

General Instructions:

- 1) This question paper contains two parts- A and B.
- 2) All parts of a question should be attempted at one place.

Part – A		
Accounting for Not-for-Profit Organizations, Partnership Firms and Companies		
	Questions	Marks
1	Land and Building (book value) ₹ 1,60,000 sold for ₹ 3,00,000 through a broker who charged 2% commission on the deal. Journalise the transaction, at the time of dissolution of the firm.	1
2	Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner?	1
	Or	
	State any two reasons for the preparation of 'Revaluation Account' at time of admission of a partner.	
3	State the basis of accounting on which 'Receipt and Payment Account' is prepared in case of Not-for Profit Organisation.	1
	Or	
	What will be the treatment of 'Subscription received in advance' during the current year in the Balance Sheet of a Not-For-Profit Organisation?	
4	One of the partners in a partnership firm has withdrawn ₹ 9,000 at the end of each quarter, throughout the year. Calculate interest on drawings at the rate of 6% per annum.	1
5	A, B and C are partners in a firm sharing profit and losses in the ratio of 3:2:1. B died on 1 st April, 2018. C, son of B, is of the opinion that he is the rightful owner of his father's share of profits, and the profits of the firm should be now shared between A and C equally. A does not agree. Settle the dispute between A and C by giving reason.	1
6	Differentiate between 'Equity Share' and 'Debenture' on the basis of risk involved.	1
	Or	
	What is meant by 'Employee Stock Option Plan'?	

Calculate the amount of sports material to be transferred to Income and Expenditure account of Raman Bhalla Sports Club, Ludhiana, for the year ended 31st March, 2018:-

3

	Particulars	Amount (₹)
i.	Sports Material sold during the year (Book Value ₹ 50,000)	56,000
ii.	Amount paid to creditors for sports material	91,000
iii.	Cash purchase of sports material	40,000
iv.	Sports material as on 31.3.17	50,000
v.	Sports Material as on 31.3.18	55,000
vi.	Creditors for sports material as on 31.3.17	37,000
vii.	Creditors for sports material as on 31.3.18	45,000

11

Bhavya and Sakshi are partners in a firm, sharing profits and losses in the ratio of 3:2. On 31st March, 2018 their Balance Sheet was as under:

4

Balance Sheet of Bhavya and Sakshi
As at 31st March, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	13,800	Furniture	16,000
General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Fund	20,000	Investments	30,000
Bhavya's Capital	50,000	Trade Receivables	18,500
Sakshi's Capital	40,000	Cash in Hand	26,700
	1,47,200		1,47,200

The partners have decided to change their profit sharing ratio to 1: 1 with immediate effect. For the purpose, they decided that:

- Investments to be valued at ₹ 20,000
- Goodwill of the firm valued at ₹ 24,000
- General Reserve not to be distributed between the partners.

You are required to pass necessary journal entries in the books of the firm. Show workings.

12

Dinesh, Alvin and Pramod are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet as at March 31, 2018 was as follows: -

4

Balance Sheet of Dinesh, Alvin and Pramod
As at 31st March, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	50,000	Debtors	15,000
General Reserve	40,000	Fixed Assets	67,000
Bills Payable	10,000	Investments	40,000
Dinesh's Capital	30,000	Stock	25,500
Alvin's Capital	40,000	Cash in Hand	36,000
Pramod's Capital	30,000	Deferred Revenue	
		Expenditure	14,000
		Dinesh's Loan Account	2,500
	2,00,000		2,00,000

Dinesh died on July 1, 2018, The executors of Dinesh are entitled to:-

- His share of goodwill. The total goodwill of the firm valued at ₹50,000.
- His share of profit up to his date of death on the basis of actual sales till date of death. Sales for the year ended March 31, 2018 was ₹ 12, 00,000 and profit for

was ₹ 2,00,000. Sales shows a growth trend of 20% and percentage of profit earning remains the same.

iii. Investments were sold at par. Half of the amount due to Dinesh was paid to his executors and for the balance, they accepted a Bills Payable.

Prepare Dinesh's Capital account to be rendered to his executors.

