

ACCOUNTANCY

Time allowed : 3 hours

Maximum marks: 80

General Instructions:

- (i) *This question paper contains three parts A, B and C.*
- (ii) *Part A is **compulsory** for all candidates.*
- (iii) *Candidates can attempt only **one** part of the remaining parts B and C.*
- (iv) *All parts of the questions should be attempted at one place.*

QUESTION PAPER CODE 67/1/1

Part 'A'

(Accountancy)

1. List any four items which can be credited to the Capital Account of a partner when the Capital Account is fluctuating. 2
2. State the conditions according to Sec. 79 of Company Act 1956 for the issue of shares at discount. 2
3. What is meant by 'Preferential Allotment of Shares'? 2
4. Give the meaning of a Debenture. 2
5. Ram and Shyam were partners in a firm sharing profits in the ratio of 3 : 5. Their Fixed Capitals were: Ram Rs. 5,00,000 and Shyam Rs. 9,00,000. After the accounts of the year had been closed, it was found that interest on capital at 10% per annum as provided in the partnership agreement has not been credited to the Capital Accounts of the partners. Pass a necessary entry to rectify the error. 3
6. AB Ltd. issued 5,00,000, 7% debentures of Rs. 50 each. Pass necessary journal entries in the books of the company for the issue of debentures when debentures were:
 - (i) Issued at par, redeemable at 8% premium,
 - (ii) Issued at 4% premium redeemable at 5% premium,
 - (iii) Issued at 5% premium redeemable at par. 3
7. Hari, Ravi and Kavi were partners in a firm sharing profits in the ratio of 3 : 2 : 1. They admitted Guru as a new partner for 1/7th share in the profits. The new profit sharing ratio will be 2 : 2 : 2 : 1 respectively. Guru brought Rs. 3,00,000 for his capital and Rs. 45,000 for his 1/7th share of goodwill. Showing your working clearly, pass necessary journal entries in the books of the firm for the above mentioned transactions. 4

8. Chander and Naresh were partners in a firm sharing profits in 3 :2 ratio. On 28.2.2007 their firm was dissolved. After the transfer of various assets (other than cash) and third party liabilities to Realisation Account, the following transactions took place :
- An unrecorded asset costing Rs. 9,000 was taken over by Chander for Rs. 7,800.
 - Creditors Rs. 47,500 were paidRs. 45,000 in full settlement of their claim,
 - Expenses of realisation Rs. 1,200 were paid by Naresh.
 - Loss on dissolution was Rs. 3,400.
- Pass necessary journal entries for the above transactions in the books of the firm. 4
9. Poonam Ltd. had a balance of Rs. 55,00,000 in its Profit and Loss account. Instead of declaring a dividend it decided to redeem its Rs. 50,00,000, 8% debentures at a premium of 10%. Pass necessary journal entries in the books of the company for the redemption of debentures. 4
10. On 1st August 2006 K.M. Ltd. buys, 10,000, 9% debentures of Rs. 100 at Rs. 95 each cum interest, the dates of interest being March 31 and September 30. Record necessary journal entries when debentures are purchased for cancellation. Show your working also. 4
11. J.P. Ltd. purchased building costing Rs. 70,00,000 from M/s Construction Ltd. The company paid Rs. 20,50,000 by cheque and for the balance issued equity shares of Rs. 100 each in favour of M/s Constructions Ltd. Pass necessary journal entries in the books of J.P. Ltd. for the purchase of building and making payment if shares were issued (a) at 10% discount and (b) at a premium of 25%. 4
12. Samta and Mamta were partners in a firm sharing profits in the ratio of 3 :1. On 1.3.2006 the firm was dissolved. On that date the Balance Sheet of the firm was as follows :

Balance Sheet of Samta and Mamta as on 1.3. 2006

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Loan	70,000	Cash	20,000
Creditors	1,30,000	Building	5,00,000
Capitals :		Stock	30,000
Rs.		Profit and Loss Account	60,000
Samta 3,00,000	4,10,000		
Mamta 1,10,000			
	6,10,000		6,10,000

Building realised Rs. 6,50,000 and stocks Rs. 12,000. Rs. 1,29,000 were paid to the creditors in full settlement of their claim. The firm had a joint life policy of Rs. 5,00,000 which was surrendered for Rs. 1,27,000. The annual premium paid on the joint life policy was debited to the Profit and Loss account.

Prepare Realisation Account, Cash Account and Partners Capital Accounts.

6

Or

Sameer and Sudhir were partners in a firm sharing profits in the ratio of 5 : 3. On 28.2.2007 the firm was dissolved. On the date of dissolution Sameer's capital was Rs. 2,40,000 and Sudhir's capital was Rs. 1,80,000. Creditors on that date were Rs. 80,000 and there was a balance of Rs. 1,36,000 in general reserve A/C. Cash balance was Rs. 20,000.

Sundry assets realised Rs. 7,50,000 and expenses on dissolution were Rs. 2,000 which were paid by Sudhir.

Prepare Realisation Account, Cash Account and Partners Capital Accounts.

6

- 13.** Shakti Ltd. invited applications for issuing 2,00,000 equity shares of Rs. 100 each at a premium of Rs. 10 per share. The amount was payable as follows :

On application Rs. 40 per share (including premium) on allotment Rs. 30 per share and the balance on first and final call. Applications for 3,00,000 shares were received. Applications for 40,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Over payments on applications were adjusted towards sums due on allotment. Manoj who was allotted 2,000 shares failed to pay the allotment and first and final call money. His shares were forfeited. The forfeited shares were re-issued at Rs. 90 per share fully paid up. Pass necessary journal entries in the books of Shakti Ltd. showing the working clearly.

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Or

Pass necessary journal entries in the books of Raman Ltd. for the following transactions :

- (i) 400 equity shares of Rs. 100 each issued at a discount of 10% were forfeited for the non-payment of final call of Rs. 20 per share. The forfeited shares were re-issued for Rs. 38,000 fully paid up.
- (ii) 300 equity shares of Rs. 100 each were forfeited for the non-payment of the allotment money of Rs. 40 per share. The first and final call of Rs. 20 per share was not made. The forfeited shares were re-issued for Rs. 29,000 fully paid up.

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14. G, H and I were partners of a firm sharing profit in the ratio of 4:3 :3. On 31.3.2006 their Balance Sheet was as follows :

**Balance Sheet of G, H and I
as on 31.3.2006**

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	87,000	Building	1,70,000
Reserve	33,000	Machinery	1,20,000
Capitals :		Stock	40,000
Rs.		Debtors	45,000
G: 1,05,000		Cash	15,000
H: 85,000			
I: 80,000	2,70,000		
	3,90,000		3,90,000

H died on 30.6.2006. Under the partnership agreement the executors of a deceased partner were entitled to :

- (i) Amount standing to the credit of deceased partner's Capital Account at the time of his death.
- (ii) Interest on capital at 12% per annum,
- (iii) His share of goodwill. The goodwill of the firm on H's death was valued at Rs. 2,70,000.
- (iv) His share in profit from the profit of the firm from the closing of the last financial year till the date of death on the basis of last year's profit. The profit of the firm for the year ended 31.3.2006 was Rs. 2,40,000.

Prepare H's Capital Account to be rendered to his executors.

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15. A and B were partners in a firm sharing profits in the ratio of 3 : 2. They admitted C as a new partner for 1/6th share in the profits. C was to bring Rs. 40,000 as his capital and the capitals of A and B were to be adjusted on the basis of C's capital having regard to profit sharing ratio. The Balance Sheet of A and B as on 31.3.2006 was as follows :

Balance Sheet of A and B as on 31.3.2006.

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	36,000	Cash	10,000
Bills Payable	20,000	Debtors	34,000
General Reserve	24,000	Stock	24,000
Capitals: Rs.		Machinery	42,000
A 1,50,000		Building	2,00,000
B 80,000	2,30,000		
	3,10,000		3,10,000

The other terms of agreement on C's admission were as follows :

- (i) C will bring Rs. 12,000 for his share of goodwill,
 - (ii) Building will be valued at Rs. 1,85,000 and machinery at Rs. 40,000.
 - (iii) A provision of 6% will be created on debtors for bad debts,
 - (iv) Capital accounts of A and B will be adjusted by opening Current Accounts.
- Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of A, B and C.

8

OR

X, Y and Z were partners in a firm sharing profits in 5 : 3 : 2 ratio. On 31.3.2006 Z retired from the firm. On the date of Z's retirement the Balance Sheet of the firm was as follows :

Balance Sheet of X, Y and Z as on 31.3.2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	27,000	Bank	80,000
Bills payable	13,000	Debtors	20,000
Outstanding rent	22,500	<i>Less</i> Provision for doubtful debts	500
Provision for legal claims	57,500	Stock	21,000
Capitals: Rs.		Furniture	87,500
X	1,27,000	Land and Building	2,00,000
Y	90,000		
Z	71,000		
	2,88,000		
	4,08,000		4,08,000

On Z's retirement it was agreed that:

- (i) Land and Building will be appreciated by 5% and furniture will be depreciated by 20%.
- (ii) Provision for doubtful debts will be made at 5% on debtors and provision for legal claims will be made Rs. 60,000.
- (iii) Goodwill of the firm was valued at Rs. 60,000.
- (iv) Rs. 70,000 from Z's Capital Account will be transferred to his loan account and the balance will be paid to him by cheque.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of X and Y after Z's retirement.

