \frac{\text{C.O.G.S.}}{\text{Average Inventory}} = 3$$ (1)

$$\text{or} = \frac{1,50,000}{x + 1,000} = 3$$ (1)

or $x + 1{,}000 = 50{,}000$

$x = 49{,}000$ i.e. Closing Stock

Opening Stock = 49,000 + 2,000

= 51,000 (1)

(1+1+1+1=4)

21. **Cash flow from Operating Activities**

Net Profit Before Tax	12,50,000		½
Add			
(i) Depreciation on Fixed Assets	25,000		½
(ii) Goodwill written off	15,000		½
(iii) Loss on Sale of a Machine	12,000		½
Operating Profit before Working			
Capital Changes	13,02,000		½
Add			
Decrease in Bills Receivable	9,500		½
Increase in Bills Payables	2,500		½
Decrease in Stock in hand	4,000		½
13,18,000	13,18,000		½
Less : Increase in Debtors	(8,800)		½
Decrease in Expenses Outstanding	(1000)		½
Cash flow from Operating Activities	13,08,200	13,08,200	½

Or

Prepare cash flow Statement of rose Ltd. form the following information for the year ended March 31, 2004

Particulars	**March 31, 03**	**March 31, 04**
Investments	1,80,000	2,40,000
Fixed assets (at Lost)	2,10,000	4,00,000
Equity share Capital	10,00,000	14,00,000
Long term team	8,00,000	4,45,00
Cash	64,000	44,000

Additional Information

i) Cash flows from operating activities after tax and extra ordinary tens Rs. 3,80,000

ii) Depreciation on fixed assets Rs. 85,000

iii) Interest Received Rs. 45,000

iv) Dividend paid during the year Rs. 1,60,000

Solution

Cash flow Statement for the year ended March 31, 2004

	Particulars	**Details**	**Amount**
A.	Cash flows from Operating Activities		3,80,000
B.	**Cash flows from Investing Activites**		
	Purchase of Investments	(60,000)	
	Purchase of Fixed Assets	2,75,000	
	Interest Received	45,000	
	Cash outflow from Investing Activities		(2,90,000)
C.	Cash flows from financing Activities		
	Issue of Equity shares	4, 00,000	
	Repayment of loan	(3,50,000)	

	Payment of Dividend	(1,60,000)	
	Cash outflow from financing Activities		(1,10,000)
	Cash flows generated during the year		(20,000)
	Add: Cash & cash equivalents in the beginning of the year		64,000
	Cash & cash equivalents at the end of the year.		44,000

(½ mark for each amount)

(= ½ x 12= 6 marks)

PART C

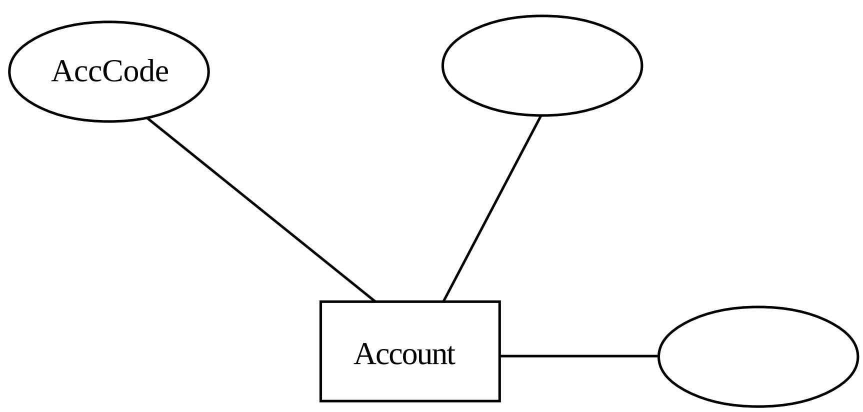
COMPUTERISED ACCOUNTING SYSTEM

16. What is meant by relation or Relationship type? 2

Answer

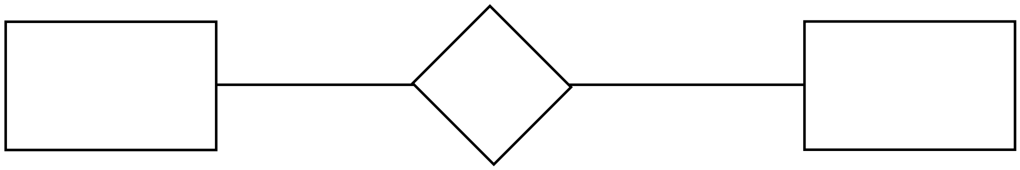
Relation

A relation is any entity whose attributes are relevant to the business application under context. It is represented as a rectangle, and its attributes are shown as ovals

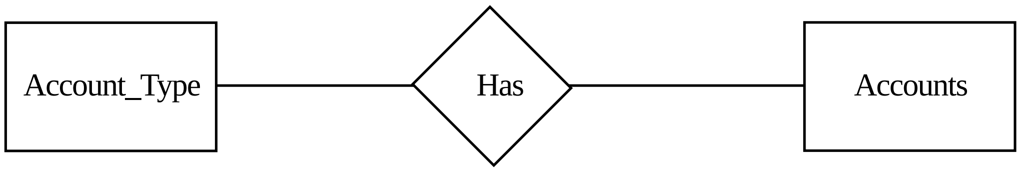


Relationship Type

It means the kind of relationship among instances (tuples) of relations (s)



Give an example from accounting reality



Relationship type could be :

1. one-to-one
2. one-to-many
3. many-to-many

17. Explain with one example Multi-group ledgers or Single group ledgers. (2)

Answer

An example of Multi-group ledger could be assets which could be further divided as Fixed Assets and Current Assets. Each of these could be further divided into various types.