13

Prepare Income and Expenditure Account from the following particulars of Youth Club for the year ended on 31st March, 2018: 6

**Receipts and Payments A/c
for the year ended on 31st March, 2018**

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	32,500	By Salaries	31,500
To Subscription		By Postage	1,250
2016-17 1,500		By Rent	9,000
2017-18 60,000		By Printing and	
2018-19 <u>1,800</u>	63,300	Stationery	14,000
To Donations		By Sports Material	11,500
(Billiards table)	90,000	By Miscellaneous	
		Expenses	3,100
To Entrance Fees	1,100	By Furniture (1.10.2017)	20,000
To Sale of old		By 10% investment	
magazines	450	(1.10.2017)	70,000
		By Balance c/d (31.3.18)	27,000
	1,87,350		1,87,350

Additional Information:

- Subscription outstanding as at March 31st 2018 ₹ 16,200
- ₹ 1200 is still in arrears for the year 2016-17 for subscription
- Value of sports material at the beginning and at the end of the year was ₹ 3,000 and ₹ 4,500 respectively.
- Depreciation to be provided @ 10% p.a. on furniture.

14

Pradeep and Rajesh were partners in a firm sharing profits and losses in the ratio of 3:2. They decided to dissolve their partnership firm on 31st March, 2018. Pradeep was deputed to realize the assets and to pay off the liabilities. He was paid ₹ 1,000 as commission for his services. The financial position of the firm on 31st March, 2018 was as follows: 6

**Balance Sheet
As at March 31, 2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	80,000	Building	1,20,000
Mrs Pradeep's Loan	40,000	Investment	30,600
Rajesh's loan	24,000	Debtors 34,000	
		Less : Provision for	
		Doubtful Debts <u>4,000</u>	30,000
Investment Fluctuation	8,000	Bills Receivable	37,400
Fund		Bank	6,000
Capitals:		Profit and Loss A/c	8,000
Pradeep 42,000		Goodwill	4,000
Rajesh <u>42,000</u>	84,000		
	2,36,000		2,36,000

	<p>conditions were agreed upon: Pradeep agreed to pay off his wife's loan.</p> <ol style="list-style-type: none"> ii. Half of the debtor's realized ₹ 12,000 and remaining debtors were used to pay off 25% of the creditors. iii. Investment sold to Rajesh for ₹ 27,000 iv. Building realized ₹ 1,52,000 v. Remaining creditors were to be paid after two months, they were paid immediately at 10% p.a. discount vi. Bill receivables were settled at a loss of ₹ 1,400 vii. Realization expenses amounted to ₹ 2,500 <p>Prepare Realization Account.</p>	
15	<p>Mudit, Sudhir and Uday are partners in a firm sharing profits in the ratio of 3:1:1. Their fixed capital balances are ₹ 4,00,000, ₹ 1,60,000 and ₹ 1,20,000 respectively. Net profit for the year ended 31st March, 2018 distributed amongst the partners was ₹ 1,00,000, without taking into account the following adjustments:</p> <ol style="list-style-type: none"> a) Interest on capitals @ 2.5% p.a.; b) Salary to Mudit ₹ 18,000 p.a. and commission to Uday ₹ 12,000 c) Mudit was allowed a commission of 6% of divisible profit after charging such commission. <p>Pass a rectifying journal entry in the books of the firm. Show workings clearly.</p> <p style="text-align: center;">Or</p> <p>The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2017, ₹ 80,000 in the ratio of 3:3:2 without providing for the following adjustments:</p> <ol style="list-style-type: none"> a) Alia and Chand were entitled to a salary of ₹ 1,500 each p.a. b) Bhanu was entitled for a commission of ₹ 4,000 c) Bhanu and Chand had guaranteed a minimum profit of ₹ 35,000 p.a. to Alia any deficiency to borne equally by Bhanu and Chand. <p>Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly.</p>	6
16	<p>Anshika Ltd. issued applications for 2,00,000 equity shares of ₹ 10 each, at a premium of ₹ 4 per share. The amount was payable as follows:</p> <ul style="list-style-type: none"> On application ₹ 6 (including ₹ 2 premium) On allotment ₹ 7 (including ₹ 2 premium) Balance on first and final call <p>Applications for 3,00,000 shares were received. Allotment was made to all the applicants on pro-rata basis. Mehak to whom 400 shares were allotted, failed to pay allotment and call money. Khushboo who had applied for 300 shares failed to pay call money. These shares were forfeited after Final call. 400 of the forfeited shares (including all shares of Khushboo) were reissued @ ₹ 8 per share as fully paid up. Pass necessary journal entries in the books of Anshika Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary.</p> <p style="text-align: center;">Or</p>	8