8

Part 'B'
(Analysis of Financial Statements)

16. State any two objectives of preparing a cash flow statement. 2
17. Fine Garments Ltd. is engaged in the export of readymade garments. The company purchased a machinery of Rs. 10,00,000 for the use in packaging of such garments. State giving reason whether the cash flow due to the purchase of machinery will be cash flow from operating activities, investing activities or financial activities ? 2

18. **Hashu Ltd.**
Profit and Loss Account for the years ended 31st March, 2005 and 2006

	2005	2006
	<u>Rs.</u>	<u>Rs.</u>
Sales revenue	25,000	32,500
Less cost of goods sold	11,850	16,590
Gross profit	13,150	15,910
Less indirect expenses	1,150	4,910
Profit before tax	12,000	11,000
Less tax 50%	—	—

- Compute percentage changes from 2005 to 2006. 3
19. Explain the meaning of analysis of financial statements. 3
20. The Profit and Loss account of Surya Ltd. for the year ended 31.3.2006 and the Balance Sheet of the Company as on 31.3.2006 is given below :

Profit and Loss Account for the year ended 31.3. 2006

Debit		Credit	
Particulars	Amount Rs.	Particulars	Amount Rs.
Opening Stock	40,000	Sales	4,40,000
Purchases	2,50,000	Closing Stock	20,000
Direct Expenses	30,000		
Gross Profit	1,40,000		
	4,60,000		4,60,000
Salary	32,000	Gross Profit	1,40,000
Loss on sale of building	8,000		
Net Profit	1,00,000		
	1,40,000		1,40,000

Balance Sheet as on 31.3.2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital	3,00,000	Land	4,00,000
		Stock	20,000
Profit and Loss Account	1,00,000	Debtors	1,00,000
Creditors	1,50,000	Cash	80,000
Outstanding Salary	50,000		
	6,00,000		6,00,000

On the basis of the informations given in these two statements, calculate any **two** of the following ratios :

- (i) Current Ratio,
- (ii) Stock Turnover Ratio, and
- (iii) Proprietary Ratio.

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21. Raj Ltd. had a profit of Rs. 17,50,000 for the year ended 31.3.2006 after considering the following :

Depreciation on building	Rs. 1,30,000
Depreciation on plant and machinery	Rs. 40,000
Goodwill written off	Rs. 25,000
Loss on sale of machinery	Rs. 9,000

Following was the position of current assets and current liabilities of the company as on 31.3. 2005 and 31.3.2006.

	31.3.2005 Rs.	31.3.2006 Rs.
Stock	70,000	87,000
Bills Receivable	67,000	58,000
Cash	60,000	75,000
Creditors	68,000	77,000
Outstanding Salary	7,000	4,000
Bills Payable	43,000	29,000

Calculate cash flow from operating activities.

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Or

With the help of the following Profit and Loss Account for the year ended 31.3.2006 and Balance Sheets as on 31.3.2005 and 31.3.2006 of Janta Ltd., calculate cash flow from operating activities :

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Profit and Loss Account of Janta Ltd. for the year ended 31.3.2006

Debit		Credit	
Particulars	Amount Rs.	Particulars	Amount Rs.
		Gross Profit	5,00,000
Depreciation	17,000		
Salary	35,000		
Rent	72,000		
Commission	23,000		
Other Expenses	43,000		
Net Profit	3,10,000		
	5,00,000		5,00,000
Proposed Dividend	1,50,000	Net Profit	3,10,000
Retained Profit	1,60,000		
	3,10,000		3,10,000

Balance Sheets of Janta Ltd. as on 31.3.2005 and 31.3.2006

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share Capital	2,00,000	3,50,000			
Reserves	60,000	2,20,000	Plant	4,75,000	5,40,000
Loan	20,000	30,000	Patents	—	50,000
Proposed Dividend	20,000	1,70,000	Stock	1,05,000	1,20,000
Creditors	1,80,000	10,000	Debtors	70,000	90,000
Bills Payable	1,70,000	20,000			
	6,50,000	8,00,000		6,50,000	8,00,000

Part 'C (Computerised Accounting)

- | | | |
|------------|---|---|
| 22. | What is a Tuple ? | 2 |
| 23. | List the need for grouping of accounts. | 2 |
| 24. | With the help of a suitable example explain the concept of DDL. | 3 |
| 25. | What is Data Redundancy ? | 3 |
| 26. | What are the effects of absence of coding ? | 3 |

27. (a) Design a bank voucher with the following information of M/s Aruna Ltd.:

Date	V.No.	Code	Account	Amount Rs.
31/01/07	2	711001	Debentures	5,00,000
31/01/07	2	721001	Premium on Issue	1,00,000
31/01/07	2	110001	Bank	6,00,000

Prepared by Sundar

Authorised by Prashant

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- (b) M/s Aruna Ltd. employs 100 persons whose salary comprises Basic Pay, Dearness Allowance, House Rent Allowance and City Compensatory Allowance. The following are the rules governing the payment.

Write the queries in SQL using the following data in MS Access to compute the allowances.

House Rent Allowance: Rs. 3,000 up to a basic pay of Rs. 10,000,
Rs. 7,000 up to basic pay of Rs. 20,000,
Rs. 10,000 for basic pay above Rs. 20,000.

City Compensatory Allowance : @ 10% of basic pay subject to a minimum of Rs. 1,250.

3+1 = 4

QUESTION PAPER CODE 67/1

PART A (Accountancy)

- List any four factors that help in the creation of goodwill of a partnership firm. 2
- Give the meaning of 'Authorised Capital'. 2
- What is meant by 'Preferential Allotment of Shares' ? 2
- Give any two points of distinction between a share and a debenture. 2
- Jain and Gupta were partners in a firm sharing profits in 3 : 2 ratio. Their fixed capitals were Jain Rs. 1,00,000 and Gupta Rs. 1,50,000. After the accounts of the year had been closed it was discovered that interest on capital at 10% per annum as provided in the partnership agreement has not been credited to the capital accounts of the partners before distribution of profits. Pass the necessary journal entry to rectify the error. 3
- Pass necessary journal entries for the issue of 7% debentures in the following cases : 3
 - 100 debentures of Rs. 100 each issued at Rs. 105 each repayable at Rs. 100 each.

- (ii) 100 debentures of Rs. 100 each issued at Rs. 100 each repayable at Rs. 105 each.
- (iii) 100 debentures of Rs. 100 each issued at Rs. 105 each repayable at Rs. 108 each.
- 7.** Arti and Bharti are partners in a firm sharing profits in 3 : 2 ratio. They admitted Sarthi as a new partner and the new profit sharing ratio will be 2:1:1. Sarthi brought Rs. 10,000 for her share of goodwill. Goodwill already appeared in the books of Arti and Bharti at Rs. 5,000.
- Pass necessary journal entries in the books of the new firm for the above transactions. 4
- 8.** What journal entries would be passed for the following transactions on the dissolution of a partnership firm, after transferring various assets (other than cash) and third party liabilities to the Realisation Account ? 4
- (i) Bank loan Rs. 50,000 was paid.
- (ii) An unrecorded asset realised Rs. 17,000.
- (iii) Stock worth Rs 20,000 was taken over by a partner Rohan for Rs. 14,000.
- (iv) Loss on realisation was Rs. 14,000, which was distributed between the partners Rohan and Mohan in the ratio of 3 : 2.
- 9.** Y Ltd. redeemed Rs. 50,00,000 8% debentures at a premium of 10% out of profits on 31.3.2006. Pass necessary journal entries for the redemption of debentures. 4
- 10.** Z Ltd. issued Rs. 20,00,000 8% debentures on 1.4.2001 at a premium of 5%. On 31.3.2006, out of these Rs. 2,00,000 8% debentures were redeemed by converting them into equity shares of Rs. 100 each issued at par and Rs. 5,00,000 8% debentures were converted into 10% preference shares of Rs. 100 each issued at a premium of 25%.
- Pass necessary journal entries in the books of Z Ltd. for the redemption of debentures. 4
- 11.** Vimal Ltd. purchased machinery of Rs. 9,90,000 from Kamal Ltd. The payment to Kamal Ltd. was made by issuing equity shares of Rs. 100 each. Pass necessary journal entries in the books of Vimal Ltd. for purchase of machinery and the issue of shares when
- (i) shares were issued at par.
- (ii) shares were issued at 10% discount.
- (iii) shares were issued at 25% premium. 4

12. Ravi and Mohan were partners in a firm sharing profits in the ratio of 3 : 2. On 1.3.2007 the firm was dissolved. On that date the Balance Sheet of the firm was as follows :

Balance Sheet of Ravi and Mohan as on 1.3.2007

Liabilities	Amount Rs.	Assets	Amount Rs.
Loan	1,40,000	Cash	20,000
Creditors	2,60,000	Building	10,00,000
Capitals :		Stock	80,000
Ravi 6,00,000		Profit & Loss A/c	1,00,000
Mohan 2,00,000	8,00,000		
	12,00,000		12,00,000

Building realised Rs. 4,50,000; Stock Rs. 2,00,000. Rs. 2,40,000 were paid to the creditors in full settlement of their account. The firm has a joint life policy of Rs. 2,00,000 which was surrendered for Rs. 90,000. The annual premium paid on the joint life policy was debited to the Profit and Loss Account.

Prepare Realisation Account, Cash Account and Partners' Capital Accounts.

