SAMPLE QUESTION PAPER-II

ACCOUNTANCY

CLASS XII

Maximum 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 question should be attempted at one place.

PART-A

PARTNERSHIP AND COMPANY ACCOUNTS

1 A & B are partners sharing Profit or Loss in the ratio of 3:2 having capital balances of Rs. 50,000 & Rs. 40,000 on 1.4.2003. On 1st July, 2003 A introduced Rs. 10,000 as his additional capital whereas B introduced only Rs. 1000. If the interest on capital is allowed to partners @ 10% p.a. calculate the interest on capital if the financial year closes on 31st of March every year. 2

2. A and B share Profits in the ratio of 8:7. C is admitted to partnership firm for 1/5th share. Find out the new profit sharing ratio. 2

3 Give four differences between dissolution of Patnership and dissolution of Partnership Firm. 2

4 Pass the Journal entries for the following at the time of dissolution of a firm :

(i) Sale of Assets = Rs. 50,000

(ii) Payment of Liabilities = Rs.10,000

(iii) A commission of 5% allowed to Mr. X a partner, on sale of assets. 2

5. What is ‘Partnership deed’? Give any four important contents of a Partnership deed. 3

6 On June 1, 2003 Moon Ltd. purchased 5,000 8% Debentures of Rs. 100 each at the rate of Rs. 98. The interest is payable on March 31 and September 30 every year. Calculate the real price of the debentures acquired if the price quoted above is (i) ex-interest and (ii) cum-interest. 3

7 What is the objective of taking a joint life policy by the partners? Explain two methods for recording the premium paid on Joint Life Policy?

8 X and Y are partners in a firm sharing profits in the ratio of 2:3. The Balance Sheet of the firm as at March 31, 2003 is given below :

Balance sheet of X and Y as at March 31, 2003

Liabilities		Amount Rs.	Assets	Amount Rs.
Capitals :			Land	5,00,000
X	8,00,000		Buildings	6,00,000
Y	12,00,000	20,00,000	Plant	8,00,000
Creditors		3,10,000	Furniture	1,20,000
Outstanding Expenses		70,000	Stock	1,80,000
			Debtors	1,50,000
			Cash	30,000
		23,80,000		23,80,000

The partners decided to share profit in equal ratio w.e.f. April 1, 2003. The following adjustments were agreed upon :

(i) The Goodwill of the firm was valued at Rs. 4,00,000 but it was not to appear in books.

(ii) Land was valued at Rs. 8,00,000, Plant at Rs. 7,20,000 and Furniture at Rs. 1,00,000 and were to appear at revalued amounts in the balance sheet.

Pass the necessary Journal entries to give effect the above. 4

9 (a) According to Section 79 of Company's Act, 1956, what are the two provision when companies cannot issues shares at discount? 2

10 (a) Mohan Ltd. purchased a machine form Atlas Ltd. for Rs. 5,40,000. It was decided to make the payment by issue of equity shares of Rs 10 each at a discount of 10%. Give necessory journal entries in the books of Mohan Ltd.

(b) KMHD Ltd. forfeited 200 shares of Rs. 100 each issued at a discount of 5% on which Rs. 50 per share has been called and Rs. 6,000 has been paid. The Company then re-isued the above mentined shares to Mr. Singh upon payment of Rs. 18,000 credited as fully paid. Pass the Journal entries for forfeiture and re-issue of the shares. 2

11 White Ltd. issued 8,00,000 8% Debentures of Rs. 100 each redeemable at a premium of 10%. According to the terms of redemption the company redeemed 25% of the above debentures by converting them into shares of Rs. 50 each issued at a premium of 60%

Pass Journal entries regarding redemption of debentures. 4

12 A, B and C were the Partners sharing profits and losses in their capital ratio.

Balance sheet as on 31st March, 2003

Liabilities		Amount Rs.	Assets	Amount Rs.
Creditors		57,400	Plant & Machinery	43,600
Joint Life Policy Reserve		15,000	Stock	16,000
A	30,000		Investments	47,600
B	20,000		Joint Life Policy Investment	15,000
C	10,000	60,000	Furniture	3,700
			Cash at Bank	6,500
		1,32,400		1,32,400

The firm was dissolved on the above date.

A took over Investments & Stock at Rs. 41,000. J. L. Policy was realised at surrender value. Furniture was sold at Book Value. Plant & Machinery were realised for Rs. 82,040. Creditors were paid in full settlements.

Pass Journal entries. 6

OR

P & R were Parners in a firm sharing profits & losses in the ratio of 3:2. They agreed to dissolve their Partnership firm on 31st March, 2003. P was deputed to realise the Assets and pay the liabilities. He was paid Rs. 1000 as commission for his services. The financial position of the firm was as follows :

Balance sheet as on 31st March, 2003

Liabilities		Amount Rs.	Assets		Amount Rs.
Creditors		10,000	Land, Building & Machineries		30,000
Bills Payable		3,700	Stock		5,500
Investment Fluctuation fund		4,500	Investments		15,000
Capital			Account Receivable		
P	37,500			7,100	
Q	15,000	52,500	Less Provision	-450	6,650
			Cash		13,550
		70,700			70,700

P took over investments for Rs. 12,500. Stock and debtors were realised Rs. 11,500. Plant and Machine were sold to R for 22, 500 for cash. Realisation expenses paid Rs. 900

Prepare Realisation A/C and Partners's Capital Accounts to close the Books of the firm. 6

13 P & J Ltd. company was established with an autorised capital of Rs. 10,00,000 divided into shares of Rs. 10 each.

32,000 shares were issued and subscribed for by the public payable as Rs. 4 on application, 2 on allotment, 2 on first call and 2 on final call.