Khyati Ltd. issued a prospectus inviting applications for 80,000 equity shares of ₹10 each payable as follows:

- ₹2 on application
- ₹3 on allotment
- ₹2 on first call
- ₹3 on final call

Applications were received for 1,20,000 equity shares. It was decided to adjust the excess amount received on account of over subscription till allotment only. Hence allotment was made as under:

- (i) To applicants for 20,000 shares – in full
- (ii) To applicants for 40,000 shares – 10,000 shares
- (iii) To applicants for 60,000 shares – 50,000 shares

Allotment was made and all shareholders except Tammana, who had applied for 2,400 shares out of the group (iii), could not pay allotment money. Her shares were forfeited immediately, after allotment. Another shareholder Chaya, who was allotted 500 shares out of group (ii), failed to pay first call. 50% of Tamanna's shares were reissued to Satnaam as ₹ 7 paid up for payment of ₹ 9 per share.

Pass necessary journal entries in the books of Khyati Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary.

17

Divya, Yasmin and Fatima are partners in a firm, sharing profits and losses in 11:7:2 respectively. The balance sheet of the firm as on 31st March 2018 was as follows:

**Balance Sheet
As at 31.3.2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	70,000	Factory Building	7,35,000
Public Deposits	1,19,000	Plant and Machinery	1,80,000
Reserve fund	90,000	Furniture	2,60,000
Outstanding Expenses	10,000	Stock	1,45,000
Capital accounts		Debtors	1,50,000
Divya	5,10,000	Less: Provision	(30,000)
Yasmin	3,00,000	Cash at bank	1,59,000
Fatima	5,00,000		
	15,99,000		15,99,000

On 1.4.2018, Aditya is admitted as a partner for one-fifth share in the profits with a capital of ₹4,50,000 and necessary amount for his share of goodwill on the following terms:

- i. Furniture of ₹2,40,000 were to be taken over Divya, Yasmin and Fatima equally.
- ii. A creditor of ₹ 7,000 not recorded in books to be taken into account.
- iii. Goodwill of the firm is to be valued at 2.5 years purchase of average profits of last two years. The profit of the last three years were:
2015-16 ₹6,00,000; 2016-17 ₹2,00,000; 2017-18 ₹6,00,000
- iv. At time of Aditya's admission Yasmin also brought in 50,000 as fresh capital
- v. Plant and Machinery is re-valued to ₹2,00,000 and expenses outstanding were brought down to ₹ 9,000. Prepare Revaluation Account, Partners Capital Account and the balance sheet of the reconstituted firm.

Or

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The Balance Sheet of Adil, Bhavya and Cris as at 31st March 2018 was as under:

**Balance Sheet
As at 31.3.18**

Liabilities	Amount(₹)	Assets	Amount (₹)
Capital Accounts:		Buildings	1,20,000
Adil	40,000	Motor car	18,000
Bhavya	30,000	Stock	20,000
Cris	20,000	Investments	20,000
General Reserve	10,000	Debtors	40,000
Investment		Cash at Bank	12,000
Fluctuation Reserve	7,000		
Sundry creditors	1,23,000		
	2,30,000		2,30,000

The partners share profits in the ratio of 5:3:2. On 1-4-2018, Cris retires from the firm on the following terms and conditions:

- 20% of the General Reserve is to remain as a reserve for bad and doubtful debts
- Motor car is to be reduced by 5%
- Stock is to be revalued at ₹ 17,500 and investment to be re-valued at ₹ 18,000
- Goodwill is to be valued at 3 years' purchase of the average profits of last 4 years. Profits of the last four years were:

2014-15 ₹13,000; 2015-16 ₹11,000; 2016-17 ₹16,000 and 2017-18 ₹24,000

Cris was paid in full. Adil and Bhavya borrowed the necessary amount from the Bank on the security of Building to pay off Cris.