6

OR

B and C were partners in a firm sharing profits in 3 : 1 ratio. On 1.3.2007 their firm was dissolved. On that date B's capital was Rs. 1,20,000 and C's capital was Rs. 90,000. Creditors on that date were Rs. 40,000 and there was a balance of Rs. 68,000 in general reserve. Cash balance was Rs. 10,000.

Sundry assets realised Rs. 6,00,000 and expenses on dissolution were Rs. 15,000 which were paid by C.

Prepare Realisation Account, Cash Account and Partners' Capital Accounts.

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13. Janata Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 100 each at a discount of 5%. The amount was payable as follows :

On Application Rs. 30

On Allotment Rs. 40

Balance on First and Final Call

Applications for 1,30,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Overpayments received on applications were adjusted towards sums due on allotment. Vinod, to whom 500 shares were allotted, failed to pay allotment and first and final call. His shares were forfeited. The forfeited shares were re-issued for Rs. 55,000 fully paid up.

Pass necessary journal entries in the books of Janata Ltd., showing the workings clearly.

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OR

Pass necessary journal entries in the books of Arjun Ltd. for the following transactions :

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- (i) 600 8% preference shares of Rs. 100 each issued at a discount of Rs. 5 per share were forfeited for the non-payment of final call of Rs. 30 per share. The forfeited shares were reissued for Rs. 66,000 fully paid up.
- (ii) 1500 equity shares of Rs. 100 each issued at a premium of Rs. 20 per share were forfeited for the non-payment of allotment money (including premium) of Rs. 30 per share. Application money of Rs. 30 per share had been received on these shares. The first and final call of Rs. 60 per share was not made. The forfeited shares were re-issued for Rs. 75,000 fully paid up.

14. A, B and C were partners in a firm sharing profits in proportion of their capitals. On 31.3.2006 their Balance Sheet was as follows :

Balance Sheet of A, B and C as on 31.3.2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	16,000	Building	1,40,000
Reserve	12,000	Machinery	60,000
Capitals : Rs.		Stock	8,000
A 40,000		Debtors	12,000
B 60,000		Cash	8,000
C 1,00,000	2,00,000		
	2,28,000		2,28,000

B died on 30.6.2006. Under the partnership agreement the executors of a deceased partner were entitled to :

- (i) Amount standing to the credit of partner's capital account.
- (ii) Interest on capital at 12% per annum.
- (iii) Share of goodwill. The goodwill of the firm on B's death was valued at Rs. 2,40,000.
- (iv) Share of profit from the closing of last financial year to the date of death on the basis of last year's profit. Profit for the year ended 31.3.2006 was Rs. 15,000.

Prepare B's Capital Account to be rendered to his executors.

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15. X and Y were partners in a firm sharing profits in 3 : 1 ratio. They admitted Z as a new partner for 1/4 share in the profits. Z was to bring Rs. 20,000 as his capital and the capitals of X and Y were to be adjusted on the basis of Z's capital in the profit sharing ratio. The Balance Sheet of X and Y on 31.3.2006 was as follows :

Balance Sheet of X and Y on 31.3.2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	18,000	Cash	5,000
Bills Payable	10,000	Debtors	17,000
General Reserve	12,000	Stock	12,000
Capitals : Rs.		Machinery	21,000
X 25,000		Building	20,000
Y 10,000	35,000		
	75,000		75,000

Other terms of agreement on Z's admission were as follows :

- (i) Z will bring Rs. 6,000 for his share of goodwill.
 - (ii) Building will be valued at Rs. 25,000 and machinery at Rs. 19,000.
 - (iii) A provision at 5% on debtors will be created for bad debts.
 - (iv) Capital Accounts of X and Y were adjusted by opening Current Accounts.
- Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of X, Y and Z.

8

OR

Vijay, Vivek and Vinay were partners in a firm sharing profits in 2 : 2 : 1 ratio. On 31.3.2006 Vivek retired from the firm. On the date of Vivek's retirement the Balance Sheet of the firm was as follows :

Balance Sheet of Vijay, Vivek and Vinay as on 31.3.2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	54,000	Bank	55,200
Bills Payable	24,000	Debtors 12,000	
Outstanding Rent	4,400	Less Provision for 800	11,200
		doubtful debts	
Provision for legal claims	12,000	Stock	18,000
Capitals : Rs.		Furniture	8,000
Vijay 92,000		Premises	1,94,000
Vivek 60,000			
Vinay 40,000	1,92,000		
	2,86,400		2,86,400

On Vivek's retirement it was agreed that :

- (i) Premises will be appreciated by 5% and furniture will be appreciated by Rs. 2,000. Stock will be depreciated by 10%.
- (ii) Provision for bad debts was to be made at 5% on debtors and provision for legal damages to be made for Rs. 14,400.
- (iii) Goodwill of the firm was valued at Rs. 48,000.
- (iv) Rs. 50,000 from Vivek's Capital Account will be transferred to his loan account and the balance will be paid by cheque.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of Vijay and Vinay after Vivek's retirement.

8

PART B

(Analysis of Financial Statements)

- 16. Give the meaning of 'Cash Flow Statement'. 2
- 17. A Ltd., engaged in the business of retailing of two wheelers, invested Rs. 50,00,000 in the shares of a manufacturing company. State with reason whether the dividend received on this investment will be cash flow from operating activities or investing activities. 2
- 18. The Profit and Loss Accounts of Himani & Co. for the years ended March 31, 2005 and 2006 are as follows :

Himani & Co.

Profit and Loss Accounts for the years ended March 31, 2005 and 2006

Particulars	2005 Rs.	2006 Rs.
Net Sales	4,22,300	4,02,000
Cost of Goods sold	3,71,000	3,69,000
Gross Profit	51,300	33,000
Operating Expenses	22,700	19,900
Net Profit	28,600	13,100
Income Tax 50% of Net Profit	14,300	6,550

Compute percentage changes from 2005 to 2006.

3

- 19. Explain briefly any three limitations of analysis of financial statements. 3

20. The following are the summarised Profit and Loss Account and the Balance Sheet of Ashoka Ltd. as on 31.3.2006 :

Ashoka Ltd.

Profit and Loss Account for the year ended 31.3.2006

Particulars	Amount Rs.	Particulars	Amount Rs.
Opening Stock	20,000	Sales	2,20,000
Purchases	1,25,000	Closing Stock	10,000
Direct Expenses	15,000		
Gross Profit	70,000		
	2,30,000		2,30,000
Salary	16,000	Gross Profit	70,000
Loss on Sale of Machinery	4,000		
Net Profit	50,000		
	70,000		70,000

Ashoka Ltd.

Balance Sheet as on 31.3.2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital	1,50,000	Land	2,00,000
Profit & Loss A/c	50,000	Stock	10,000
Creditors	75,000	Debtors	50,000
Outstanding Expenses	25,000	Cash	40,000
	3,00,000		3,00,000

Calculate any *two* of the following ratios on the basis of the information given in the above mentioned financial statements :

- (i) Gross Profit Ratio
- (ii) Stock Turnover Ratio
- (iii) Proprietary Ratio

21. Seema Ltd. had a profit of Rs. 20,00,000 for the year ended 31.3.2006 after considering the following :

Depreciation on building	Rs. 55,000
Depreciation on plant and machinery	Rs. 37,000
Goodwill written off	Rs. 14,000
Loss on sale of plant and machinery	Rs. 8,000

Following was the position of the Current Assets and Current Liabilities of the company as on 31st March, 2005 and 31st March, 2006 :

Particulars	31.3.2005 Rs.	31.3.2006 Rs.
Stock	65,000	69,000
Debtors	40,000	25,000
Cash	47,000	74,000
Creditors	94,000	1,03,000
Outstanding Expenses	5,000	3,000
Bills Payable	49,000	58,000

Calculate Cash Flow from Operating Activities.

6

OR

With the help of Profit and Loss Account for the year ended 31.3.2006 and Balance Sheets as on 31.3.2005 and 31.3.2006 of Poonam Ltd., calculate 'Cash Flows from Operating Activities'.

6

Profit and Loss Account of Poonam Ltd. for the year ended 31.3.2006

Particulars	Amount Rs.	Particulars	Amount Rs.
Depreciation	12,000	Gross Profit	4,50,000
Salary	40,000		
Rent	70,000		
Commission	30,000		
Other Expenses	78,000		
Net Profit	2,20,000		
	4,50,000		4,50,000
Proposed Dividend	50,000	Net Profit	2,20,000
Retained Profit	1,70,000		
	2,20,000		2,20,000

Balance Sheets of Poonam Ltd. as on 31.3.2005 and 31.3.2006

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share Capital	1,02,000	1,39,000	Plant	4,00,000	4,70,000
Reserves	2,00,000	3,70,000	Patents	—	75,000
Loan	1,80,000	1,05,000	Stock	1,17,000	1,57,000
Proposed Dividend	20,000	70,000	Debtors	95,000	87,000
Creditors	80,000	65,000	Cash	40,000	55,000
Bills Payable	70,000	95,000			
	6,52,000	8,44,000		6,52,000	8,44,000

PART C (Computerised Accounting)

16. What is an alternate key ? 2
17. List the objectives of grouping and hierarchy of accounts. 2
18. With the help of a suitable example explain the concept of DML. 3
19. What are the advantages of DBMS ? 3
20. What is Colour Coding ? 3
21. (a) Design a Bank voucher with the following information of M/s Mohan Ltd. : 3

Date	V. No.	Code	Account	Amount
31/12/06	2	710001	Equity Share Capital	15,00,000
31/12/06	2	720001	Premium on Issue	5,00,000
31/12/06	2	110001	Bank	20,00,000

Prepared by Ravi

Authorised by Venu

- (b) M/s Mohan Ltd. employs 25 persons whose Salary comprises Basic Pay, Dearness Allowance, House Rent Allowance and City Compensatory Allowance. The following are the rules that govern the payment :

Write the queries in SQL using the following data in MS-Access to compute the allowances :

House Rent Allowance : Rs. 5,000 up to a Basic Pay of Rs. 20,000; Rs. 10,000 up to Basic Pay of Rs. 30,000; Rs. 15,000 for Basic Pay above Rs. 30,000.

