### Part-A
(Accounting for Not for Profit organizations, Partnership firms and Companies)

<table>
<thead>
<tr>
<th></th>
<th>Answer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>a. Interest on Partner’s Loan</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>c. When, at the time of admission, goodwill already appears in the balance sheet.</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>(c) Unsubscribed capital</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>(C) ` 20,300</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>a. Bank A/c Dr. To Loan to Partner A/c</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>b. `9 Per share</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>b. `48,000</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Solution: (d) `50,000</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Answer: `1,08,000</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>A. Dissolution of Partnership</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>b. Profit and loss Appropriation account.</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>d. `2,000</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>d. Interest on Partner’s capital.</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Solution:

**Table for calculation of Sports Material Consumed:**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Bank/Cash A/c</td>
<td>300000</td>
<td>By Balance b/d</td>
<td>100000</td>
</tr>
<tr>
<td>To Balance C/d</td>
<td>80000</td>
<td>By Vendors (Credit purchase of sports material)</td>
<td>280000</td>
</tr>
</tbody>
</table>

**Credit Purchase of Sports Material** | 280000
**Add: Cash Purchase of Sports material** | 130000
**Add: Stock of Sports material (01-04-2019)** | 60000
**Less: Book Value Of sports material sold during the year** | (35000)
**Sports material consumed during the year (Amount t/f to Income and Expenditure account)** | 435000

*Calculation of Sports material consumed by alternative methods should be accepted.*

*Or*
### Solution:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Balance b/d (arrears in Beginning)</td>
<td>40000</td>
<td>By Balance b/d (advance in beginning)</td>
<td>35000</td>
</tr>
<tr>
<td>To Income and Expenditure A/c</td>
<td>785000</td>
<td>By Receipts and payments A/c</td>
<td>780000</td>
</tr>
<tr>
<td>To Balance C/d (advance at end)</td>
<td>55000</td>
<td>By Income and Expenditure A/c</td>
<td>15000</td>
</tr>
<tr>
<td>By Income and Expenditure A/c</td>
<td>15000</td>
<td>By Balance C/d (arrears at end)</td>
<td>50000</td>
</tr>
</tbody>
</table>

| | | **Dr. Subscription A/c** | | **Cr.** |
|---|---|---|---|
| To Balance b/d (arrears in Beginning) | 40000 | By Balance b/d (advance in beginning) | 35000 |
| To Income and Expenditure A/c | 785000 | By Receipts and payments A/c | 780000 |
| To Balance C/d (advance at end) | 55000 | By Income and Expenditure A/c | 15000 |
| By Income and Expenditure A/c | 15000 | By Balance C/d (arrears at end) | 50000 |

880000

### Solution:

#### Journal

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (`)</th>
<th>Credit (`)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.3.20</td>
<td>Raina's Capital A/c</td>
<td>Dr.</td>
<td>11,410</td>
<td>10,150</td>
</tr>
<tr>
<td></td>
<td>To Rohit's capital A/c</td>
<td></td>
<td></td>
<td>1,260</td>
</tr>
<tr>
<td></td>
<td>To Raman's Capital A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being adjustment entry passed)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Adjustment Table

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rohit</th>
<th>Raman</th>
<th>Raina</th>
<th>Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Interest on Capital</td>
<td>10,000</td>
<td>6,000</td>
<td>8,000</td>
<td>(24,000)</td>
</tr>
<tr>
<td>2. Interest on Drawings</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
<td>900</td>
</tr>
<tr>
<td>3. Profit Wrongly Distributed in equal ratio</td>
<td>(24,000)</td>
<td>(24,000)</td>
<td>(24,000)</td>
<td>72,000</td>
</tr>
<tr>
<td>Total</td>
<td>(14,300)</td>
<td>(18,300)</td>
<td>(16300)</td>
<td>(48,900)</td>
</tr>
<tr>
<td>Distribution of profit in the ratio of 5:4:1</td>
<td>24450</td>
<td>19560</td>
<td>4890</td>
<td>48900</td>
</tr>
<tr>
<td>Net Effect</td>
<td>10,150</td>
<td>1,260</td>
<td>(11410)</td>
<td>–</td>
</tr>
</tbody>
</table>

(1.5+2.5 = 4 marks)