Pass necessary journal entries.

**Part B: Analysis of Financial Statements
Option-I**

18	Under which type of activity will you classify 'Rent received' while preparing cash flow statement?	1										
19	State any one advantage of preparing Cash Flow Statement.	1										
20	Under which major heads and subheads of the Balance Sheet of a company, will the following items be shown:- i) Loose Tools ii) Retirement Benefits Payable to employees iii) Patents iv) Interest on Calls in Advance	4										
21	Calculate amount of Opening Trade Receivables and Closing Trade Receivables from the following figures: <table border="1" style="width: 100%; margin-top: 5px;"> <tbody> <tr> <td>Trade Receivable Turnover ratio</td> <td>5 times</td> </tr> <tr> <td>Cost of Revenue from Operations</td> <td>₹ 8,00,000</td> </tr> <tr> <td>Gross Profit ratio</td> <td>20%</td> </tr> <tr> <td>Closing Trade Receivables were ₹ 40,000 more than in the beginning</td> <td></td> </tr> <tr> <td>Cash sales being ¼ times of Credit sales</td> <td></td> </tr> </tbody> </table> <p align="center">Or</p>	Trade Receivable Turnover ratio	5 times	Cost of Revenue from Operations	₹ 8,00,000	Gross Profit ratio	20%	Closing Trade Receivables were ₹ 40,000 more than in the beginning		Cash sales being ¼ times of Credit sales		4
Trade Receivable Turnover ratio	5 times											
Cost of Revenue from Operations	₹ 8,00,000											
Gross Profit ratio	20%											
Closing Trade Receivables were ₹ 40,000 more than in the beginning												
Cash sales being ¼ times of Credit sales												

From the following data, calculate Current ratio and Liquid Ratio

Liquid Assets	₹ 75,000
Inventories(Includes Loose Tools of ₹20,000)	₹ 35,000
Prepaid expenses	₹10,000
Working Capital	₹ 60,000

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From the following Balance Sheet of R Ltd., Prepare a Common Size Statement
Balance Sheet As at 31st March, 2018.

4

Particulars	Note no.	31.3.2018 (₹)	31.3.2017 (₹)
I EQUITY AND LIABILITIES			
1. Shareholder's Funds:			
a. Share Capital		2,50,000	2,00,000
b. Reserve and Surplus		80,000	60,000
2. Current Liabilities:			
a. Trade Payable		70,000	40,000
Total		4,00,000	3,00,000
II ASSETS			
1. Non-Current Assets:			
a. Fixed Assets:			
i. Tangible Assets		1,60,000	1,20,000
ii. Intangible Assets		20,000	30,000
2. Current Assets			
a. Inventories		80,000	30,000
b. Trade Receivables		1,20,000	1,00,000
c. Cash and Cash Equivalents		20,000	20,000
Total		4,00,000	3,00,000

Or

From the following Statement of Profit and Loss of the Sakhi Ltd. for the year ended 31st March 2018, prepare Comparative Statement of Profit & Loss.

Statement of Profit & Loss for the year ended 31st March, 2018

Particulars	2016-17 (₹)	2017-18(₹)
Revenue from Operations	25,00,000	40,00,000
Expenses:		
a) Employee benefit expenses	7,00,000	10,00,000
b) Other Expenses	3,00,000	2,00,000
Rate of Tax - 40%		

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From the following Balance Sheets of Vishva Ltd., prepare Cash Flow Statement as per AS-3 (revised) for the year ending 31st March, 2018

6

Particulars	Note No.	31.3.2018 (₹)	31.3.2017 (₹)
I EQUITY AND LIABILITIES			
1. Shareholder's Funds:			
a. Share Capital		1,02,000	84,000
b. Reserve and Surplus	1	36,000	22,560
2. Non-Current Liabilities			



Long Term Borrowings	2	60,000	48,000
3. Current Liabilities:			
a. Short term Borrowings	3	10,000	5,000
b. Trade Payable		28,800	36,000
c. Short Term provisions	4	16,800	18,000
Total		253,600	2,13,560
II ASSETS			
1. Non-Current Assets:			
a. Fixed Assets:			
i. Tangible Assets	5	1,18,800	1,32,000
2. Current Assets			
a. Inventories		61,800	45,600
b. Trade Receivables	6	33,600	27,600
c. Cash and Cash Equivalents		39,400	8,360
Total		253,600	2,13,560