City Compensatory Allowance : @ 10% of Basic Pay subject to a minimum of Rs. 1,500.

3+1=4

Marking Scheme — Accountancy

General Instructions :

1. The marking scheme provides general guidelines to reduce subjectivity in the marking. The answers given in the marking scheme are suggested answers. The content is thus indicative. If a student has given any other answer, which is different from the one given in the marking scheme, but conveys the requisite meaning, such answers should be given full weightage.
2. Evaluation is to be done as per instructions provided in the marking scheme. It should not be done according to one's own interpretation or any other consideration. Marking scheme should be strictly adhered to and religiously followed.
3. If a question has parts, marks should be awarded on the right hand side for each part. Marks awarded for different parts of the same question should then be totaled up and written in the left hand margin and circled.
4. If a question does not have any parts, marks be awarded in the left hand margin.
5. If the student has attempted both the choices in a given question, the answer deserving more marks should be retained and the other answer should be scored out.
6. No marks should be deducted for the cumulative effect of an error. It should be penalized only once.
7. Deduction upto 25% of the marks be made if the student has not drawn formats of the journal and the ledger and has not given narrations.
8. A full scale of 1-100 marks has to be used. Please do not hesitate to award full marks if the answer deserves it.
9. No marks are to be deducted or awarded for writing/ not writing 'To' and 'By' while preparing journal and ledger accounts.
10. In theory questions, credit is to be given for the content and not for the format.

QUESTION PAPER CODE 67/1/1

EXPECTED ANSWERS/VALUE POINTS

1. Items which can be credited to the capital account of a partner when the Capital account is fluctuating : (**Any four**)
- (a) Opening balance of capital.
 - (b) Additional capital introduced.
 - (c) Salary
 - (d) Interest on capital
 - (e) Commission
 - (f) Share of profit
- (or any other correct item) ½×4 = 2 Marks
2. Shares can be issued at a discount only if the following conditions are fulfilled:
- (a) The shares are of a class already issued.
 - (b) At least one year must have elapsed since the company became entitled to commence business.
 - (c) The issue of shares at a discount is authorized by a resolution passed by the company in its general meeting which would specify the maximum rate of discount at which the shares are to be issued.
 - (d) The maximum rate of discount cannot exceed 10% except in special circumstances.
 - (e) The shares are issued within two months of the date on which the issue is sanctioned by the central government or within such extended time as the central government may allow. 2 Marks
3. A preferential allotment is one that is made at a pre-determined price to the pre identified people who wish to take a strategic stake in the company. 2 Marks
4. Debenture is an instrument acknowledging a debt issued under the common seal of the company. 2 Marks

5. **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Ram's current A/c Dr.		2,500	
	Shyam's current A/c			2,500
	(Interest on capital omitted, now adjusted)			

2 Marks

Working:

Partners	Cr. interest on capital	Dr. profits	Net Effect	
			Dr.	Cr.
Ram	50,000	52,500	2,500	—
Shyam	90,000	87,500	—	2,500
	1,40,000	1,40,000	2,500	2,500

1 Marks

(If a student has used capital accounts instead of current account, only ½ mark should be deducted)

Total : (2+1=3 Marks)

6. (i) Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Bank Dr. Debenture Application A/c (Debenture application money received)		2,50,00,000	2,50,00,000
	Debenture Application A/c Dr. Loss on issue of Debentures A/c Dr. 7% Debentures A/c Premium on redemption of Debentures A/c (Debentures issued at par, redeemable at a premium)		2,50,00,000 20,00,000	2,50,00,000 20,00,000

Note: If the examinee has passed the entry through Debenture Application and Allotment A/c, no marks should be deducted.

½×2 = 1 Mark

(ii) Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Bank Dr. Debenture Application A/c (Debenture application money received)		2,60,00,000	2,60,00,000
	Debenture Application Dr.		2,60,00,000	

	Loss on issue of Debentures A/c Dr.		12,50,000	
	7% Debentures A/c			2,50,00,000
	Securities premium A/c			10,00,000
	Premium on Redemption of Debentures A/c (Debentures issued at a premium, redeemable at a premium)			12,50,000

Note: If the examinee has passed the entry through Debenture Application and Allotment A/c, no marks should be deducted.

$\frac{1}{2} \times 2 = 1$ Mark

(iii) **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Bank a/c Dr.		2,62,50,000	
	Debenture Application A/c (Debenture application money received)			2,62,50,000
	Debenture Application A/c Dr.		2,62,50,000	
	7% Debentures A/c			2,50,00,000
	Securities premium A/c (Debentures issued at a premium)			12,50,000

Note: If the examinee has passed the entry through Debenture Application and Allotment A/c, no marks should be deducted.

$\frac{1}{2} \times 2 = 1$ Mark

Total : 1+1+1 = 3 Marks

7. **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Cash Dr.		3,45,000	
	Guru's capital A/c			3,00,000
	Premium A/c (capital and premium brought in by Guru)			45,000
	Premium A/c Dr.		45,000	
	Kavi's capital A/c Dr.		37,500	
	Hari's capital A/c			67,500
	Ravi's capital A/c (Premium adjusted through the partners capital accounts)			15,000

1 Marks

2 Marks

Calculation of sacrificing ratio:

Hari: $3/6 - 2/7 = 9/42$

Ravi: $2/6 - 2/7 = 2/42$

Kavi: $1/6 - 2/7 = (5/42)$ gain

1 Mark

Total : (1+2+1 = 4 Marks)

8. Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Chander's capital A/c Dr. Realisation A/c (Unrecorded asset taken over by Chander)		7,800	7,800
	Realisation A/c Dr. Cash/ Bank A/c (Creditors paid in full settlement)		45,000	45,000
	Realisation A/c Dr. Naresh's capital A/c (Realisation expenses paid by Naresh)		1,200	1,200
	Chander's capital A/c Dr. Naresh's capital A/c Dr. Realisation A/c (Loss on realisation transferred to partners capital A/c)		2,040 1,360	3,400

Total : 1×4 = 4 Marks

9. Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	P& L Appropriation A/c Dr. Debenture Redemption Reserve A/c (Profits transferred to Debenture redemption Reserve A/c)		50,00,000	50,00,000
	OR P& L Appropriation A/c Dr. Debenture Redemption Reserve A/c (Profits transferred to Debenture redemption Reserve A/c)		25,00,000	25,00,000

Debentures A/c	Dr.	50,00,000	
Premium on redemption of Debentures A/c	Dr.	5,00,000	
Debentureholders A/c (amount due to the debentureholders)			55,00,000
Debentureholders A/c	Dr.	55,00,000	
Bank A/c (payment made to the debentureholders)			55,00,000
Debenture Redemption Reserve A/c	Dr.	50,00,000	
General Reserve A/c (Debenture Redemption Reserve transferred to general reserve)			50,00,000
OR			
Debenture Redemption Reserve A/c	Dr.	25,00,000	
General Reserve A/c (Debenture Redemption Reserve transferred to general reserve)			25,00,000

1×4 = 4 Marks

10.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)	
2006	Own Debentures A/c	Dr.	9,20,000		
Aug 1	Interest on Debentures A/c	Dr.	30,000		
	Bank A/c (purchase of own debentures)			9,50,000	1 mark
Aug 1	9% Debentures A/c	Dr.	10,00,000		
	Own Debentures A/c			9,20,000	1 mark
	Profit on cancellation of Deb. A/c (own debentures cancelled)			80,000	
Aug 1	Profit on cancellation of Debenture A/c	Dr.	80,000		
	Capital Reserve A/c (Profit on cancellation transferred to capital reserve)			80,000	1 mark

Working:

Interest on debentures = $10,000 \times 100 \times 9/100 \times 4/12 = 30,000$

1 mark

Total : 1+1+1+1=4 Marks

11.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Building A/c Dr. M/s Construction Ltd. A/c (Building purchased)		70,00,000	70,00,000
	M/s Construction Ltd A/c Dr. Bank A/c (Payment paid through cheque)		20,50,000	20,50,000
(a)	M/s Construction A/c Dr. Discount on issue of shares A/c Dr. Equity Share Capital A/c (Issue of shares at 10% discount)		49,50,000 5,50,000	55,00,000
(b)	M/s Construction Ltd. A/c Dr. Equity Share Capital A/c Securities Premium A/c (Issue of shares at 25% premium)		49,50,000	39,60,000 9,90,000

1×4 = 4 Marks

12.

Realisation A/c

Particulars	Amount Rs.	Assets	Amount Rs.
Sundry Assets		Sundry liabilities:	
Building 5,00,000		Loan 70,000	
Stock 30,000	5,30,000	Creditors 1,30,000	2,00,000
Cash		Cash	
Creditors 1,29,000		Building 6,50,000	
Loan 70,000	1,99,000	Stock 12,000	
Profit transferred:		JLP 1,27,000	7,89,000
Samta 1,95,000			
Mamta 65,000	2,60,000		
	9,89,000		9,89,000

3 Marks

Dr.