The amount received in respect of these shares were as follows :

on 24,000 shares full amount called.

on 5,000 shares Rs. 8 per share

on 2,000 shares Rs. 6 per share

on 1,000 shares Rs. 4 per share

The Directors forfeited 3,000 shares on which less than Rs. 8 per share has been paid and reissued to Kamal at Rs. 8 per share as fully paid.

Pass Journal Entries in the books of the Company for the record of above transactions. 6

14 Given below is the Balance sheet of PK Ltd. as at March 31, 2003

Liabilities	Amount Rs.	Assets	Amount Rs.
Share Capital		Fixed Assets	80,00,000
Authorised Shares of Rs. 50 Each	5,00,00,000	Current Assets	90,50,,000
Issued, Called up and paid up shares of Rs. 50 each	1,00,00,000	Own Debentures (face value Rs.9,00,000)	8,50,000
General Reserve	20,00,000	Cash at Bank	6,00,000
8% Debentures	40,00,000		
Sundry Creditors	25,00,000		
	1,85,00,000		1,85,00,000

The company decided the following :

(i) To redeem all the 8% debentures due for redemption on September 30, 2003 and also to cancel its own debenture.

(ii) To pay interest to debenures holders due on the date of redemption.

Pass necessary Journal entries on September 30, 2003.

15 L and M are partners sharing profits in ratio of 5:3. The balance sheet of the firm as at March 31, 2003 is given below :

Balance sheet of L and M as at March 31, 2003

Liabilities		Amount Rs.	Assets	Amount Rs.
Capitals:			Land	6,00,000
L	12,85,000		Buildings	8,80,000
M	7,16,000	20,01,000	Other Fixed Assets	3,90,000
Reserve Fund		2,40,000	Stock	1,98,000
S. Creditors		1,49,000	Debtors	1,83,000
			Cash in hand and at bank	1,39,000
		23,90,000		23,90,000

On April 1, 2003, N is admitted into partnership on the following terms :

(a) L, M and N will share profits in the ratio of 7:5:3.

(b) The Assets were revalued for the purpose of admission : land Rs. 7,50,000, Buildings Rs. 8,00,000.

(c) Goodwill of the firm was valued at Rs. 3,60,000. N was to bring his share of goodwill in cash which was to be retained in the business.

(d) N has to bring Rs. 6,00,000 towards his share of capital.

Prepare Revaluation A/c, Capital A/c, Cash A/c and Balance Sheet of the reconstituted firm. 8

OR

The Balance Sheet of J, K and L, who were sharing profits in the ratio of 5:3:2, is given below as at March 31, 2003.

Liabilities		Amount Rs.	Assets	Amount Rs.
Capitals:			Land	1,85,000
J	5,78,800		Buildings	2,87,000
K	3,47,800		Plant & Machinery	3,86,000
L	2,37,900	11,64,500	Stock	1,85,000
Sundry Creditors		78,600	Debtors	92,100
			Cash	1,08,000
		12,43,100		12,43,100

L retires on the above date and the following adjustments in the value of assets and liabilities were agreeed upon :

(a) Land was under valued by Rs. 1,20,000, Plant & Machinery overvalued by Rs. 35,000.

(b) Provision for doubtful debt was required for Rs. 6,000.

(c) Goodwill was valued at Rs. 3,00,000 and was to be adjusted against the capital of remaining partners.

L was paid Rs. 75,000 immediately and the balance amount was to be transferred to his loan account.

Prepare Cash A/c, Revaluation A/c, Capital and Balance Sheet of the reconstituted firm on the above date.

PART B

ANALYSIS OF FINANCIAL STATEMENT

16 Calculate the cash flow from the given information:

(i) Investments at the beginning of the period Rs. 40,000

(ii) Investments at the end of the period Rs. 30,000

(iii) During the year company had sold 30% of its investments held in the beginning of the period at a profit of Rs. 6,000. (2)

17. Classify the following into operating, investing and financing activities.

(a) Issue of Share Rs. 2,00,000

(b) Receipt of interest on Investment by a manufacturing Co. Rs. 5,000

(c) Sale of Goods Rs. 5,00,000

(d) Receipt of interest on investment by a bank.

18. Prepare Comparative Income Statement from the following information:

Particulars	**2002 (Rs.)**	**2003 (Rs.)**
Net sales	4,12,000	3,20,000
Less Cost of Goods Sold	3,12,000	2,30,000
Gross Profit	1,00,000	90,000
Less Administrative Expenses	25,000	18,000
Profit before Tax	75,000	72,000
Provision for Tax 40%	30,000	28,800
Net profit after Tax	45,000	43,200

3

19. What is the importance of Financial Statement analysis for creditors and bankers? 3

20. A company had a liquid ratio of 1.5 and current ratio of 2 and inventory turnover ratio 6 times. It has total current assets of Rs. 8,00,000 in the year 2003. Find out annual sales if goods are sold at 25% Profit on Cost. 4

21. From the following information, prepare Cash Flow Statement as on March 31, 2002

Liabilities	2001	2002	Assets	2001	2002
Share Capital	80,000	1,60,000	Goodwill	30,000	20,000
General Reserve	4,000	10,000	Building	40,000	90,000
Profit & Loss A/c	50,000	60,000	Machinery	49,000	98,000
Creditors	5,000	3,000	Debtors	15,000	20,000
Bills payable	15,000	25,000	Cash in hand	20,000	30,000
	1,54,000	2,58,000		1,54,000	2,58,000