Notes to Accounts


Note No.	Particulars	31.3.2018(₹)	31.3.2017(₹)
1	Reserve and Surplus		
	Balance in Statement of Profit and Loss	15,600	5,760
	General Reserve	20,400	16,800
		36,000	22,560
2	Long Term Borrowings		
	10% Debentures	60,000	48,000
		60,000	48,000
3	Short- term Borrowings		
	Bank Overdraft	10,000	5,000
		10,000	5,000
4	Short-term Provisions		
	Provision for Income Tax	16,800	18,000
		16,800	18,000
5	Tangible assets		
	Land and Building	96,000	97,200
	Plant and Machinery	22,800	34,800
		1,18,800	1,32,000
6	Trade Receivables		
	Debtors	19,200	24,000
	Bills Receivables	14,400	3,600
		33,600	27,600

Additional Information:

- (a) Tax paid during the year 2017-18 ₹14,400
- (b) Depreciation on plant charged during the year 2017-18 was ₹14,400
- (c) Additional debentures were issued on March 31,2018

**Part B: Computerised Accounting
Option II**

18	Which function is used to compute loan repayment schedule?	1
19	What is data validation?	1
20	Differentiate between desktop database and server database.	4
21	Explain the steps in installation of computerised accounting system.	4

 myCBSEguide.com A Complete guide for CBSE students	Give any four features of computerized accounting system.	4
	Or	
	Give any four limitations of computerized accounting system	
23	Explain any six features of Tally 9.0 software.	6

7	<p>Total Assets= ₹1,20,000</p> <p>Capital Employed = Total Assets – Current Liabilities = 1,20,000 - 10,000 = ₹1,10,000 1/2</p> <p>Normal Profits = 8% of 1,10,000 = ₹8,800 1/2</p> <p>Goodwill = Super Profits X No. of Years Purchase 1/2</p> <p>Super Profits = Actual Average Profits – Normal Profits 1/2</p> <p>Given Goodwill = ₹ 60,000</p> <p>60,000 = 4 (Average Actual Profits – Normal Profits)</p> <p>15000 =Average Actual Profits – 8,800 1/2</p> <p>Average Actual Profits= 15,000 + 8,800= ₹23,800 1/2</p>	½ X 6= 3 Marks
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8	<p>JOURNAL</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 40%;">Particulars</th> <th style="width: 5%;">L.F</th> <th style="width: 15%;">Amount (₹)</th> <th style="width: 15%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>2018 June 30</td> <td>12% Debentures A/c Dr To Debenture holders A/c (Being amount due for redemption)</td> <td></td> <td style="text-align: right;">10,00,000</td> <td style="text-align: right;">10,00,000</td> </tr> <tr> <td>June 30</td> <td>Debenture holders A/c Dr To Bank A/c (Being payment made to debenture holders on redemption)</td> <td></td> <td style="text-align: right;">10,00,000</td> <td style="text-align: right;">10,00,000</td> </tr> </tbody> </table> <p>Note: According to Section 71(4) of the Companies Act, 2013 and Rule 18(7)(b) of Companies Rules, 2014, an All India Financial Institution is not required to create Debenture Redemption Reserve.</p>	Date	Particulars	L.F	Amount (₹)	Amount (₹)	2018 June 30	12% Debentures A/c Dr To Debenture holders A/c (Being amount due for redemption)		10,00,000	10,00,000	June 30	Debenture holders A/c Dr To Bank A/c (Being payment made to debenture holders on redemption)		10,00,000	10,00,000	<p>1</p> <p>1</p> <p>1</p>										
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Date	Particulars	L.F.	Amount (₹)	Amount (₹)																							
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Date	Particulars	L F	Dr. Amount (₹)	Cr. Amount (₹)																							
	Bank Account Dr. To Bank Loan Account (Being loan obtained from State Bank of India @ 10 % p.a. interest, against collateral security of 7,500 10 % debentures of ₹100 each)		5,00,000	5,00,000																							