Capital Accounts

Cr.

Particulars	Samta (Rs.)	Mamta (Rs.)	Particulars	Samta (Rs.)	Mamta (Rs.)
P & L A/c	45,000	15,000	Balance b/d	3,00,000	1,10,000
Cash A/c	4,50,000	1,60,000	Realisation A/c (profit)	1,95,000	65,000
	4,95,000	1,75,000		4,95,000	1,75,000

1 Mark

Dr.		Cash A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Balance b/d	20,000	Realisation A/c	1,99,000		
Realisation A/c	7,89,000	Samta's capital A/c	4,50,000		
		Mamta's capital A/c	1,60,000		
	8,09,000		8,09,000		

1 mark

Total : 3+2+1 = 6 Marks

OR

Dr.		Realisation A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Sundry Assets	6,16,000	Creditors	80,000		
Cash		Cash			
Creditors	80,000	(assets realised)	7,50,000		
Sudhir's capital A/c	2,000				
(realisation expenses)					
Profit transferred:					
Sameer Capital A/c	82,500				
Sudhir Capital A/c	49,500				
	1,32,000				
	8,30,000		8,30,000		

Dr.			Capital Accounts			Cr.		
Particulars	Sameer (Rs.)	Sudhir (Rs.)	Particulars	Sameer (Rs.)	Sudhir (Rs.)			
Cash	4,07,500	2,82,500	Balance b/d	2,40,000	1,80,000			
			G. Reserve	85,000	51,000			
			Real. a/c	—	2,000			
			Real. a/c					
			(profit)	82,500	49,500			
	4,07,500	2,82,500		4,07,500	2,82,500			

1 mark

(½ mark for each partner's capital a/c ½×2= 1 mark)

Dr.		Cash A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Balance b/d	20,000	Realisation A/c			
Realisation A/c		(creditors paid)	80,000		
(assets realised)	7,50,000	Sameer's capital A/c	4,07,500		
		Sudhir's capital A/c	2,82,500		
	7,70,000		7,70,000		

1 mark

Bank A/c	Dr.	79,20,000		½ mark
Share first and final call A/c (Amount received on first and final call)			79,20,000	
OR				
Bank A/c	Dr.	79,20,000		1 mark
Calls-in-arrears A/c	Dr.	80,000		
Share first and final call A/c (Amount received on first and final call)			80,00,000	
Share Capital A/c	Dr.	2,00,000		
Share Forfeiture A/c			84,000	1 mark
Share allotment A/c			36,000	
Share first call A/c (2,000 shares forfeited)			80,000	
OR				
Share Capital A/c	Dr.	2,00,000		1 mark
Share Forfeiture A/c			84,000	
Calls in arrears a/c (2,000 shares forfeited)			1,16,000	
OR				
Bank A/c	Dr.	1,80,000		1 mark
Share forfeiture A/c	Dr.	20,000		
Share Capital A/c (2,000 shares re-issued)			2,00,000	
Share forfeiture A/c	Dr.	64,000		½ mark
Capital reserve A/c (Profit on reissue of shares transferred to capital reserve)			64,000	

Total : 6 Marks

OR

(a)

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Share Capital A/c	Dr.	40,000	
	Share Forfeiture A/c			28,000
	Share first call A/c			8,000
	Discount on issue of shares A/c (400 shares forfeited for non payment of first call)			4,000

Bank A/c	Dr.	38,000	
Discount on issue of shares A/c	Dr.	2,000	
Share Capital A/c (re-issue of 400 shares fully paid)			40,000
Share forfeiture A/c	Dr.	28,000	
Capital Reserve A/c (Share forfeiture transferred to capital reserve)			28,000

1×3 = 3 marks

(b) **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Share Capital A/c Dr. Share Forfeiture A/c Share allotment A/c (300 shares forfeited for non payment of allotment money)		24,000	12,000 12,000
	Bank A/c Dr. Share forfeiture A/c Dr. Share Capital A/c (re-issue of 400 shares fully paid)		29,000 1,000	30,000
	Share forfeiture A/c Dr. Capital Reserve A/c (The surplus amount in Share forfeiture A/c transferred to capital reserve A/c)		11,000	11,000

1×3 = 3 marks

Total : 3+3 = 6 Marks

14. Dr. **H's Capital A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
H's executor's A/c	1,96,450	Balance b/d	85,000
		Interest on capital A/c	2,550
		G's capital A/c	46,286
		I's Capital A/c	34,714
		P & L suspense A/c	18,000
		Reserve A/c	9,900
	1,96,450		1,96,450

*(No marks for amount transferred to H's executors a/c
(1 mark for each item on the credit side)*

Total : 1×6 = 6 Marks

15.

Dr.		Revaluation A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Building	15,000	Loss transferred to:			
Machinery	2,000	A' Capital A/c	11,424		
Provision for doubtful debts	2,040	B' Capital A/c	<u>7,616</u>	19,040	2 marks
	19,040			19,040	

Dr.				Capital Accounts				Cr.			
Particulars	A	B	C	Particulars	A	B	C				
Revaluation A/c –loss	11,424	7,616		Bal b/d	1,50,000	80,000	—				
Current A/c –transfer	40,176	6,784	—	General Reserve	14,400	9,600	—				
Balance c/d	1,20,000	80,000	40,000	Cash	—	—	40,000			3 marks	
	<u>1,71,600</u>	<u>94,400</u>	<u>40,000</u>	Premium	7,200	4,800					
					<u>1,71,600</u>	<u>94,400</u>	<u>40,000</u>				

Balance Sheet of A, B and C as on 31st March 2006

Dr.		Revaluation a/c		Cr.	
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)		
Creditors	36,000	Building	1,85,000		
Bills Payable	20,000	Machinery	40,000		3 marks
Capitals:		Debtors	34,000		
A	120,000	Less provision	<u>2,040</u>	31,960	
B	80,000	Stock		24,000	
C	<u>40,000</u>	Cash		62,000	
A's current A/c	40,176				
B's current A/c	6,784				
	3,42,960			3,42,960	

Total : 2+3+3 = 8 Marks

OR

Dr.		Revaluation A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Furniture	17,500	Land and Building	10,000		
Provision for doubtful debts	500	Loss transferred:			
Provision for legal claim	2,500	X	5,250		
		Y	3,150		
		Z	<u>2,100</u>	10,500	3 marks
	20,500			20,500	

Dr.		Capital Accounts						Cr.
Particulars	A	B	C	Particulars	A	B	C	
Reval –loss	5,250	3,150	2,100	Balance b/d	1,27,000	90,000	71,000	
Z's capital	7,500	4,500	—	X' capital	—	—	7,500	
Z's loan	-	-	70,000	Y' capital	—	—	4,500	
Bank	-	-	10,900					
Balance c/d	1,14,250	82,350	-					
	1,27,000	90,000	83,000		1,27,000	90,000	83,000	

3 marks

(1 mark for each partner's capital a/c)

Balance Sheet of X, Y and Z as on 31st March 2006

Dr.		Revaluation a/c		Cr.
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)	
Provision for legal claims	60,000	Land and Building	2,10,000	
Creditors	27,000	Furniture	70,000	
Bills payable	13,000	Debtors	20,000	
Outstanding rent	22,500	Less provision	<u>1,000</u>	19,000
Capitals:		Stock	21,000	
X	1,14,250	Bank	69,100	2 marks
Y	<u>82,350</u>			
Z's loan	70,000			
	3,89,100		3,89,100	

Total : 3+3+2 = 8 marks

PART B

(Analysis of Financial statements)

16. Objectives of preparing cash flow statement: (any two)

- To ascertain the sources of cash from operating/ investing/ financing activities.
- To ascertain the uses of cash by operating/ investing/ financing activities.
- To ascertain the net change in cash and cash equivalents.

2 Marks

17. Investing activity as Fine Garments has bought the machinery for use in the business not for sale.

2 Marks

18.

Comparative Income Statement
For the years ended on 31.3.05 & 31.3.06

Particulars	2005 (Rs.)	2006 (Rs.)	Absolute Increase/ decrease	Percentage increase/ decrease
Sales	25,000	32,500	7,500	30
Less: cost of goods sold	11,850	16,590	4,740	40
Gross profit	13,150	15,910	2,760	21
Less: Indirect expenses	1,150	4,910	3,760	327
Net profit before tax	12,000	11,000	(1,000)	(8.33)
Less :tax	6,000	5,500	(500)	(8.33)
Net profit after tax	6,000	5,500	(500)	(8.33)

(1 mark for each item)

$\frac{1}{2} \times 6 = 3$ Marks

Note 1: Full marks should be awarded even if the student has made the percentage column only.

Note 2: Not more than $\frac{1}{2}$ mark should be deducted if the student has shown the method of calculating percentages but not calculated them.

Note 3: If only the absolute changes have been calculated, then $1\frac{1}{2}$ marks to be given.

19. Analysis of financial statements is the systematic process of identifying the strengths and weaknesses of the firm by properly establishing relationship between the items of the Balance Sheet and Income Statement.