### Solution:

#### Calculation of Opening Capital

<table>
<thead>
<tr>
<th>Particulars</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Capital</td>
<td>1,60,000</td>
<td>1,40,000</td>
</tr>
<tr>
<td>Add: Drawings</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Less: Profits</td>
<td>(37,800)</td>
<td>(25,200)</td>
</tr>
<tr>
<td></td>
<td>1,52,200</td>
<td>1,44,800</td>
</tr>
<tr>
<td>Less: Interest on Capital</td>
<td>13,836</td>
<td>13,164</td>
</tr>
<tr>
<td>Opening Capital</td>
<td>1,38,364</td>
<td>1,31,636</td>
</tr>
</tbody>
</table>
Workings:

Total Closing Capital (of A and B) = 1,60,000 + 1,40,000 = ‘3,00,000
Add: Total Drawings (of A and B) = ‘60,000
Less: Profits (including interest on Capital)= (’90,000)

Total Capital in the beginning of the year = 2,70,000

Interest on Capital = 10% of 2,70,000 = ‘27,000
Divisible profits = 90,000 - 27,000 = ‘63,000

(2+2 = 4 marks)

Solution:

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (’)</th>
<th>Credit (’)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share Capital A/c</td>
<td></td>
<td>4,000 1/2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities Premium Reserve A/c</td>
<td></td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Share Forfeiture A/c</td>
<td></td>
<td></td>
<td>1,500 1/2</td>
</tr>
<tr>
<td></td>
<td>To Calls in Arrears A/c</td>
<td></td>
<td></td>
<td>3,500</td>
</tr>
<tr>
<td></td>
<td>(Being 500 shares forfeited for non-payment of ‘7 per share including premium of ‘2 per share). ½</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank A/c</td>
<td></td>
<td>2,700 1/2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share Forfeiture A/c</td>
<td></td>
<td>300 1/2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Share Capital A/c</td>
<td></td>
<td></td>
<td>3000 1/2</td>
</tr>
<tr>
<td></td>
<td>(Being 300 1/2 shares reissued at ‘9 per share as fully paid).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share forfeiture A/c</td>
<td></td>
<td>600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Capital Reserve A/c</td>
<td></td>
<td></td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>(Being forfeiture money transferred to capital reserve)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dr. Share forfeiture A/c Cr.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Amount</th>
<th>Date</th>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To Share Capital A/c</td>
<td>300 1/2</td>
<td></td>
<td>By Share Capital A/c</td>
<td>1500</td>
</tr>
<tr>
<td></td>
<td>To Capital reserve A/c</td>
<td>600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Balance c/d</td>
<td>600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1500</td>
<td></td>
<td>By Share Capital A/c</td>
<td>1500</td>
</tr>
</tbody>
</table>

(2+2 = 4 marks)
### Solution:

#### Journal

<table>
<thead>
<tr>
<th>S.no.</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (`)</th>
<th>Credit (`)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>X’s Capital A/c Dr. To Y’s Capital A/c Credit (`)</td>
<td></td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>(Being Realization expenses of `5,000 were to be borne by X, whereas, paid by Y.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>X’s Capital A/c Dr</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y’s Capital A/c Dr</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A’s Capital A/c Dr</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B’s Capital A/c Dr</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Realization A/c Credit (`)</td>
<td>20,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Investments taken over by all partners)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td>Y’s Loan A/c Dr</td>
<td>50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Bank A/c Credit (`)</td>
<td>48,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Realization A/c Credit (`)</td>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Y’s loan of <code>50,000 settled at </code>48,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv)</td>
<td>No Entry</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1 x 4 = 4)

### Answer:

1. In the absence of Partnership deed, the provisions of Partnership Act 1932 will apply according to which no interest on capital is payable.
2. In the absence of partnership deed, the provisions of Partnership Act 1932 will apply according to which interest on loan by partner will be paid @6% pa.
3. In the absence of partnership deed, the provisions of Partnership Act 1932 will apply according to which profits will be shared equally.
4. In the absence of partnership deed, the provisions of Partnership Act 1932 will be applicable according to which no salary/remuneration is payable to any partner.