(ii)					
Date	Particulars	L F	Dr. Amount (₹)	Cr. Amount (₹)	
	Bank Account Dr. To Bank Loan Account (Being loan obtained from State Bank of India @ 10 % p.a. interest, against collateral security of 7,500 10 % debentures of ₹100 each)		5,00,000	5,00,000	1
	Debenture Suspense Account Dr. 10 % Debentures Account (Being 10 % Debentures issued as collateral security in favour of State Bank of India)		7,50,000	7,50,000	1
10	Calculation of amount of sports material to be transferred to Income and Expenditure Account of Raman Bhalla Sports Club, Ludhiana for the year ended on 31st March, 2018				1.5 Marks for total purchases and 1.5 marks For final amount=3 Marks
Particulars			Amount (₹)		
Payment to creditors of sports material			91,000		
Add: Closing creditors of sports material			45,000		
Less: Opening creditors of sports material			(37,000)		
Add: Cash purchases of sports material			40,000		
Total purchases			1,39,000		
Less: Sports material sold during the year (Book Value)			(50,000)		
Add: Opening stock of sports material			50,000		
Less: Closing stock of sports material			(55,000)		
Amount to be shown to Income and Expenditure Account			84,000		
11	JOURNAL				
Date	Particulars	L.F.	Amount (₹)	Amount (₹)	
31.3.18	Investment Fluctuation Fund A/c Dr To Investment A/c To Bhavya's Capital A/c To Sakshi's Capital A/c (Being Investment Fluctuation Fund adjusted against the Fluctuations in market Value and balance was distributed amongst partners)		20,000	10,000 6,000 4,000	1
31.3.18	Sakshi's Capital A/c Dr To Bhavya's Capital A/c (Being adjustment of goodwill made between partners due to change in profit sharing ratio between partners)		2,400	2,400	1
31.3.18	Sakshi's Capital A/c Dr To Bhavya's Capital A/c (Being General Reserve adjusted among the partners without writing it off)		2,340	2,340	1
Workings: Sacrificing ratio = Old ratio – New Ratio					

	Bhavya's = $3/5 - 1/2 = 1/10$ Sacrifice Sakshi's = $2/5 - 1/2 = (1/10)$ Gain	1																																																																														
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To Investment	30,600	By Creditors	80,000
To Debtors	34,000	By Mrs Pradeep's Loan	40,000
To Bills Receivable	37,400	By Investment Fluctuation Fund	8,000
To Goodwill	4,000	By Bank A/c $1\frac{1}{2}$ Debtors	12,000
To Pradeep's Capital A/c $1\frac{1}{2}$	40,000	Building	1,52,000
To Bank A/c (expenses) $1\frac{1}{2}$	2,500	Bill Recievable <u>36,000</u>	2,00,000
To Bank A/c (creditors) $1\frac{1}{2}$	59,000	By Cash A/c $1\frac{1}{2}$	27,000
To Pradeep's Capital A/c $1\frac{1}{2}$	1,000		
To Partner's Capital A/cs: 1			
Pradeep	18,300		
Rajesh	12,200		
	3,59,000		3,59,000

Working Notes :-

i) Payment to creditors = (₹80,000 - ₹ 20,000) - { ₹ 60,000 X (10/100) X (2/12) }
= ₹ 60,000 - ₹ 1,000
= ₹ 59,000

* $\frac{1}{2}$ mark each for transferring assets and liabilities to realization account

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Adjustment Table:

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

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

RECTIFYING JOURNAL ENTRY

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

Or

$\frac{1}{2}$
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 $\frac{1}{2}$

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

Divisible profits = ₹ 80,000 – ₹ 36,000 – ₹ 4,000 = ₹ 40,000
 Alia's Share = ₹ 15,000 + ₹ 20,000 = ₹ 35,000
 Bhanu's share = ₹ 15,000 - ₹ 10,000 = ₹ 5,000
 Chand's share ₹ 10,000 – ₹ 10,000 = nil