3 Marks

20.
$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$= \frac{20,000 + 1,00,000 + 80,000}{1,50,000 + 50,000}$$

$$= \frac{2,00,000}{2,00,000} = 1 : 1$$

Stock turnover ratio =
$$\frac{\text{Cost of goods sold}}{\text{Average stock}}$$

$$= \frac{3,00,000}{30,000} = 10 \text{ times}$$

$$\text{Proprietary ratio} = \frac{\text{Proprietors funds}}{\text{Total assets}}$$

$$= \frac{4,00,000}{6,00,000} = 0.67 \text{ or } 67\%$$

(½ mark for the formula + ½ mark for numerator + ½ mark for the denominator + ½ mark for the final answer)

Total : ½+½+½+½ = 2 Marks

21. Calculation of cash flows from operating activities:

Particulars	Details	Amount (Rs.)	
Net profit before tax		17,50,000	
Add: Depreciation on building	1,30,000		
Depreciation on plant and machinery	40,000		2 marks
Goodwill written off	25,000		
Loss on sale of machinery	9,000	2,04,000	
Net profit before working capital changes		19,54,000	
<u>Add current assets; and current liabilities:</u>			
Bills receivable	9,000		
Creditors	9,000	18,000	2 marks
<u>Less current assets; and current liabilities:</u>			
Stock	(17,000)		
Outstanding salary	(3,000)		
Bills payable	(14,000)	(34,000)	2 marks
Cash generated from operating activities		19,38,000	

Total : 2+2+2 = 6 Marks

OR

Calculation of Net Profit before tax:

Net Profit for the year	Nil
Add transfer to reserve	1,60,000
Add: Proposed dividend	<u>1,50,000</u>
Net profit before tax	<u>3,10,000</u>

Calculation of cash flows from operating activities:

Particulars	Details	Amount (Rs.)	
Net profit before tax		3,10,000	2 marks
Add depreciation		<u>17,000</u>	
Net profit before working capital changes		3,27,000	
<u>Less current operating assets; current operating liabilities:</u>			4 marks
Stock	(15,000)		
Debtors	(20,000)		
Creditors	(1,70,000)		
Bills payable	(1,50,000)	(3,55,000)	
Cash used in operating activities		(28,000)	

Total : 2 + 4 = 6 Marks

Note 1: In case the examinee has taken the net profit before tax as Rs. 4,70,000 and the cash generated from operating activities as Rs. 1,32,000, full marks to be awarded.

Note 2: If the examinee has followed direct method to calculate cash generated from operating activities, full credit be given.

PART -C

Computerised Accounting

22. The rows of a table are called Tuples **2 Marks**
23. The need for grouping is Summarisation, Accounting Analysis, Control & Reconciliation. **2 Marks**
24. The commands which are used to create and maintain a database is called Data Definition Language (DDL). They represent the ALTER, CREATE & DROP. Any suitable example. **3 Marks**
25. Data Redundancy means duplication of Data. Sometimes it may be a possibility that the same piece of information is stored in two or more files. **3 Marks**
26. Time & efforts are wasted , incorrect dispatches may take place & there would be difficulty in posting. **3 Marks**

27. (a)

**M/s Aruna Ltd.
Bank Voucher
Receipt**

V. No. 2

Bank Account: 110001

S. No.	Code	Name of account	Amount(Rs.)	Date	Narration
1.	711001	Debentures	5,00,000	31/1/07	Issue of Debentures
2.	721001	Premium on issue	1,00,000	31/1/07	Premium on issue
		Total	6,00,000		

Authorised by Prashant

Prepared by Sunder

3 marks

(b) HRA SELECT basicpay, if (basicpay <= 10,000, 3,000, iif (basicpay > 10,000 and basicpay <= 20000, 7,000, if (basicpay > 20000, 10,000, null))) As hraamount FROM table 1.

CCA SELECT basicpay,

iifbasicpay*0.1 < 1250, 1250, basicpay*10) FROM table 1.

3+1 = 4 marks

Total : 3+4 = 7 Marks

QUESTION PAPER CODE 67/1

EXPECTED ANSWERS/VALUE POINTS

1. Factors that help in the creation of goodwill of a partnership firm are: (**Any four**)

(i) Nature of the business (ii) Location (iii) Efficient management (iv) Market situation

(v) Special advantages (vi) Quality (vii) Profitability.

(or any other factor)

$\frac{1}{2} \times 4 = 2$ Marks

2. Authorized Capital is the maximum share capital that a company is allowed to issue during its lifetime.

2 marks

3. A preferential allotment is one that is made at a pre-determined price to the pre-identified people who wish to take a strategic stake in the company.

2 marks

4. Distinction between a share and a debenture (**any two**):

Basis	Share	Debenture
Nature	A share is a part of the ownership capital of the company	A debenture is a part of the loan of the company.
Return	The shareholders are paid dividend on their holdings	The holders of debentures are paid interest.
Rate	Rate of dividend may change from time to time depending on the profit.	Rate of interest on debentures is fixed.
Security	Shares are not secured.	Debentures may be secured.
Voting right	Shareholders have voting rights.	Debentureholders do not have voting rights.

(No marks should be deducted for not writing the basis)

(1 mark for distinction on the basis of nature/ meaning + 1 mark for any other correct distinction)

1×2 = 2 Marks

5.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Jain's current A/c Dr. Gupta's current A/c (Interest on capital omitted, now adjusted)		5,000	5,000

2 Marks

Working:

Partners	Cr. interest on capital	Dr. profits	Net Effect	
			Dr.	Cr.
Jain	10,000	15,000	5,000	—
Gupta	15,000	10,000	—	5,000
	25,000	25,000	5,000	5,000

1 Marks

(If a student has used capital accounts instead of current account, only ½ mark should be deducted)

Total : 2+1 = 3 Marks

6.

(i)

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Bank a/c Dr. Debenture Application A/c (Debenture application money received)		10,500	10,500
	Debenture Application A/c Dr. 7% Debentures A/c Securities premium A/c (Debentures issued at a premium)		10,500	10,000 500

 $\frac{1}{2} + \frac{1}{2} = 1$ mark

(ii)

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Bank A/c Dr. Debenture Application A/c (Debenture application money received)		10,000	10,000
	Debenture Application A/c Dr. Loss on issue of Debentures A/c Dr. 7% Debentures A/c Premium on redemption of Debentures A/c (Debentures issued at par, redeemable at premium)		10,000 500	10,000 500

 $\frac{1}{2} + \frac{1}{2} = 1$ mark

(iii)

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Bank A/c Dr. Debenture Application A/c (Debenture application money received)		10,500	10,500
	Debenture Application A/c Dr. Loss on issue of Debentures A/c Dr. 7% Debentures A/c Securities premium A/c Premium on Redemption of Deb.A/c (Debentures issued at a premium, redeemable at a premium)		10,500 800	10,000 500 800

$\frac{1}{2} + \frac{1}{2}$
= 1 mark

Note: If the examinee has passed the entry through Debenture Application and Allotment A/c, no marks should be deducted.

Total : 1+1+1 = 3 Marks

7.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Arti's capital A/c Dr. Bharti's capital A/c Dr. Goodwill A/c (existing goodwill written off)		3,000 2,000	5,000
	Cash A/c Dr. Premium A/c (Premium Amount brought in by Sarthi)		10,000	10,000
	Premium A/c Dr. Arti's capital A/c Bharti's capital A/c (Premium adjusted through the old partners capital accounts)		10,000	4,000 6,000

1 mark

1 mark

1 mark

Calculation of sacrificing ratio:

$$\text{Arti: } \frac{3}{5} - \frac{2}{4} = \frac{2}{20}$$

$$\text{Bharti: } \frac{2}{5} - \frac{1}{4} = \frac{3}{20}$$

$$\text{Sacrificing ratio} = 2:3$$

1 mark

Total : 1+1+1 = 3 Marks

8.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Realisation A/c Dr. Cash/ Bank A/c (Bank loan paid)		50,000	50,000
	Cash/ Bank A/c Dr. Realisation A/c (unrecorded asset sold)		17,000	17,000
	Rohan's capital A/c Dr. Realisation A/c (Stock taken over by Rohan)		14,000	14,000
	Rohan's capital A/c Dr. Mohan's capital A/c Dr. Realisation A/c (loss on realisation transferred to partners)		8,400 5,600	14,000

Total : 1 × 4 = 4 marks

9.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)	
2006 Mar.31	P & L Appropriation A/c Dr. Deb. Redemption Reserve A/c (Profits transferred to Deb. redemption Reserve)		50,00,000	50,00,0	1 mark
	OR P & L Appropriation A/c Dr. Deb. Redemption Reserve A/c (Profits transferred to Deb. redemption Reserve)		25,00,000	25,00,000	
Mar.31	Debentures A/c Dr. Premium on redemption of Debentures A/c Dr. Debentureholders A/c (amount due to the debentureholders)		50,00,000 5,00,000	55,00,000	1 mark
Mar.31	Debentureholders A/c Dr. Bank A/c (payment made to the debentureholders)		55,00,000	55,00,000	1 mark

Mar.31	Debenture Redemption A/c Reserve A/c	Dr.	50,00,000	50,00,000	1 mark
	General Reserve A/c (Debenture Redemption Reserve transferred to general reserve)				
OR					
Mar.31	Debenture Redemption Reserve A/c	Dr.	25,00,000	25,00,000	
	General Reserve A/c (Debenture Redemption Reserve transferred to general reserve)				