(i) Depreciation provided during the year on machine was Rs 10,000 6

OR

From the following information prepare Cash flow statement as on March 31, 2003

Balance Sheets as on March 31, 2002 & 2003

Liabilities	2002 Rs.	2003 Rs.	Assets	2002 Rs.	2003 Rs.
Share Capital	2,80,000	2,80,000	Plant	1,56,000	1,38,000
General reserve	50,000	56,000	Less: Accumulated	(56,000)	(32,000)
P & C A/c	50,000	54,000	Depreciation	1,00,000	1,06,000
Bank Overdraft	10,000	20,000	Investment	1,90,000	1,80,000
Provision for			Debtors	20,000	84,000
doubtful debts	20,000	30,000	Cash	60,000	70,000
			Preliminary Expenses	40,000	-
	4,10,000	4,40,000		4,10,000	4,40,000

Additional Information

During the year, a part of the machinery costing Rs. 60,000 on which accurmulated depreciation was Rs. 25,000, was sold for Rs. 30,000.

PART C

COMPUTERISED ACCOUNTING SYSTEM

16. Explain the concept of Data Model with the help of an example. 2

17. Explain with one example DML or DCL. 2

18. Write a series of queries to process the transaction data in such a manner as to result into information on Trial Balance. 3

19. Formulate the SQL statement for answering the following queries for an assumed design of an Accounting Reality.

    (a) List the transaction details of accounts which have been credited during the month of August, 2003

    (b) List all the transacted accounts with the amounts by which they have been debited and also the amount with which they have been credited.

    (c) List the amount of expenses authorised by each of the employees. (1+1+1)

20. Formulate the SQL statements for answering the following queries for an assumed design of an Accounting Reality:

    (a) List item wise the quantity sold during the month of September, 2003

    (b) Find the Minimum and Maximum rate at which each item of goods has been purchased during the period October, 2003.

    (c) Make a list of Invoice No., Date and Amount of purchases during the period April 1, 2003 to March 31, 2004, grouping them month-wise. (1+1+2)

21. Explain the concept of Relationship Degree. How is it different from Relationship Type? Give one example for each. 6

MARKING SCHEME

SAMPLE QUESTIONG PAPER II

ACCOUNTANCY

PART A: PARTNERSHIP AND COMPANY ACCOUNTS

1. Statement showing calculation of interest

	Particulars	A Rs.	B Rs.
1	Interest on capital balance on April 1, 2003:		
	A $50,000 \times \frac{10}{100}$	5,000	
	B $40,000 \times \frac{10}{100}$		4,000
2	Add: Interest on Additional Capital:		
	A $10,000 \times \frac{10}{100} \times \frac{9}{12}$	750	
	B $1,000 \times \frac{10}{100} \times \frac{9}{12}$		75
	Total interest Payable	5,750	4,075

Alternate Solution: (1+1=2)

$$\text{Interest on Capital to A} = \left(50,000 \times \frac{10}{100} \times \frac{3}{12}\right)$$

$$+ \left(60,000 \times \frac{10}{100} \times \frac{9}{12}\right)$$

$$= 1,250 + 4,500$$

$$= 5,750$$

Interest on Capital to B $= \left(40{,}000 \times \frac{10}{100} \times \frac{3}{12}\right)$

$+ \left(41{,}000 \times \frac{10}{100} \times \frac{9}{12}\right)$

$= 1{,}250 + 4{,}500$

$= 5{,}750$ (1+1 = 2)

2. Share of profit of A and B after C's admission = $1 - \frac{1}{5} = \frac{4}{5}$ ½

A's share of profit after C's admission = $\frac{8}{15} \times \frac{4}{5} = \frac{32}{75}$ ½

B's share of profit after C' admission = $\frac{7}{15} \times \frac{4}{5} = \frac{28}{75}$ ½

Net profit sharing ratio : $\underset{A}{\frac{32}{75}} : \underset{B}{\frac{28}{75}} : \underset{C}{\frac{1}{5}}$ (½ x 4 = 2)

or A B C

32 : 28 : 15

Ans. A B C

32 : 28 : 15

3. Distinction between Dissolution of Partnership and Dissolution of Firm (Any four points)

Basis	**Dissolution of Partnership**	**Dissolution of Firm**
1. Termination of Business or Closure of business	No, the business is not terminated/closed	Yes, the firm is closed
2. Settlement of assets and liabilities	Assets and liabilities are revalued and new balance sheet is prepared	Assets are sold and realised and liabilities are paid off

3. Court's intervention	Court does not intervene because partnership is dissolved by mutual agreement and through the process of reconstitution	A firm can be dissolved by the order of the court
4. Economic relationship	Economic relationship may remain or may not remain the same	Economic relationship between the partners comes to an end
5. Closure of books	Closure of account books is not required because business is not terminated	All books of accounts are closed

½ x 4 = 2

4.

	Particulars		LF	Debit Rs.	Credit Rs.
(i)	Bank A/c	Dr.		50,000	
	To Realization A/c				50,000
	(Being Assets sold on dissolution of the firm)				½
(ii)	Realisation A/c	Dr.		10,000	
	To Bank A/c				10.000
	(Being liabilities paid on dissolution of the firm)				½
(iii)	Realisation A/c	Dr.		2,500	
	To 'X'				2,500
	(A commission of 5% on assets realised, allowed to 'X')				(1)

Total = ½+½+1 = 2

5. The partnership deed is a written agreement between two or more persons, for managing the affairs of apartnership firm.