Likewise one could give an example of single group ledger.

18. How do your transform many-to-many relationships into database tables? Illustrate (3)

Answer

Many to many relationships are not directly transferable into database tables. These relationships have to be further explored to convert these into either one-to-one or one-to-many relationships. Once that is done, these can be converted into database tables.

Give an illustration

19. Conceptualise the above accounting reality in terms of ER Model concepts

Answer.

Give details of the following :

Relations

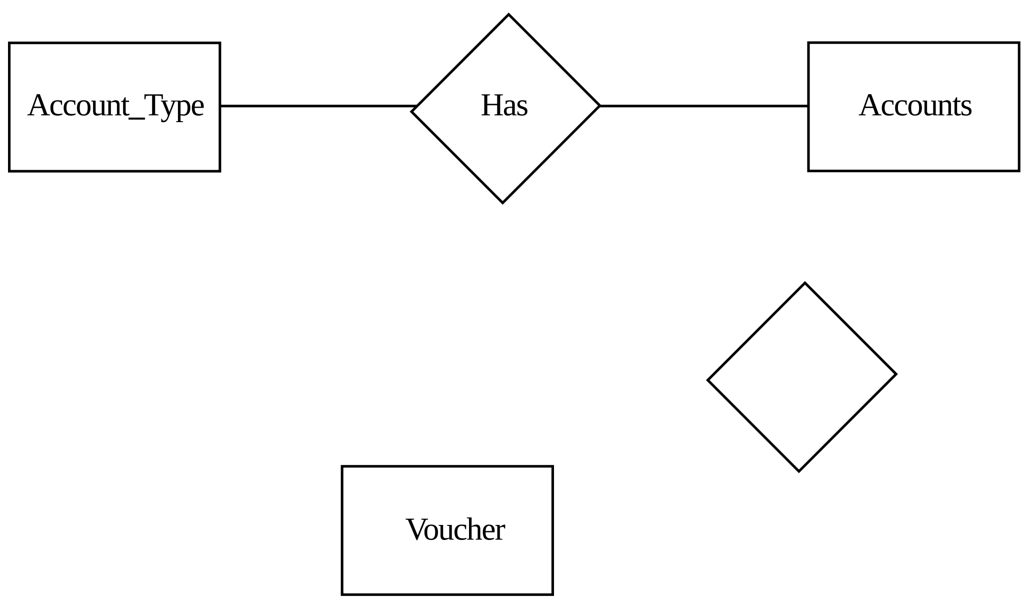
Attributes

Relations

Relationship Type

Relationship Degree

20. Develop and depict an E R Model for this accounting reality. (3)



21. Show the database design in terms of relevant data tables and their inter-relationships. (4)

(Hint : Each of the entity as shown in Answer-5 will be translated into a table. Data types of the field would be appropriately chosen.

SAMPLE QUESTION PAPER - SET 1

QUESTION WISE ANALYSIS

S. No.	Instructional Objective	Specification	Content Unit	Form of Question LA/SA/VSA	Marks Allotted	Estimated Difficulty Levels (A,B,C)
1.	Understanding	Calculates	1	VSA	2	B
2.	Knowledge	Recalls	4	VSA	2	A
3.	Understanding	Shows presention	4	VSA	2	B
4.	Understanding	Passes Journal Entry	5	VSA	2	B
5.	Knowledge	Recalls and lists	1	SA	3	A
6.	Knowledge	Recalls	5	SA	3	A
7.	Knowledge	Recalls	2	SA	3	A
8.	Understanding	Prepares Accounts	3	SA	4	B
9.	Understanding	Passes Journal Entries	4	SA	4	B
10.	Understanding	Prepares Account	5	SA	4	B
11.	Understanding	Passes Journal Entries	5	SA	4	B
12.	Application	Prepares account	2	LA	6	C
13.	Understanding	Prepares Accounts	3	LA	6	C
14.	Understanding	Passes Journal Entries	4	LA	6	B
15.	Understanding	Prepares Accounts	2	LA	8	C
16.	Knowledge	Recalls	6.2	VSA	2	A
17.	Application	Reasons	6.2	VSA	2	C
18.	Knowledge	Recalls	6.1	SA	3	A
19.	Understanding	Finds Ratios	6.1	SA	3	B
20.	Understanding	Calculates	6.1	SA	4	B
21.	Understanding	Calculates/works Out	6.2	LA	6	B