Total: 1+1+ 1+ 1 = 4 marks

10.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)	
2006 Mar.31	8% Debentures A/c Debentureholders A/c (Amount due to debentureholders)	Dr.	2,00,000	2,00,000	½ mark
Mar.31	Debentureholders A/c Equity Share Capital A/c (Debentures converted into equity shares)	Dr.	2,00,000	2,00,000	1½ marks
Mar.31	8% Debentures A/c Debentureholders A/c (Amount due to debentureholders)	Dr.	5,00,000	5,00,000	½ mark
Mar.31	Debentureholders A/c 10% Preference Share Capital Securities Premium A/c (Debentures converted into preference shares at premium)	Dr.	5,00,000	4,00,000 1,00,000	1½ marks

(if the student has combined the entries for debentures being due for redemption with an amount of Rs. 7,00,000 , 1 marks should be awarded for the same)

Total : ½+1½+½+1½ = 4 marks

11.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr. (Rs.)
	Machinery A/c Dr. Kamal Ltd. (Machinery purchased)		9,90,000	9,90,000
	(i) Kamal Ltd. Dr. Equity Share Capital A/c (Equity shares issued at par)		9,90,000	9,90,000
	(ii) Kamal Ltd A/c Dr. Discount on issue of shares A/c Dr. Equity Share Capital A/c (Issue of shares at 10% discount)		9,90,000 1,10,000	11,00,000
	(iii) Kamal Ltd. Dr. Equity Share Capital A/c Security Premium A/c (Issue of shares at 25% premium)		9,90,000	7,92,000 1,98,000

Total : 1 × 4 = 4 marks

12.

Realisation A/c

Particulars	Amount Rs.	Particulars	Amount Rs.
Sundry Assets		Sundry liabilities:	
Building 10,00,000		Loan 1,40,000	
Stock <u>80,000</u>	10,80,000	Creditors <u>2,60,000</u>	4,00,000
Cash		Cash	
-Creditors 2,40,000		-Building 4,50,000	
-Loan <u>1,40,000</u>	3,80,000	-Stock 2,00,000	
		-JLP <u>90,000</u>	7,40,000
		Loss transferred:	
		Ravi's Capital A/c 1,92,000	
		Mohan's Capital A/c <u>1,28,000</u>	3,20,000
	<u>14,60,000</u>		<u>14,60,000</u>

3 marks

Dr.		Capital Accounts				Cr.			
Particulars	Ravi (Rs.)	Mohan (Rs.)	Particulars	Ravi (Rs.)	Mohan (Rs.)				
P & L A/c	60,000	40,000	Balance b/d	6,00,000	2,00,000				
Realisation A/c (-loss)	1,92,000	1,28,000							
Cash A/c	3,48,000	32,000							
	6,00,000	2,00,000		6,00,000	2,00,000				

(1 mark for each partner's capital a/c)

1×2 = 2 marks

Dr.		Cash A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Balance b/d	20,000	Realisation	3,80,000		
Realisation A/c	7,40,000	Ravi's capital A/c	3,48,000		1 mark
		Mohan's capital A/c	32,000		
	7,60,000		7,60,000		

Total : 3+2+1 = 6 Marks

OR

Dr.		Realisation A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Sundry Assets	3,08,000	Creditors	40,000		
Cash (-creditors)	40,000	Cash (-assets realised)	6,00,000		2 marks
C's capital A/c (-realisation expenses)	15,000				
Profit transferred:					
B's Capital A/c 2,07,750					
C's Capital A/c <u>69,250</u>	2,77,000				
	6,40,000		6,40,000		

Dr.		Capital Accounts				Cr.	
Particulars	B (Rs.)	C (Rs.)	Particulars	B (Rs.)	C (Rs.)		
Cash	3,78,750	1,91,250	Balance b/d	1,20,000	90,000		
			General Reserve	51,000	17,000		
			Realisation A/c	—	15,000		
			Realisation A/c	2,07,750	69,250		
	3,78,750	1,91,250		3,78,750	1,91,250		

(½ mark for each partner's capital a/c)

½×2 = 1 mark

Dr.		Cash A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Balance b/d	10,000	Realisation A/c			
Realisation A/c (assets realised)	6,00,000	(creditors paid)	40,000		
		Bs capital A/c	3,78,750		
		C's capital A/c	1,91,250		1 mark
	6,10,000		6,10,000		

Working:

Memorandum Balance Sheet

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)	
B's capital	1,20,000	Cash	10,000	
C's capital	90,000	Sundry assets	3,08,000	2 marks
Creditors	40,000	(bal. fig.)		
General Reserve	68,000			
	3,18,000		3,18,000	

Total : 2+1+1+2 = 6 Marks

13.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)	
	Bank A/c Dr. Equity Share application A/c (amount received on application)		39,00,000	39,00,000	½ mark
	Equity Share Application A/c Dr. Equity Share Capital A/c Equity Share allotment A/c Bank A/c (Application money adjusted)		39,00,000	30,00,000 6,00,000 3,00,000	½ mark
	Equity Share allotment A/c Dr. Discount on issue of shares A/c Dr. Equity Share capital A/c (Amount due on allotment)		40,00,000 5,00,000	45,00,000	½ mark
	Bank A/c Dr. Equity Share Allotment A/c (The amount received on allotment)		33,83,000	33,83,000	1 mark

OR					
Bank A/c	Dr.	33,83,000			
Calls in arrears A/c	Dr.	17,000			
Equity Share allotment A/c (The amount received on allotment)				34,00,000	
Equity Share first and final call A/c	Dr.	25,00,000			
Equity Share Capital A/c (The amount due on first and final call)				25,00,000	½ mark
Bank A/c	Dr.	24,87,500			
Equity Share first and final call A/c (The amount received on first and final call)				24,87,500	½ mark
OR					
Bank A/c	Dr.	24,87,500			
Calls-in-arrears A/c	Dr.	12,500			
Equity Share first and final call (The amount received on first and final call)				25,00,000	
Equity Share Capital A/c	Dr.	50,000			
Share Forfeiture A/c				18,000	
Equity Share allotment A/c				17,000	
Equity Share first call A/c				12,500	
Discount on issue of shares A/c (500 shares forfeited)				2,500	
OR					
Equity Share Capital A/c	Dr.	50,000			
Share Forfeiture A/c				18,000	
Calls in arrears A/c				29,500	
Discount on issue of shares (500 shares forfeited)				2,500	
Bank A/c	Dr.	55,000			
Equity Share Capital A/c				50,000	
Security Premium A/c (500 shares re-issued)				5,000	
Share forfeiture A/c	Dr.	18,000			
Capital reserve A/c (Balance in share forfeiture transferred to capital reserve)				18,000	½ mark

Total : 6 Marks

OR

(a) **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Preference Share Capital A/c Dr. Share Forfeiture A/c Share first call A/c / calls in arrears A/c Discount on issue of shares A/c (600 shares forfeited for non payment of first call)		60,000 18,000	 39,000 3,000
	Bank A/c Dr. Share Capital A/c Securities Premium A/c (re-issue of 600 shares fully paid at premium)		66,000	60,000 6,000
	Share forfeiture A/c Dr. Capital Reserve A/c (Share forfeiture transferred to capital reserve)		39,000	39,000

1×3 = 3 marks

(b) **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr.(Rs.)
	Share Capital A/c Dr. Securities Premium A/c Dr. Share forfeiture A/c Share allotment A/c/Calls in Arrears A/c (1,500 shares forfeited for non payment of allotment money)		60,000 30,000	 45,000 45,000

1×3 = 3 marks

**(Since a re-issue is not possible with the amounts given in the question,
1½ marks to be given for attempting the entry for re-issue of shares)**

Total : 3+3 = 6 Marks

14. Dr. **B's Capital A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
B's executor's A/c	1,38,525	Balance b/d	60,000
		Interest on capital	1,800
		A's capital	20,572
		C's Capital	51,428
		P & L suspense A/c	1,125
		Reserve	3,600
	1,38,525		1,38,525

(No marks for amount transferred to B's executors a/c)

(1 mark for each item on the credit side)

Total : 1×6 = 6 marks

15. Dr. **Revaluation A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Machinery	2,000	Building	5,000
Provision for doubtful debts	850		
Profit transferred :			
X Rs. 1,613			
Y Rs. <u>537</u>	2,150		
	5,000		5,000

½×4 = 2 Marks

Dr. **Capital Accounts** Cr.