Important contents of partnership deed (any four) :

1. Name of the firm,
2. Names and addresses of all partners,
3. Nature and place of the business,
4. Date of commencement of partnership,
5. Duration of partnership, if any,
6. Amount of capital contributed or to be contributed by each partner,
7. Rules regarding operation of bank accounts,
8. Ratio in which profits are to be shared,
9. Interest, if any, on partner's Capital and drawings,
10. Interest on loan by the partner(s) to the firm,
11. Salaries, commission etc., if payable to any partner(s),
12. The safe custody of the books of accounts and other documents of the firm,
13. Mode of auditor's appointment, if any,
14. Rules to be followed in case of admission, retirement and death of a partner,
15. Settlement of accounts on dissolution of the firm,
16. Mode of settlement of disputes among the partners,
17. Any other $4 \times ½ = (2)$

(1 + 2 = 3)

6. (i) Real Price if the Price is Ex-interest

On June 1, 2003 Ex. interest Price = Rs. 98

Real Price = Ex-interest Price

Therefore Real Price = Rs. 98 (1½)

(ii) Real Price if the price is Cum-Interest

On June 1, 2003 Cum-interest Price = Rs. 98

Real Price = Cum Interest Price

Less Accrued interest

Accrued interest for 2 months from March 31 to June 1, 2003

$$= 100 \times \frac{8}{100} \times \frac{2}{12} = \text{Rs. } 1.33$$

Therefore Real Price = Rs. 98 - 1.33

= Rs. 96.67 (1½)

Total = (1½+1½ = 3)

7. The objective of J.L.P. is to ensure liquidity in the firm to settle the claim of the retiring or deceased partner.

Method of treatment :

1. When Premium paid is treated as an expense.

2. When Premium paid is treated as an asset at an amount equal to the surrender value of J.L.P.

Explain with example (1+1½+1½) = 4

8. Working notes : 2

$$\text{Gain of X} = \frac{1}{2} - \frac{2}{5} = \frac{5-4}{10} = \frac{1}{10}$$

Sacrifice of Y = $\frac{3}{5} - \frac{1}{2} = \frac{6-5}{10} = \frac{1}{10}$

Share of Goodwill to be given by X to Y = Rs. 4,00,000 x $\frac{1}{10}$ = Rs. 40,000

Profit on revaluation of land = Rs. 8,00,000 - Rs. 5,00,000

= Rs. 3,00,000

Loss on revaluation of plant = Rs. 8,00,000 - Rs. 7,20,000

= Rs. 80,000

Loss on Revaluation of Furniture = Rs. 1,20,000 - Rs. 1,00,000

= Rs. 20,000

Profit on revaluation = Rs. 3,00,000 - Rs. 80,000 - Rs. 20,000 = Rs. 2,00,000

Joint Entries

1.	X's Capital	Dr.	40,000		
	To Y's Capital			40,000	
	(Share of goodwill given by X to Y on change in their profit share ratio)				(1)
2.	Land	Dr.	3,00,000		
	To Revaluation			3,00,000	
	(Profit on revaluation of land recorded)				(1)
3.	Revaluation	Dr.	1,00,000		
	To Plant			80,000	
	To Furniture			20,000	
	(Loss of revaluation of plant and furniture recorded)				(1)
4.	Revaluation	Dr.	2,00,000		
	To X's Capital			80,000	
	To Y's Capital			1,20,000	
	(Profit on revaluation distributed among X and Y)				(1)

Total = 4

9. (a) Two provisions of Section 79 of Companies Act 1956

(i) A New Company cannot issue shares at a discount; and

(ii) A New class of shares cannot be issued at a discount.

(b) Distinction between Capital Reserve and Reserve Capital ½ + ½ = 1

	Reserve Capital		Capital Reserve	
1.	It is a part of uncalled capital of the company	1.	It is the remaining part of shares forfeited A/c after the re-issue of forfeited shares	(½)
2.	It is never shown specifically in the Balance Sheet of the Company	2.	It is shown clearly in the liabilities side of the company's Balance Sheet under the heading "Reserve of Surplus"	(½)

1 + 1 = 2

10 (a)

Journal

Date	Particulars		LF	Debit Rs.	Credit Rs.
	Machine A/c	Dr.		5,40,000	
	To Atlas Ltd.				5,40,000
	(Machine purchased)				(½)
	Atlas Ltd.	Dr.		5,40,000	
	Discount on Issue of Shares	Dr.		60,000	
	To Equity share Capital				6,00,000
	(60,000 equity shares issued to settle Atlas Ltd. account)				(1½)

Working Notes

$$\text{No. of shares to be issued} = \frac{5,40,000}{9}$$

$$= 60,000$$

(½ + 1½ = 2)

10.(b) **KMHD Ltd.**

		Debit Rs.	Credit Rs.	
Share Capital A/c	Dr.	10,000		
To Share forfeited A/c			6,000	
To Calls in Arrears A/c			3,000	
To Discount on Issue of Shares A/cs (Being 200 shares forfeited and Rs. 3,000 being calls in arrears)			1,000	(½)
Bank A/c	Dr.	18,000		
Discount A/c	Dr.	1,000		
Shares forfeited A/c	Dr.	1,000		
To Share Capital A/c			20,000	
(Being 200 shares reissued @ Rs. 90)				(½)
Share forfeited A/c	Dr.	5,000		
To Capital Reserve A/c			5,000	
(Being the balance amount of shares forfeited and transferred to Capital Reserve A/c)				(½)

Total = 2

11.