JOURNAL ENTRY

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

JOURNAL				
Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Bank A/c Dr To Equity Share Application A/c (Being application money received on 3,00,000 shares)		18,00,000	18,00,000
	Equity Share Application A/c Dr To Equity Share Capital A/c To Securities Premium Reserve A/c To Equity Share Allotment A/c (Being 2,00,000 shares allotted, excess amount transferred to allotment)		18,00,000	8,00,000 4,00,000 6,00,000
	Equity Share Allotment A/c Dr To Equity Share Capital A/c To Securities Premium Reserve A/c (Being allotment due on 2,00,000 shares)		14,00,000	10,00,000 4,00,000
	Bank A/c Dr Calls in Arrears A/c Dr To Equity Share Allotment A/c (Being allotment money received on 199,600 shares)		7,98,400 1,600	8,00,000
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (Being share 1 st call due on 2,00,000 shares)		2,00,000	2,00,000
	Bank A/c Dr Calls in Arrears A/c Dr To Equity Share First and Final Call A/c (Being first call received on 199,400 shares)		1,99,400 600	2,00,000

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

Or

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

	To Capital Reserve A/c (Being gain on reissue of forfeited shares transferred to Capital Reserve)			2,400	1																																																																																
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To Aditya's Capital A/c	4,50,000		
To Premium for Goodwill A/c	2,00,000		
To Yasmin's Capital A/c	50,000		
	8,59,000		8,59,000

1

OR

JOURNAL

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

1

1.5

1

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Part B: Analysis of Financial Statements
Option-I

18	Rent received is inflow of cash from Investing Activities			1	
19	<p>An advantage of preparing Cash Flow Statement is:-</p> <ol style="list-style-type: none"> i. Cash flow statement when used along with other financial statements provides information that enable users to evaluate changes in net assets of the enterprises, its financial structure and its ability to affect the amount and the timings of cash flows in order to adapt to changing circumstances and opportunities. ii. Cash flow information is useful in assessing the ability of enterprise to generate cash and cash equivalents and enable users to develop models to assess and compare the present value of the future cash flows of different enterprises iii. It also enhances the comparability of the reporting of operating performance by different enterprises because it eliminates the effects of using different accounting treatments for the same transactions and events. iv. It also helps in balancing the cash inflow and cash outflow, keeping in response to changing conditions. It is also helpful in checking the accuracy of the past assessment of future cash flows and in examining the relationship between profitability and net cash flow and impact of changing prices. (any one) 			1	
20		Items	Major Head of Balance Sheet	Sub Head of Balance Sheet	1/2X8 =4
	i)	Loose Tools	Current Assets	Inventories	
	ii)	Retirement Benefits Payable to employees	Non-Current Liabilities	Long Term Provisions	
	iii)	Patents	Non-Current Assets	Fixed Asset (Intangible)	
	iv)	Interest on Calls in Advance	Current Liabilities	Other current Liabilities	

21

Sales = Cost of Revenue from Operations + Profit
 If Sales is 100; Gross Profit = ₹ 20
 Cost of Revenue from Operations = ₹ 100 - ₹ 20 = ₹80
 Applying Unitary Method
 If Cost of Revenue of Operation is ₹ 80, then Revenue from Operations = ₹ 100
 If Cost of Revenue of Operation is ₹ 8,00,000
 Then, Revenue from Operations = (₹ 8,00,000 X 100) /80 = ₹ 10,00,000 1
 Revenue from Operations = Cash Revenue from Operations + Credit Revenue from Operations
 (i)
 Let Cash Revenue from Operations be x; Credit Revenue from Operations = 4x
 Substituting in (i)
 ₹ 10,00,000 = x + 4x
 x = ₹ 10,00,000 /5 = ₹ 2,00,000
 Credit Revenue from Operations = ₹ 8,00,000 1
 Trade Receivable Turnover ratio = Credit Revenue from Operations / Average Trade Receivables
 (ii)
 Average Trade Receivables = (Opening Trade Receivables + Closing Trade Receivables) /2
 Let Opening Trade Receivables be y; Closing Trade Receivables = y + ₹ 40,000
 Substituting in (ii)
 5 = ₹ 8,00,000 / (y + y + ₹ 40,000)/2
 5 = ₹ 8,00,000 / (y + ₹ 20,000)
 5y + ₹ 1,00,000 = ₹ 8,00,000
 y = ₹ 7,00,000/5
 y = ₹ 1,40,000 (Opening Trade Receivables) 1
Opening Trade Receivables = ₹ 1,40,000
 Closing Trade Receivables = Opening Trade Receivables + ₹ 40,000
 = ₹ 1,40,000 + ₹ 40,000
Closing Trade Receivables = ₹ 1,80,000 1