(1 x 4= 4)

### Solution:

#### Income & Expenditure A/c

**for the year ending 31st March, 2020**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
<th>Income</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Loss on Sale of Medical Equipment (\frac{1}{6})</td>
<td>10,000</td>
<td>By Subscription (\frac{1}{2})</td>
<td>60,000</td>
</tr>
<tr>
<td>To Doctors and Coaches Honorarium (\frac{1}{6})</td>
<td>25,000</td>
<td>By Entrance Fees (\frac{1}{2})</td>
<td>25,000</td>
</tr>
<tr>
<td>To Medicine Consumed (\frac{1}{6})</td>
<td>15,500</td>
<td>By Miscellaneous Receipts (\frac{1}{2})</td>
<td>15,000</td>
</tr>
<tr>
<td>To Depreciation on Medical Equipment (\frac{1}{6})</td>
<td>25,000</td>
<td>By Deficit (excess of expenditure over income) (\frac{1}{2})</td>
<td>21,500</td>
</tr>
<tr>
<td>To General Expenses (\frac{1}{6})</td>
<td>8,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Newspaper (\frac{1}{6})</td>
<td>8,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Rent, Rates &amp; Taxes (\frac{1}{6})</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Tournament Expenses (\frac{1}{6})</td>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,21,500</strong></td>
<td><strong>Total</strong></td>
<td><strong>1,21,500</strong></td>
</tr>
</tbody>
</table>
### Solution:

#### i) Journal of Neeraj Ltd.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (`)</th>
<th>Credit (`)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Building A/c</td>
<td>Dr.</td>
<td>35,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plant &amp; Machinery A/c</td>
<td>Dr.</td>
<td>8,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stock A/c</td>
<td>Dr.</td>
<td>4,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade Receivables A/c</td>
<td>Dr.</td>
<td>4,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Goodwill A/c</td>
<td>Dr.</td>
<td>10,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Creditors A/c</td>
<td></td>
<td>3,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Outstanding Expenses A/c</td>
<td></td>
<td>1,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Ajay Enterprises A/c</td>
<td></td>
<td>57,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being assets and liabilities of business taken over, recorded at agreed value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ajay Enterprises A/c</td>
<td>Dr.</td>
<td>57,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Bank A/c</td>
<td></td>
<td>7,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To 9% Debentures A/c</td>
<td></td>
<td>40,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Securities Premium Reserve A/c</td>
<td></td>
<td>10,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being purchase consideration paid to Ajay enterprises)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1.5+1.5 = 3 marks)

#### ii) Journal of Z Ltd.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (`)</th>
<th>Credit (`)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Apr-01</td>
<td>Bank A/c To Debenture Application and Allotment A/c</td>
<td>Dr.</td>
<td>21,00,000</td>
<td>21,00,000</td>
</tr>
<tr>
<td></td>
<td>(Being application money received on 20,000 8% debentures)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019 Apr-01</td>
<td>Debiture Application and Allotment A/c Loss on Issue of Debentures A/c To 8% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of Debentures A/c To Bank A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being debentures allotted and the balance refunded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 Mar-31</td>
<td>Securities Premium Reserve A/c Statement of Profit and Loss A/c To Loss on Issue of Debentures A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being loss on issue of debentures written off)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(0.5+1.5+1 = 3 marks)
## Solution:

The following journal entries are made on 1st April 2020:

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st April’20</td>
<td>Revaluation A/c Dr.</td>
<td>20000</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Plant and Machinery A/c</td>
<td></td>
<td>20000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being plant and machinery revalued)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Land and Building A/c Dr.</td>
<td>40000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provision for Doubtful debts A/c Dr.</td>
<td>40000</td>
<td></td>
<td>80000</td>
</tr>
<tr>
<td></td>
<td>To Revaluation A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being land and building revalued and provision for doubtful debts written back)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Creditors A/c Dr.</td>
<td>40000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Bills Payable A/c</td>
<td></td>
<td>40000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being Bills accepted from Mr. Anil)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Revaluation A/c Dr.</td>
<td>60000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Sunaina’s current A/c</td>
<td></td>
<td>36000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Tamanna’s current A/c</td>
<td></td>
<td>24000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being profit on revaluation credited to partners current account)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Sunaina’s current A/c Dr.</td>
<td>12000</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tamanna’s current A/c Dr.</td>
<td>8000</td>
<td></td>
<td>20000</td>
</tr>
<tr>
<td></td>
<td>To Goodwill A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being Goodwill written off)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Cash A/c Dr.</td>
<td>110000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Pranav’s Capital A/c</td>
<td></td>
<td>100000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Premium for Goodwill A/c</td>
<td></td>
<td>10000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being capital and premium brought in by new partner)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Premium for Goodwill A/c Dr.</td>
<td>10000</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Sunaina’s current A/c</td>
<td></td>
<td>6000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Tamanna’s current A/c</td>
<td></td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being Premium distributed among sacrificing partners)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>General Reserve A/c Dr.</td>
<td>120000</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Sunaina’s current A/c</td>
<td></td>
<td>72000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Tamanna’s current A/c</td>
<td></td>
<td>48000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being reserve distributed among old partners)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st April’20</td>
<td>Workmen Compensation Reserve A/c Dr.</td>
<td>50000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Claim for workmen compensation</td>
<td></td>
<td>20000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Sunaina’s current A/c</td>
<td></td>
<td>18000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Tamanna’s current A/c</td>
<td></td>
<td>12000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being provision for workmen compensation provided and balance reserve distributed among old partners)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Or
Dr. Revaluation A/c Cr.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>()</th>
<th>Particulars</th>
<th>()</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Stock</td>
<td>900</td>
<td>By Premises</td>
<td>16,000</td>
</tr>
<tr>
<td>To Provision for legal damages</td>
<td>1,200</td>
<td>By Provision for Doubtful Debts</td>
<td>100</td>
</tr>
<tr>
<td>To Capital A/c. (Profit)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Krish</td>
<td>9,000</td>
<td>By Furniture</td>
<td>4,000</td>
</tr>
<tr>
<td>Vrish</td>
<td>6,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter</td>
<td>3,000</td>
<td>18,000</td>
<td>20,100</td>
</tr>
</tbody>
</table>

Dr. Partners’ Capital Accounts

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Krish</th>
<th>Vrish</th>
<th>Peter</th>
<th>Particulars</th>
<th>Krish</th>
<th>Vrish</th>
<th>Peter</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Vrish’s Capital A/c</td>
<td>14,000</td>
<td></td>
<td></td>
<td>By Balance b/d.</td>
<td>46,000</td>
<td>30,000</td>
<td>20,000</td>
</tr>
<tr>
<td>To Vrish’s Loan A/c</td>
<td>26,000</td>
<td></td>
<td></td>
<td>By General Reserve A/c</td>
<td>6,000</td>
<td>4,000</td>
<td>2,000</td>
</tr>
<tr>
<td>To Bank A/c</td>
<td>28,000</td>
<td></td>
<td></td>
<td>By Revaluation A/c</td>
<td>9,000</td>
<td>6,000</td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>By Krish’s Capital A/c</td>
<td>14,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Balance c/d</td>
<td>47,000</td>
<td>25,000</td>
<td></td>
<td></td>
<td>61,000</td>
<td>54,000</td>
<td>25,000</td>
</tr>
</tbody>
</table>

Balance Sheet of Krish and Peter (As at 1st April 2020)

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Amount ()</th>
<th>Assets</th>
<th>Amount ()</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>15,000</td>
<td>Furniture</td>
<td>45,000</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>20,400</td>
<td>Stock</td>
<td>8,100</td>
</tr>
<tr>
<td>Bills Payable</td>
<td>12,000</td>
<td>Premises</td>
<td>96,000</td>
</tr>
<tr>
<td>Outstanding Salary</td>
<td>2,200</td>
<td>Debtors</td>
<td>6,000</td>
</tr>
<tr>
<td>Provision For Legal Damages</td>
<td>7,200</td>
<td>Less: Provision for Doubtful Debts</td>
<td>300</td>
</tr>
<tr>
<td>Vrish’s Loan A/c</td>
<td>26,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Krish</td>
<td>47,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter</td>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,54,800</td>
<td></td>
<td>1,54,800</td>
</tr>
</tbody>
</table>

(2.5+3+2.5)
### Solution:

**Journal**

\(0.5 + 1 + 1 + 2 + 1 + 1.5 + 1 = 8 \text{ marks}\)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (`)</th>
<th>Credit (`)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bank A/c</td>
<td>Dr.</td>
<td>19,80,000</td>
<td>19,80,000</td>
</tr>
<tr>
<td></td>
<td>To Equity Share Application A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being application money received)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Equity Share Application A/c</td>
<td>Dr.</td>
<td>19,80,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share capital A/c</td>
<td></td>
<td>15,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share Allotment A/c</td>
<td></td>
<td>3,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Bank A/c</td>
<td></td>
<td>1,80,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being Shares allotted and balance refunded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Equity Share Allotment A/c</td>
<td>Dr.</td>
<td>25,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share capital A/c</td>
<td></td>
<td>20,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Securities Premium Reserve A/c</td>
<td></td>
<td>5,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being Share allotment money including premium due)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Bank A/c</td>
<td>Dr.</td>
<td>21,99,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calls in Arrears A/c</td>
<td>Dr.</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share Allotment A/c</td>
<td></td>
<td>22,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Calls in Advance A/c</td>
<td></td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being allotment money received)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Equity Share Capital A/c</td>
<td>Dr.</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities premium Reserve A/c</td>
<td>Dr.</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Shares Forfeited A/c</td>
<td></td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Calls In Arrears A/c</td>
<td></td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being 1000 shares forfeited for non-payment of allotment including premium.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Bank A/c</td>
<td>Dr.</td>
<td>14,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Share Capital A/c</td>
<td></td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Securities Premium Reserve A/c</td>
<td></td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being forfeited shares reissued at ` 14 per share)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Shares Forfeited A/c</td>
<td>Dr.</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Capital Reserve A/c</td>
<td></td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being share forfeited money transferred to Capital Reserve account)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Or**

**Journal**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>L.F.</th>
<th>Debit (`)</th>
<th>Credit (`)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bank A/c</td>
<td>Dr.</td>
<td>35,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share Application A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Being application money received)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Equity Share Application A/c</td>
<td>Dr.</td>
<td>35,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share capital A/c</td>
<td></td>
<td>25,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share Allotment A/c</td>
<td></td>
<td>10,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Account Description</td>
<td>Dr.</td>
<td>Cr.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Equity Share Allotment A/c</td>
<td>20,00,000</td>
<td>10,00,000</td>
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</tr>
<tr>
<td></td>
<td>To Equity Share capital A/c</td>
<td></td>
<td>10,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Securities Premium Reserve A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Being Share allotment money including premium due)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bank A/c</td>
<td>9,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share Allotment A/c</td>
<td>1,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Being allotment money received, except for 5,000 shares)</em></td>
<td></td>
<td>10,00,000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Equity Share First and Final call A/c</td>
<td>15,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share capital A/c</td>
<td></td>
<td>15,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Being share first and final call money due)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bank A/c</td>
<td>13,50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Equity Share First and Final call A/c</td>
<td>1,50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Being first and final call money received, except for 5,000 shares)</em></td>
<td></td>
<td>15,00,000</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Equity Share Capital A/c</td>
<td>5,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities premium Reserve A/c</td>
<td>1,00,000</td>
<td>3,50,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Shares Forfeited A/c</td>
<td></td>
<td>2,50,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Calls In Arrears A/c</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Being 5000 shares forfeited for non-payment of allotment money and first and final call money)</em></td>
<td></td>
<td></td>
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<tr>
<td>8</td>
<td>Bank A/c</td>
<td>4,50,000</td>
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<tr>
<td></td>
<td>To Share Capital A/c</td>
<td>50,000</td>
<td>5,00,000</td>
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</tr>
<tr>
<td></td>
<td><em>(Being forfeited shares reissued at `90 per share, as fully paid up)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shares Forfeited A/c</td>
<td>3,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Capital Reserve A/c</td>
<td></td>
<td>3,00,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Being share forfeited money transferred to Capital Reserve)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td><strong>Answer:</strong> C. Outflow `61,600.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td><strong>Answer:</strong> 1:1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td><strong>Answer:</strong> (a) Bank Charges</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td><strong>Answer:</strong> A. Purchase of marketable securities for `25,000 cash.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td><strong>Answer:</strong> Contingent</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td><strong>Solution:</strong> b. Inventory turnover ratio</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td><strong>Answer:</strong> (a) Only (i) is correct</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 30 | **Solution:**  
Proprietary Ratio = Proprietor’s Fund /Total Assets  
Total Assets = Debts × 2  
= `5,00,000 × 2  
= `10,00,000  
(1)  
Proprietor’s Funds = Equity Share Capital + Preference Share Capital + Surplus  
= (5,00,000 × 0.5) + (5,00,000 × 0.5 × 25%) + (10,00,000 – 40% of 10,00,000)  
= 2,50,000 + 62,500 + 6,00,000  
(1)  
= `9,12,500  
Proprietary Ratio = 9,12,500 / 10,00,000  
= 0.912 : 1  
(1/2)  
Or  
**Solution:**  
Interest coverage Ratio = Profit before Interest and Tax / Interest on Long term Debts  
Profit after Interest and Tax = `7,50,000  
+ Tax = `2,50,000  
Profit before Tax = `10,00,000  
(1)  
+ Interest on debenture = `72,000  
= `10,72,000  
(1)  
Interest coverage Ratio = `10,72,000 / `72,000 = 14.89 times  
(1/2) | 3 |
Solution:

Comparative Statement of Profit and Loss for the years ended March 31, 2019 and 2020

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Absolute Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Revenue From operations</td>
<td></td>
<td>20,00,000</td>
<td>25,00,000</td>
<td>5,00,000</td>
<td>25.00</td>
</tr>
<tr>
<td>II. Total revenue</td>
<td></td>
<td>20,00,000</td>
<td>25,00,000</td>
<td>5,00,000</td>
<td>25.00</td>
</tr>
<tr>
<td>Less: Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>III. Cost of material Consumed</td>
<td></td>
<td>10,00,000</td>
<td>13,00,000</td>
<td>3,00,000</td>
<td>30.00</td>
</tr>
<tr>
<td>IV. Other Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>10,00,000</td>
<td>14,20,000</td>
<td>4,20,000</td>
<td>42.00</td>
</tr>
<tr>
<td>V. Profit before tax (II – IV)</td>
<td></td>
<td>10,00,000</td>
<td>10,80,000</td>
<td>80,000</td>
<td>8.00</td>
</tr>
<tr>
<td>Less: Tax @ 50%</td>
<td></td>
<td>5,00,000</td>
<td>5,40,000</td>
<td>40,000</td>
<td>8.00</td>
</tr>
<tr>
<td>VI. Profit after Tax</td>
<td></td>
<td>5,00,000</td>
<td>5,40,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Or

Solution:

Common Size Balance sheet of R Ltd. (as at 31-03-19 and 31-03-20)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note no.</th>
<th>31.3.2019 (%)</th>
<th>31.3.2020 (%)</th>
<th>31.3.2019 (%)</th>
<th>31.3.2020 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shareholder’s Funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Share Capital</td>
<td></td>
<td>66.67</td>
<td>62.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Reserves and Surplus</td>
<td></td>
<td>20</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Trade Payable</td>
<td></td>
<td>13.33</td>
<td>17.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Fixed Assets</td>
<td></td>
<td>40</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Tangible Assets</td>
<td></td>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. Intangible Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Inventories</td>
<td></td>
<td>10</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Trade Receivables</td>
<td></td>
<td>33.33</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Cash and Cash Equivalents</td>
<td></td>
<td></td>
<td>6.67</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Solution:

Cash flow Statement of Relga Ltd.
(As per As-3 revised)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Details (')</th>
<th>Amount (')</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before Tax and Extra-ordinary items</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>Non-Operating and Non-cash items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on Sale of Machinery</td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td>Depreciation Charged on Machinery</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>Goodwill amortized</td>
<td></td>
<td>8,000</td>
</tr>
</tbody>
</table>
Interest on Debentures 12,000
Operating profit before changes in working capital 75,000

Changes in working Capital
Increase in creditors 20,000
Increase in Bills Payable 80,000
Decrease in outstanding expenses (5,000)
Increase in inventories (20,000)
Increase in trade receivables (20,000)

Cash inflow from operating activities 1,30,000

Investing Activities
Sale of Machinery 15,000
Purchase of Machinery (1,00,000)
Loans advanced (30,000)

Cash used in investing activities (1,15,000)

Financing Activities
Issue of shares 50,000
Debentures Redeemed (20,000)
Interest on Debentures (12,000)