8% Debentures A/c	Dr.	2,00,00,000		
Premium of Redemption of Debentures A/c	Dr.	20,00,000		
To Debenture Holders A/c			2,20,00,000	
(Being the amount of 25% of Debentures and premium on redemption to be converted into shares)				(1½)

Debenture holders A/c Dr.	2,20,00,000	
To Share Capital A/c		1,37,50,000
To Security Premium A/c		82,50,000
(Being issue of 2,75,000 shares of Rs. 50 each at premium of 60% to the debenture holders on conversion of 2,00,000 debentures)		

Working Note :

(a) Amount to be converted = Rs. 2,20,00,000

(b) Issue price of a share of Rs. 50 at a premium of 60% = Rs. 50 + Rs. 30 = Rs. 80

(c) Number of shares to be issued on conversion (a/b) = $\frac{2,20,00,000}{80}$ 2,75,000 shares of Rs. 50 each (1)

Total = 4

12 **Journal**

Date	Particulars	LF	Debit Amount Rs.	Credit Amount Rs.
	Realisation A/c Dr.		1,25,900	
	To Plant & Machinery A/c			43,600
	To Stock A/c			16,000
	To Investment A/c			47,600
	To Joint Life Policy Investment			15,000
	To Furniture			3,700
	(Transfer of sundry assets to Realisation A/c)			(½)

	Creditors A/c Dr. Joint Life Policy Reserve A/c Dr. To Realisation A/c (Transfer of sundry liabilities to Realisation A/c)		57,400 15,000	72,400	(½)
	A's Capital A/c Dr. To Realisation A/c (Being investments and stock taken over by A)		41,000	41,000	(1)
	Bank A/c Dr. To Realisation A/c (Being assets realised – JLP, Furniture and Plant		1,00,740	1,00,740	(1)
	Realisation A/c Dr. To Bank A/c (Being creditors paid)		57,400	57,400	(1)
	Realisation A/c Dr. To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being profit on realisation credited to to partners in their profit Sharing ratio, i.e. 3:2:1)		30,840	15,420 10,280 5,140	(1)

Journal

Date	Particulars		L.F.	Dr. Amount (Rs.)	Cr. Amount (Rs.)
	A's Capital A/c	Dr.		4,420	
	B's Capital A/c	Dr.		30,280	
	C/s Capital A/c	Dr.		15,140	
	To Bank				49,840
	(Being final Payment to Partners)				

(Realisation A/c and Bank A/c may be prepared as working notes - no marks Total = 6

OR

Realisation A/c

Particulars	Amount Rs.	Particulars		Amount Rs.
To Plant & Machinery	30,000	By Provision for doubtful debts		450
To Stock	5,500	By Creditors		10,000
To Investments	15,000	By Bills Payable		3,700
To Accounts Receivable	7,100	By Investment Fluctuation Fund		4,500
To P's Capital A/c (Commission)	1,000	By P's Capital A/c (Investments)		12,500
To Cash (Realisation expenses)	900	By Cash (Stock + Debtors)		11,500
To Cash (Creditors + Bill Payable)	13,700	By Cash (Machinery)		22,500
		By Loss transferred to		
		P's Capital A/c	4,830	
		R's Capital A/c	3,220	8,050
	73,200			73,200

(4)

Partner's Capital A/c

Particulars	P	R	Particulars	P	R
Realisation A/c	12,500		Balance b/d	37,500	15,000
Realisation A/c	4,830	3,220	Realisation A/c	1,000	
Cash	21,170	11,780			
	38,500	15,000		38,500	15,000

(1 mark for each Partner's Capital A/c)

(Cash A/c may be prepared as working note - but no marks) 4 + 2 = 6

13.

Bank A/c Dr.	1,28,000		
To Share Applications A/c		1,28,000	
(Being cash received @ Rs. 4 per share on application for 32,000 shares)			½
Share Application A/c Dr.	1,28,000		
To Share Capital A/c		1,28,000	
(Being the share application money received transferred to share capital account)			½
Share Allotment A/c Dr.	64,000		
To Share Capital A/c		64,000	
(Being share allotment money @ Rs. 2 per share due on 32000 shares)			½
Bank A/c Dr.	62,000		
Calls-in-Arrears Dr.	2,000		
To Share Allotment A/c		64,000	
(Being cash received on 31,000 shares on account of allotment @ Rs. 20 arrears on 1000 shares)			½

Share First Call A/c Dr.	64,000		
To Share Capital A/c		64,000	
(Being First Call money @ Rs. 2 on Rs. 32,000 shares due)			½
Bank A/c Dr.	58,000		
Calls-in-Arrears A/c Dr.	6,000		
To Share First Call A/c		64,000	
(Being amount received on 29,000 shares. Arrears on 3000 shares)			
Share Second & Final Call A/c Dr.	64,000		
To Share Capital A/c		64,000	
(Being second call money due @ 2 per share on 32,000 shares)			½
Bank A/c Dr.	48,000		
Call-in-Arears Dr.	16,000		
To Share Second and Final Call A/c		64,000	
(Being the amount received @ Rs. 2 on 24,000 shares and calls in arears on 8,000 shares)			½
Shares Capital A/c Dr.	30,000		
To Share forfeited A/c		16,000	
To Calls-in-Arrears A/c		14,000	
(Being 3,000 shares forfeited on which less than Rs. 8 has been received. Calls in arrear on 2,000 shares Rs. 8,000 and on 1,000 shares Rs. 6,000)			½

Bank A/c Dr.	24,000		
Shares forfeited A/c Dr.	6,000		
To Share Capital		30,000	
(Being 3,000 shares issued to Kamal @ Rs. 8 per share fully paidup)			(½)
Share forfeited A/c Dr.	10,000		
To Capital Reserve		10,000	
(Being the remaining amount of shares forfeited account transferred to capital reserve)			(1)

Total = 6

14.