Particulars	X	Y	Z	Particulars	X	Y	Z
Y's Current a/c	—	37	—	Bal b/d	25,000	10,000	—
Balance c/d	45,000	15,000	20,000	General Reserve	9,000	3,000	—
				Cash	—	—	20,000
				Premium	4,500	1,500	
				Revaluation A/c	1,613	537	
				X's current A/c	4,887		
	45,000	15,037	20,000		45,000	15,037	20,000

(1 mark for each partner's capital)

1×3 = 3 marks

Balance Sheet of X, Y and Z as on 31st March 2006

Dr.		Revaluation A/c		Cr.	
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)		
Creditors	18,000	Building	25,000		
Bills Payable	10,000	Machinery	19,000		
Capitals:		Debtors	Rs. 17,000		
X	Rs. 45,000	Less provision	Rs. <u>850</u>	16,150	
Y	Rs. 15,000	Stock		12,000	
Z	Rs. <u>20,000</u>	Cash		31,000	
Y's current A/c	37	X's current a/c		4,887	
	<u>1,08,037</u>			<u>1,08,037</u>	

Total : 2+3+3 = 8 Marks

OR

Dr.		Revaluation A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
Stock	1,800	Premises	9,700		
Provision for legal claim	14,400	Furniture	2,000		
		Provision for doubtful debts	200		
		Loss transferred:			
		Vijay	Rs. 1,720		
		Vivek	Rs. 1,720		
		Vinay	Rs. <u>860</u>	4,300	
	<u>16,200</u>			<u>16,200</u>	

$\frac{1}{2} \times 6 = 3$ Marks

Dr.				Capital Accounts				Cr.			
Particulars	Vijay	Vivek	Vinay	Particulars	Vijay	Vivek	Vinay				
Revaluation	1,720	1,720	860	Bal. b/d	92,000	60,000	40,000				
Vivek's capital	12,800	—	6,400	Vijay's capital	—	12,800	—				
Vivek's loan		50,000		Vinay's capital	—	6,400	—				
Bank		27,480									
Balance c/d	77,480	—	32,740								
	<u>92,000</u>	<u>79,200</u>	<u>40,000</u>		<u>92,000</u>	<u>79,200</u>	<u>40,000</u>				

(1 mark for each partner's capital a/c)

$1 \times 3 = 3$ Marks

Balance Sheet of Vijay, Vivek and Vinay as on 31st March 2006

Dr.	Revaluation a/c		Cr.
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Provision for legal claims	26,400	Bank	27,720
Creditors	54,000	Debtors 12,000	
Bills payable	24,000	Less provision <u>600</u>	11,400
Outstanding rent	4,400	Stock	16,200
Vivek's loan	50,000	Furniture	10,000
Vijay's capital	77,480	Premises	2,03,700
Vinay's capital	32,740		
	<u>2,69,020</u>		<u>2,69,020</u>

2 marks

Note: If provision for legal claim and provision for legal damages have been treated as two separate items, no marks should be deducted.

Total : 3+3+2 = 8 Marks

ALTERNATE SOLUTION

Dr.	Revaluation a/c		Cr.
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Stock	1,800	Premises	9,700
Provision for legal claim	2,400	Furniture	2,000
Profit transferred:		Provision for doubtful debts	200
Vijay 3,080			
Vivek 3,080			
Vinay <u>1,540</u>	7,700		
	<u>11,900</u>		<u>11,900</u>

½×6 = 3 marks

Dr.	Capital Accounts				Cr.		
Particulars	Vijay	Vivek	Vinay	Particulars	Vijay	Vivek	Vinay
Vivek's capital	12,800	—	6,400	Bal. b/d	92,000	60,000	40,000
Vivek's loan	—	50,000	—	Revaluation a/c	3,080	3,080	1,540
Bank	—	32,280	—	Vijay's capital	—	12,800	—
Balance c/d	82,280	—	35,140	Vinay's capital	—	6,400	—
	<u>95,080</u>	<u>82,280</u>	<u>41,540</u>		<u>95,080</u>	<u>82,280</u>	<u>41,540</u>

(1 mark for each partner's capital a/c)

1×3 = 3 Marks

Balance Sheet of Vijay, Vivek and Vinay as on 31st March 2006

Dr.	Revaluation a/c		Cr.
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	14,400	Bank	22,920
Bills payable	54,000	Debtors	12,000
Outstanding rent	24,000	Less provision	<u>600</u>
Provision for legal claims	4,400	Stock	16,200
Vivek's loan	50,000	Furniture	10,000
Vijay's capital	82,280	Premises	2,03,700
Vinay's capital	35,140		
	2.64,220		2.64,220

2 marks

Total : 3+3+2 = 8 Marks

PART B

(Analysis of Financial Statements)

16. Cash flow statement may be defined as a statement of movement of cash and cash equivalents during a particular period. i.e. the sources from where the cash has been generated and the uses for which cash has been used. 2 marks
17. Investing activity as dividend is received on the investment made by the company. 2 marks

18. **Comparative Income Statement**

For the years ended on 31.3.05 & 31.3.06

Particulars	2005 (Rs.)	2006 (Rs.)	Absolute Increase/ decrease	Percentage increase/ decrease
Net Sales	4,22,300	4,02,000	(20,300)	(4.8)
Less: cost of goods sold	3,71,000	3,69,000	(2,000)	(0.54)
Gross profit	51,300	33,000	(18,300)	(35.7)
Less: operating expenses	22,700	19,900	(2,800)	(12.3)
Net profit before tax	28,600	13,100	(15,500)	(54.2)
Less : tax	14,300	6,550	(7,750)	(54.2)
Net profit after tax	14,300	6,550	(7,750)	(54.2)

Note 1: Full marks should be awarded even if the student has made the percentage column only.

Note 2: Not more than ½ mark should be deducted if the student has shown the method of calculating percentages but not calculated them.

Note 3: If only the absolute changes have been calculated, then 1 ½ marks to be given.

(½ mark for each item)

½×6 = 3 marks

19. Limitations of financial analysis: (Any three)

1. Historical analysis.
2. Ignores price level changes.
3. Qualitative aspect ignored.
4. Suffers from the limitations of financial statements.
5. Not free from bias.
6. Variation in accounting practices.

(½ mark for the point and ½ mark for explanation)

1×3 = 3 marks

20. (Any Two)

$$\begin{aligned} \text{Gross profit Ratio} &= \frac{\text{Gross profit} \times 100}{\text{Net Sales}} \\ &= \frac{70,000 \times 100}{2,20,000} = 31.8\% \end{aligned}$$

$$\begin{aligned} \text{Stock turnover ratio} &= \frac{\text{Cost of goods sold}}{\text{Average stock}} \\ &= \frac{1,50,000}{15,000} = 10 \text{ times} \end{aligned}$$

$$\begin{aligned} \text{Proprietary ratio} &= \frac{\text{Proprietors funds}}{\text{Total assets}} \\ &= \frac{2,00,000}{3,00,000} = 0.67 \text{ or } 67\% \end{aligned}$$

(½ mark for the formula + ½ mark for the numerator + ½ mark for the denominator + ½ mark for the final answer)

Total : 2 + 2 = 4 marks

21. Calculation of cash flows from operating activities:

Particulars	Details	Amount (Rs.)
Net profit before tax		20,00,000
Add: Deprecation on building	55,000	
Depreciation on plant and machinery	37,000	
Goodwill written off	14,000	
Loss on sale of machinery	8,000	1,14,000
Net profit before working capital changes		
<u>Add current assets; current liabilities:</u>		21,14,000
Debtors	15,000	
Creditors	9,000	
Bills Payable	9,000	33,000

2 marks

2 marks

<u>Less ? current assets; ?current liabilities:</u>			
Stock	(4,000)		
Outstanding expenses	(2,000)	(6,000)	2 marks
CASH GENERATED FROM OPERATING ACTIVITIES		21,41,000	

Total : 2+2+2 = 6 Marks

OR

Calculation of Net Profit before tax:

Net Profit	—	
Add: Transfer to the reserve	1,70,000	
Add: Proposed dividend	<u>50,000</u>	
Net profit before tax	<u>2,20,000</u>	2 marks

Calculation of cash flows from operating activities

Particulars	Details	Amount (Rs.)	
Net profit before tax		2,20,000	
Add depreciation		12,000	
Net Profit before Working Capital Changes		2,32,000	2 marks
<u>Add ? current assets; ? current liabilities</u>			
Bills payable	25,000		
Debtors	8,000	33,000	
<u>Less ? current assets; ?current liabilities:</u>			
Creditors	(15,000)		
Stock	(40,000)	(55,000)	2 marks
Cash generated from operating activities		2,10,000	

Total : 2+2+2 = 6 Marks

Note: In case the examinee has taken the net profit before tax as Rs.3,90,000 and the cash generated from operating activities as Rs.3,80,000, full marks to be awarded.

Note 2: If the examinee has followed direct method to calculate cash generated from operating activities, full credit be given.

PART C

Computerised Accounting

16. A table may have more than one possible primary key .Of these only one is the primary key and the other is alternate Key. **2 marks**
17. The need for grouping and hierarchy of accounts is it helps in summarisation, Accounting analysis, control & reconciliation. **2 marks**

18. The commands which are used to manipulate the data in a database is called Data manipulation languages (DML). They represent the SELECT, DELETE & UPDATE. Any suitable example **3 marks**
19. The advantages of DBMS: (a) Sharing of data; (b) Inconsistency is controlled; (c) Data redundancy is reduced. **3 marks**
20. As the name indicates, the system uses colour as a unique identifier in contrast to numbers or letter. The different colours indicates categories to which they belong, and used for classification and sorting. **3 marks**

21. (a) **M/s Mohan Ltd.**

Bank Voucher

Receipt

V. No. 2

Bank Account: 110001

S. No.	Code	Name of account	Amount(Rs.)	Date	Narration
1.	710001	Equity Share Capital	15,00,000	31/12/06	Issue of Shares
2.	720001	Premium on issue	5,00,000	31/12/06	Premium on issue
		Total	20,00,000		

Authorised by Venu

Prepared by Ravi.

3 marks

(b) HRA SELECT Basicpay, iif (basicpay<= 20,000, 5000, iif (basicpay >20000 and basicpay<= 30000, 10000, iif (basicpay >30000, 1500, null))) As hraamountFROM table1.

CCA SELECT basicpay, iif basicpay*0.1<1500,1500,basicpay*10)FROM table1

3 + 1 = 4 marks

Total : 3+4 = 7 marks