1 X4=4
Marks

Or

Current Assets = Liquid Assets + Inventories (excluding loose tools) +Prepaid Expenses
 = ₹ 75,000+ ₹ 15,000 + ₹ 10,000
 = ₹ 1,00,000 1
 Working Capital = Current Assets – Current Liabilities
 Current Liabilities = Current Assets – Working Capital
 = ₹ 1,00,000 - ₹ 60,000
 = ₹ 40,000 1
 Current Ratio = Current Assets / Current Liabilities
 = ₹ 1,00,000 / ₹ 40,000
 = 2.5 : 1 1
 Liquid Ratio = Liquid Assets / Current Liabilities
 = ₹ 75,000 / ₹ 40,000
 = 1.875 : 1 1

Common Size Balance Sheet of R Ltd.

As at 31st March, 2017 and 2018

Particulars	Not e no.	Absolute Amounts		Percentage of Balance sheet Total	
		31.3.2017 (₹)	31.3.2018 (₹)	31.3.2017 (%)	31.3.2018 (%)
I EQUITY AND LIABILITIES					
1. Shareholder's Funds:					
a. Share Capital		2,00,000	2,50,000	66.7	62.5
b. Reserve and Surplus		60,000	80,000	20	20
2. Current Liabilities:					
a. Trade Payable		40,000	70,000	13.3	17.5
Total		3,00,000	4,00,000	100	100
II ASSETS					
1. Non-Current Assets:					
a. Fixed Assets:					
i. Tangible Assets		1,20,000	1,60,000	40	40
ii. Intangible Assets		30,000	20,000	10	5
2. Current Assets					
a. Inventories		30,000	80,000	10	20
b. Trade Receivables		1,00,000	1,20,000	33.3	30
c. Cash and Cash Equivalents		20,000	20,000	6.7	5
Total		3,00,000	4,00,000	100	100

Or

Comparative Statement of Profit and Loss of Sakhi Ltd.

For the year ending 31st March 2017 and 2018

Particulars	Not e No.	Absolute amounts		Absolute change	Percentage change
		31 st March 2017	31 st March 2018		
Revenue from operations		20,00,000	25,00,000	5,00,000	25%
Less: Expenses Employee Benefit Expenses					
Other Expenses		7,00,000	10,00,000	3,00,000	42.85%
		3,00,000	2,00,000	1,00,000	33.33%
Total Expenses		10,00,000	12,00,000	2,00,000	20%
Profit before Tax		10,00,000	13,00,000	3,00,000	30%
Less Tax@40%		4,00,000	5,20,000	1,20,000	30%
Profit after Tax		6,00,000	7,80,000	1,80,000	30%

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

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

Working Notes:

Calculation of Net Profit before Tax and Extraordinary items:

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

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

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

**Part B: Computerised Accounting
Option II**

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

	<ol style="list-style-type: none">1. Faster obsolescence of technology necessitates investment in shorter period of time.2. Data may be lost or corrupted due to power interruptions.3. Data are prone to hacking.4. Un-programmed and un-specified reports cannot be generated.	
23	<p>Features of Tally 9.0 software are (any six)</p> <ol style="list-style-type: none">i) Gateway - Gateway is the starting of Tally. In other words we can say that gateway is the gate to enter in Tally.ii) Company creation - Before inputting accounting transactions, first we create a company through company creation.iii) Chart of accounts - Chart of accounts is the segmentation of Liabilities and Assets of Balance Sheet and preparation of Profit and Loss account.iv) Account master - Account master basically used for account group and ledger.v) Voucher entry - After creation of account user inputs accounting voucher entry in the book of accounts. In computerized accounting system all entries are inputted through a voucher entry.vi) Trial Balance - Trial balance is the statement of different closing balances of ledger.vii) Balance Sheet - The balance sheet is constructed by simply posting all items of liabilities and assets for the finalization of journal entry.	1x6=6