Cash from financing activities 18,000

Net Cash inflow during the year 33,000
Add: opening Cash and cash equivalents 65,000
Closing Cash and Cash equivalents 98,000

Dr Particulars Amount Cr Particulars Amount
To Balance b/d 2,00,000 By Bank A/c 15,000
To Bank A/c (balancing figure) 1,00,000 By Profit &Loss A/c 15,000
By Provision for Depreciation A/c 10,000
By Balance c/d 2,60,000

3,00,000 3,00,000

Dr Particulars Amount Cr Particulars Amount
To Machinery A/c 10,000 By Balance b/d 50,000
To Balance c/d 60,000 By Depreciation A/c (balancing figure) 20,000

70,000 70,000

Part – B
(Computerised Accounting)

Answer: Primary key is a key in the relational database that is unique for each record. It consists of minimum possible one or more than one attributes of a table such as telephone number with area code.

Answer: Computerised Accounting system takes (i) Accounting transactions as inputs which are processed through (ii) Accounting software to generate reports.

Answer: (a) Absolute cell reference.

Answer: (C ) Assets, Capital, Liabilities, Revenue and Expenses
### Answer: (c) Column between start and end points of Excel sheet.

1

### Answer: A data element is the smallest named unit of data in the information system. In accounting, a transaction consists of four data elements, such as name of the account, accounting code, date of transaction and amount.

1

### Answer: (c) Data is not made available to everybody.

1

### Answer: Null Values:

Absence of data item is represented by a special value called null value. There are three situations which may require the use of null value.

- When particular attribute does not apply to an entity.
- Value of an attribute is unknown although it exist.
- Unknown because it does not exist.

#### Complex Attributes:

These are composite and multivalue attributes which may be nested (or grouped) to constitute complex ones. The parenthesis { } are used for showing grouping of components of composite attributes. The braces { } are used for showing the multivalue attributes.

OR

### Answer: Types of vouchers (any three)

1. **Contra Voucher**: Used for fund transfer between cash and Bank A/c only. This voucher is used if cash is withdrawn from Bank for office or deposited in the Bank from office.
2. **Receipt Voucher**: All the inflow of money is recorded through receipt voucher. Such receipts may be towards any income such as receipts from Debtors, loan/advance taken or refund of loan/advance etc.
3. **Payment Voucher**: All outflow of money is recorded through payment voucher such payments may be towards any purchases, Expenses, due to creditors, loan/advance etc.
4. **Journal Voucher**: It is an adjustment voucher, normally used for non-cash transactions like adjustment between ledgers.

### Answer: Sequential codes

These are the codes in which code numbers and/or letters are assigned in a consecutive order. These codes are applied primarily to source documents such as cheques, invoices etc. This facilitates document searches. This process enables either identification of missing codes (numbers) relating to a particular document or to trace a relevant document on the basis of the codes.

#### Mnemonic codes

These codes consist of alphabets or abbreviations as symbols to codify a piece of information. SJ for sales journal, HQ for Headquarters are examples of mnemonic codes.

Or

### Answer: A Graph is a pictorial presentation of data which has at least two dimensional relationships.

Three advantages:

1. Graphs help to explore
2. Graphs help to present
3. Graphs help to convince
<table>
<thead>
<tr>
<th>32</th>
<th><strong>Answer:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The error is #NUM! Error. The steps to correct it are:</td>
</tr>
<tr>
<td></td>
<td>1. Optionally, click the cell that displays the error, click the button that appears and then click show calculation steps.</td>
</tr>
<tr>
<td></td>
<td>2. Review the following causes and solutions:</td>
</tr>
<tr>
<td></td>
<td>• Using an unacceptable argument in the function that requires a numeric argument.</td>
</tr>
<tr>
<td></td>
<td>• Make sure that the arguments used in the function are numbers.</td>
</tr>
<tr>
<td></td>
<td>• Using a worksheet function that iterates, such as IRR or RATE, and the function cannot find the result.</td>
</tr>
<tr>
<td></td>
<td>• Use a different starting value for the worksheet function.</td>
</tr>
<tr>
<td></td>
<td>3. Then click the Microsoft button &gt;Excel option and then click the formulas category.</td>
</tr>
</tbody>
</table>