2003 Sep. 30	8% Debenture A/c Dr.	40,00,000	
	To Own Debentures A/c		8,50,000
	To Gain on Cancellation of Debentures A/c		50,000
	to Debenture holders A/c		31,00,000
	(Being own debentures cancelled and the amount payable to debenture holders on redemption of other debenture) (Two entries can also be passed)		
	Debenture holders A/c Dr.	31,00,000	
	To Bank A/c		31,00,000
	(Being the amount paid to debenture holders on redemption)		

	Gain on Cancellation of Debentures A/c Dr.	50,000	
	To Capital Reserve A/c		50,000
	(Being the gain on cancellation of debentures account transferred to Capital Reserve)		
	(a) Interest on Debentures A/c Dr.	1,24,000	
	To Debenture holders A/c		1,24,000
	(Being interest payable to debenture holders other than own Debentures held)		
	(b) Debentures holders A/c Dr.	1,24,000	
	To Bank A/c		1,24,000
	(Being interest paid to Debenture holders)		
	(c) Interest on Debentures A/c Dr.	36,000	
	To Interest on own Debenture A/c		36,000
	(Being interest on own debentures for six months)		

Note : Entries (a) and (b) can be combined.

1 mark for each entry Total = 6

15. **Revaluation Account**

Dr. Cr.

Particulars	Rs.	Particulars	Rs.
Buildings	80,000	By Land	1,50,000
L's Capital	43,750		
M's Capital	26,250		
	1,50,000		1,50,000

(2 marks)

Capital Accounts

Dr. Cr.

	L Rs.	M Rs.	N Rs.		L Rs.	M Rs.	N Rs.
To Balance c/d	15,35,750	8,47,250	6,00,000	By Balance b/d	12,85,000	7,16,000	
				By Reserve Fund	1,50,000	90,000	
				By Premium (19.5)	57,000	15,000	
				By Revaluation A/c	43,750	26,250	
				By Cash			6,00,000
	15,35,750	8,47,250	6,00,000		15,35,750	8,47,250	6,00,000

(3 marks)

Cash A/c

Dr. Cr.

To Balance b/d	1,39,000	By Balance c/d	8,11,000
To N's Capital	6,00,000		
To Premium	72,000		
	8,11,000		8,11,000

Balance Sheet of L, M and N as at March 31,2003

Capitals :	L	15,35,750		Land	7,50,000
	M	8,47,250		Building	8,00,000
	N	6,00,000	29,83,000	Other Fixed Assets	3,90,000
S. Creditors			1,49,000	Stock	1,98,000
				DSS	1,83,000
				Cash in hand and at Bank	8,11,000
			31,32,000		31,32,000

(2 marks)

Total = 8

Working Note :

1. Sacrifice made by :

$$L = \frac{5}{8} - \frac{7}{15} = \frac{75-56}{120} = \frac{19}{120}$$

$$M = \frac{3}{8} - \frac{5}{15} = \frac{45-40}{120} = \frac{5}{120}$$

Sacrifice Ratio : L : M

19 : 5

2. Amount of Premium to be brought by N :

$$3,60,000 \times \frac{1}{5} = 72,000$$

3. (i) Share of L in Premium brought by N :

$$\frac{19}{24} \times 72,000 = 57,000$$

(ii) Share of M in Premium brought by N :

$$\frac{5}{24} \times 72,000 = 15,000$$

OR

Revaluation A/c

Particulars			Rs.	Particulars	Rs.
To Plant & Machinery			35,000	By Land	1,20,000
To Provision for doubtful debts			6,000		
To	J	39,500			
	K	23,700			
	L	15,800	79,000		
			1,20,000		1,20,000

Capital A/c

Dr. Cr.

Particulars	J	K	L	Particulars	J	K	L
To L (in gaining ratio 5:3)	37,500	22,500	—	By balance b/d	5,78,800	3,47,800	2,37,900
To Cash	-	-	75,000	By Revaluation A/c	39,500	23,700	15,800
To L's Loan A/c	-	-	2,38,700	By J (gaining ratio)	-	-	37,500
To balance c/d	5,80,800	3,49,000	-	By K (gaining ratio)	-	-	22,500
	6,18,300	3,71,500	3,13,700		6,18,300	3,71,500	3,13,700

Cash A/c

Dr. Cr.

Paticulars	Rs.	Particulars	Rs.
To balance b/d	1,08,000	By L	75,000
		By balance c/d	33,000
	1,08,000		1,08,000

Balance Sheet as at March 31,2003

Liabilities			Rs.	Assets	Rs.
Capitals	J	5,80,800		Land	3,05,000
	K	3,49,000	9,29,800	Buildings	2,87,000
L's Loan A/c			2,38,700	Plant & Machinery	3,51,000
Creditors			78,600	Stock	1,85,000
				Debtors	86,100
				Cash	33,000
			12,47,100		12,47,100

Workings

Book value of investments sold	12,000
(30% of Rs. 40,000)	
Add Profit	6,000
Sale value of investments	18,000
Investments at the end of the period	30,000
Less : Book value of unsold investment	28,000
(70 of Rs. 40,000)	
Investment purchased	2,000

Answer

Cash inflow Rs. 18,000 (I)

Cash outflow Rs. 2,000 (I) 2 marks

17. (a) Financing Activity

(b) Investing Activity

(c) Operating Activity

(d) Operating Activity ½ x 4 = 2

18. **Comparative Income Statement for the year ending.... 2002 & 2003**

Particulars	2002 (Rs.)	2003 (Rs.)	Absolute change (Rs.)	Precentage change (%)
Net Sales	4,12,000	3,20,000	(92,000)	22,33
Less : Cost of Goods sold	3,12,000	2,30,000	(82,000)	26.28
Gross Profit	1,00,000	90,000	(10,000)	10.00
Less : Administrative Expenses	25,000	18,000	(7,000)	28.00
Profit before Tax	75,000	72,000	(3,000)	4.00
Provision for Tax @ 40%	30,000	28,800	(1,200)	4.00
Net Profit after Tax	45,000	43,200	(1,800)	4.00

½ mark for each correct step = ½ x 6 = 3

Ignore last step

19. Financial statements convey about the financial performance and financial position of a business entity. Financial statement analysis has significance for bankers and creditors since they are interested in assessing whether the interest on credit extended by them will be received periodically and the Company will be able to repay the amount advanced or not. Financial statement analysis helps in assessing the liquidity, solvency, profitability and efficiency of the enterprise.

(3)

20. Current Ratio = 2

Current Assets = Rs. 8,00,000

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

$$2 = \frac{\text{Rs. } 8{,}00{,}000}{\text{Current Liabilities}}$$

$$\text{or, Current liabilities} = \frac{\text{Rs. } 8{,}00{,}000}{2} \qquad (1)$$

$$= 4{,}00{,}000$$

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

$$1.5 = \frac{\text{Liquid Assets}}{4{,}00{,}000}$$

or Liquid Assets = 1.5 x 4,00,000

= Rs. 6,00,000

Inventory = Current Assets-Liquid Assets

= Rs. 8,00,000-Rs. 6,00,000

= Rs. 2,00,000 (1)

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

$$6 = \frac{\text{Cost of goods sold}}{2{,}00{,}000}$$

or, Cost of Goods sold = 6 x 2,00,000

= Rs. 12,00,000 (1)

Now, if goods are sold at 25% profit on cost then it means that if cost is Rs. 100, sales are Rs. 125

so, if cost is Rs. 12,00,000, sales are = $\frac{125}{100}$ x 12,00,000

= Rs. 15,00,000

Annual Sales are Rs. 15,00,000 (Total = 4)

21.	Balance of P & L as at Dec. 31, 2002	60,000
	Add Transfer to G.R. during the year (10,000-4,000)	6,000
		66,000
	Less Balance of P & L as at Dec., 31, 2001	50,000
	Net Profit before Tax	16,000

Machinery A/c

To Balance b/d	49,000	By Depreciation Expense	10,000
To Cash (purchase of Machinery) (Bal. fig.)	59,000	By Balance c/d	98,000
	1,08,000		1,08,000

Statement of Cash Flows

	Rs.	Rs.
(A) Cash flow from Operating Activities		
(a) Net Profit before Tax	16,000	
Add Dep. on Machinery	10,000	
Goodwill written-off	10,000	

(b)	Operating Profit before Working Capital Changes	36,000		
	Add Increase in B. Payable	10,000		
	Less Decrease in Creditors	(2,000)		
	Less Decrease in Debtors	(5,000)		
(c)	Net Cash from Activities		39,000	3
(B)	Cash flow from Investing Activities			
	Cash used for purchase of Building	(50,000)		
	Cash used for purchase of Machinery	(59,000)		
	Net Cash used for Investing Activities		(1,09,000)	(1)
(C)	Cash flow from Financial Activities			
	Cash from issue of share Capital	80,000		
	Net Cash from Financing Activities		80,000	(1)
(D)	Net Increase in Cash		10,000	
(E)	Balance of Cash in the beginning		20,000	
(F)	Balance of Cash at the end		30,000	(1)

Total = 6 marks

OR

Cash flow statement for the year ended March 31, 2003

	Particulars	Details	Amount	
A	Cash flow from operating Activities			
	Net Profit before Tax	10,000		
	Adjustments for non-cash & non operating items			
	Add : Depreciation	1,000		½
	Prelininery Expenses written off	40,000		½
	loss on sale	5,000		½
	Operating profit before working Capital changes	56,000		½

	Add: Decrease in Current Assets & Increase in Current Liabilities Provision for doubtful debt	10,000		½
	Less: Increase in Current Assets & Decrease in Current Liabilities, Debtors	(64,000)		½
	Cash Flow from operating activities before Tax	2,000		
	Less : Tax			
	Cash Flows From operating activities after tax	-	2,000	
B.	Cash Flow from Investing Activities			
	Purchase of Plant	(42,000)		½
	Sale of Plant	30,000		½
	Sale of Investment	10,000		½
	Cash flows from Investing Activities		(2,000)	
C.	Cash Flow from financing Activities		-	
	Cash generated during the year		-	
	Add: Cash and Cash Equivalants		50,000	½
	at the beginning of the year		50,000	½

Workings

(1)	Net Profit Before Tax	
	Balance of P&L A/c as on 31.03.03	54,000
	Less: Balance of P&L A/c as on 31-3-02	50,000
		4,000
	Add: Transfer to general Reserve	6,000
		10,000

(2) Dr. Accumulated Depreciation A/c Cr.

Plant A/c	25,000	Bal. B/d	56,000
Bal c/d	32,000	Depreciation	1,000
	57,000		57,000

(3) Plant A/c

Bal b/d	1,56,000	Accumulated Depreciation	25,000
Bank (purchase)	42,000	Bank	30,000
		Less on Sale	5,000
		Bal c/d	1,38,000
	1,98,000		1,98,000

(4) Cash and Cash equivalents

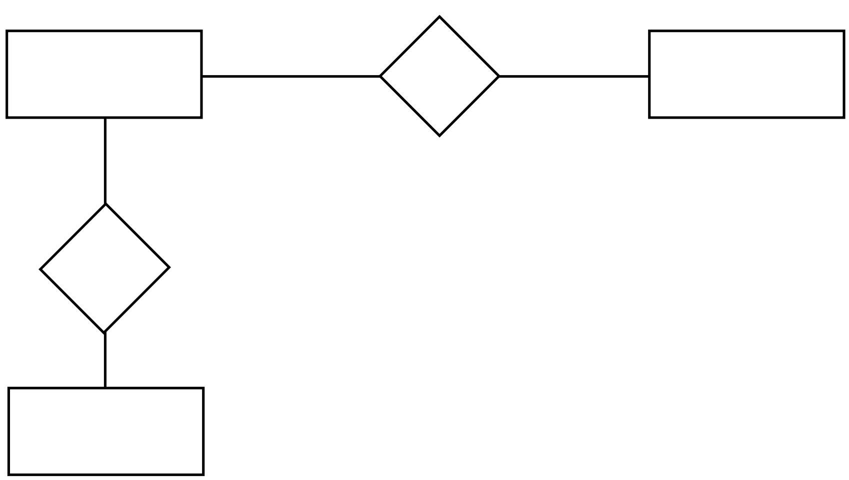
Particulars	Beginning	End
Cash	60,000	70,000
Less Bank Overdraft	10,000	20,000
	50,000	50,000

PART C

COMPUTERISED ACCOUNTING SYSTEM

16. Explain the concept of Data model with the help of an example.

Answer



17. Explain with one example DML or DCL

Answer

DML

It means Data Manipulation Language. It is that set of commands of SQL which are used for manipulation of data. Manipulation of data means:

* Inserting new records
* Deleting existing records
* Updating the existing records

DCL

It means Data Control Language. It means that set of commands of SQL which are used to control access to the information stored in the database. It may mean:

* Granting privilege to different users about access to information
* Revoking privilege to different users about access to information
* Privilege may relate to retrieval, manipulation, control, definition of information

18. Write a series of queries to process the transaction data in such a manner as to result into information on Trial Balance.

Answer

Accounting Reality to be drawn which shows the tables containing data

Depending upon how the tables, are drawn, queries to be creatcd to get the information about:

* Name of the account
* Whether debit or credit

* Amount in the cccount

* The total of the sides of debit or credit

19. Formulate the SQL statements for answering the following queries for an assumed design of an Accounting Reality:

    (a) List the transaction details of accounts which have been credited during the month of August, 2003

    (b) List all the transacted accounts with the amounts by which they have been debited and also the amount with which they have been credited.

    (c) List the amount of expenses authorised by each of the employees.

    Answers

    (a) Select colname1, colname2
    From tablename
    Where condition fulfilling data requirement

    (b) Select colname1, colname2
    from tablename
    where condition

    (c) Select colname1, colname2
    from tablename
    Where condition

20. Forulate the SQL statements for answering the following queries for an assumed design of an Accounting Reality:

    (a) List item wise the quantity sold during the month of September, 2003.

    (b) Find the Minimum and maimum rate at which each item of goods has been purchased during the period October, 2003.

(c) Make a list of Invoice No., Date and Amount of Purchases during the period April 1,2003 to March 31, 2004, grouping them month-wise.

Answer

(a) Select colname1, Colname2
From tablename
Where condition

(b) Select colname1, Colname2
From tablename
Where condition

(c) Select colname1, Colname2
From tablename
Where condition

21. Explain the concept of Relationship Degree. How is it different from Relationship Type? Give one example for each.

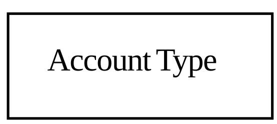
6

Answer

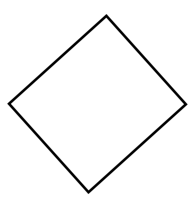
Relationship Degree

It refers to the number of relations associated with a relationship.

Relation



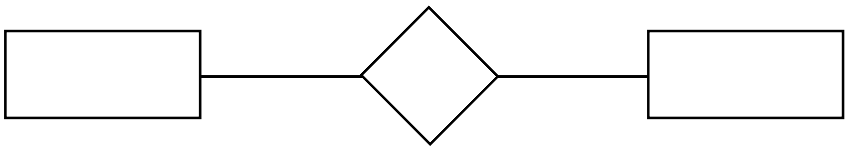
Relationship



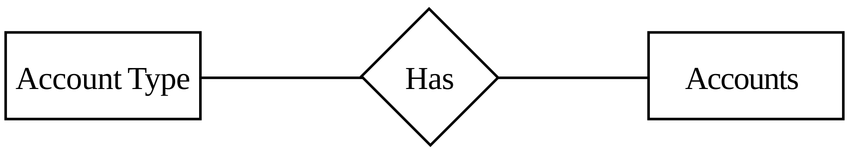
Give an illustration of a relationship of degree of two or three.

Relationship Type

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



Give an eamle for Accounting reality.



Relationship type could be:

1. one-to-one

2. one-to-many

3. many-to-many

SAMPLE QUESTION PAPER - SET II

QUESTION WISE ANALYSIS

S. No.	Instructional Objective	Specification	Content Unit	Form of Question LA/SA/VSA	Marks Allotted	Estimated Difficulty Level + (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	Calculaates	6.1	SA	4	B
21.	Understanding	Calculates/works Out	6.2	LA	6	B