

SYLLABUS

Annexure ' J '

ACCOUNTANCY (055)

CLASS XII (2012-13)

One Paper 3 Hours 80 Marks

| Unit | | Periods | Marks |
|--|---|---------------------|-----------|
| Part A : Accounting for Partnership Firms and Companies | | | |
| 1. | Accounting for Partnership Firms - Fundamentals | 20 | 10 |
| 2. | Accounting for Partnership Firms - Reconstitution and Dissolution | 52 | 25 |
| 3. | Accounting for Share Capital | 38 | 18 |
| 4. | Accounting for Debentures | 14 | 7 |
| | | <u>124</u> | <u>60</u> |
| Part B: Financial Statement Analysis | | | |
| 5. | Analysis of Financial Statements | 24 | 12 |
| 6. | Cash Flow Statement | 20 | 8 |
| 7. | Project Work | 42 | 20 |
| | Unit 1 : Project File | 4 marks | |
| | Unit 2 : Written Test | 12 marks (one hour) | |
| | Unit 3 : Viva Voce' | 4 marks | |
| OR | | <u>86</u> | <u>40</u> |
| Part C: Computerized Accounting | | | |
| 5. | Overview of Computerized Accounting System | 12 | 4 |
| 6. | Accounting Applications of Electronic Spread sheet | 24 | 6 |
| 7. | Using Computerized Accounting System | 12 | 4 |
| 8. | Data Base Management System | 12 | 6 |
| 9. | Practical Work | 26 | 20 |
| | Unit 1 : File | 4 marks | |
| | Unit 2 : Practical Examination | 12 marks (one hour) | |
| | Unit 3 : Viva Voce' | 4 marks | |
| | | <u>86</u> | <u>40</u> |

Note: The Question Paper will include Value based question/questions to the extent of 4-5 Marks.

CLASS XII

PART A: Accounting for Partnership Firms and Companies

Unit 1. Accounting for Partnership firms - Fundamentals

- Partnership : features, Partnership deed.
- Provisions of the Indian Partnership Act 1932 in the absence of partnership deed.
- Fixed v/s fluctuating capital accounts, division of profit among partners, guarantee of profits, past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio), preparation of P&L Appropriation account.
- Goodwill: nature, factors affecting and methods of valuation - average profit, super profit, and capitalization

Unit 2. Accounting for Partnership firms - Reconstitution and Dissolution

- Change in the Profit Sharing Ratio among the existing partners - sacrificing ratio, gaining ratio. Accounting for revaluation of assets and re-assessment of liabilities and distribution of reserves and accumulated profits.
- Admission of a partner - effect of admission of a partner on change in the profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and re - assessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of balance sheet
- Retirement and death of a partner: effect of retirement /death of a partner on change in profit sharing ratio, treatment of goodwill, treatment for revaluation of assets and re - assessment of liabilities, adjustment of accumulated profits and reserves. calculation of deceased partner's share of profit till the date of death. Preparation of deceased partner's capital account, executor's account and preparation of balance sheet
- Dissolution of partnership firms: types of dissolution of firm. Settlement of accounts - preparation of realization account, and other related accounts (excluding piecemeal distribution, sale to a company and insolvency of partner's firm) .

Unit 3. Accounting for share Capital

- Share and share capital : nature and types
- Accounting for share capital: issue and allotment of equity shares, private placement of shares, Public subscription of shares - over subscription and under subscription of shares; Issue at par and at premium and at discount, calls in advance and arrears, issue of shares for consideration other than cash.
- Accounting treatment of forfeiture and re-issue of shares.
- Disclosure of share capital in company's Balance Sheet only.

Unit 4. Accounting for Debentures

- Debentures: Issue of debentures at par, at premium and at discount. Issue of debentures for consideration other than cash, debentures as collateral security, interest on debentures
- Redemption of debentures : Lump sum, draw of lots and conversion.

PART B: Financial Statement Analysis

Unit5. Analysis of financial Statements

- Financial statements of a company: balance sheet of a company in the prescribed form with major headings and sub headings (as per schedule VI to the Companies Act 1956).
- Financial Statement Analysis: objectives and limitations.
- Tools for Financial Statement Analysis: comparative statements, common size statements, cash flow analysis, ratio analysis.
- Accounting Ratios: objectives and classification.
- Liquidity ratios: current ratio and quick ratio.
- Solvency Ratios: Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio, Interest Coverage Ratio.
- Activity ratios: Stock Turnover Ratio, Debtors Turnover Ratio, Creditors Turnover Ratio, Working Capital Turnover Ratio.
- Profitability Ratios : Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.

Unit 6. Cash Flow Statement

- Meaning, objectives and preparation (as per AS 3 revised) (Indirect Method)

Unit7. Project work

- Kindly refer to the Guidelines published by the CBSE.

OR

Part C: Computerised Accounting

Unit 5 Overview of Computerised Accounting System

- Introduction : Application in Accounting
- Features of Computerised Accounting System
- Structure of CAS
- Software Packages:
 - Generic

- Specific
- Tailored

Unit 6 Accounting Application of Electronic Spread Sheet

- Concept of Electronic Spreadsheet
- Features offered by Electronic Spreadsheet
- Application in Generating Accounting Information I
 - Payroll
- Data Presentation
 - Graphs, Charts and Diagrams

Unit 7 Using Computerized Accounting System

- Steps in installation of CAS, codification and Hierarchy of account heads, creation of accounts.
- Data : Entry, Validation and Verification
- Adjusting entries, preparation of balance sheet, profit and loss account with closing entries and opening entries
- Need and security features of the system

Unit 8 Database Management System (DBMS)

- Concept and Features of DBMS
- DBMS in Business Application
- Generating Accounting Information 1
 - Payroll
- Generating Accounting Information 2
 - Debtors and Creditors
 - Bank Reconciliation Statement
 - Asset Accounting
 - Inventory Accounting

Unit 9. Practical Work

- Please refer to the guidelines published by CBSE.

DESIGN OF QUESTION PAPER
ACCOUNTANCY (055)
Class - XII (2012-13)

Time Allowed - 3 Hrs.

Max. Marks - 80

The weightage to marks over different dimensions of the question paper shall be as under :

A. Weightage to Content/ Subject units

| S. No. | Content Unit | Marks |
|--|---|-----------|
| Part A : Accounting for Partnership Firms and Companies | | |
| 1. | Accounting for Partnership Firms-Fundamentals | 10 |
| 2. | Accounting for Partnership Firms-Reconstitution & Dissolution | 25 |
| 3. | Accounting for Share Capital | 18 |
| 4. | Accounting for Debentures | 7 |
| | TOTAL | 60 |
| Part B : Financial Statement Analysis | | |
| 5. | Analysis of Financial Statements | 12 |
| 6. | Cash flow Statement | 8 |
| | Total | 20 |
| OR | | |
| Part C : Computerized Accounting | | |
| 5 | Overview of Computerized Accounting system | 4 |
| 6. | Accounting Application of Electronic Spread sheet | 6 |
| 7 | Using Computerised Accounting System | 4 |
| 8. | DBMS | 6 |
| | TOTAL | 20 |
| | Grand Total (A+B)/(A+C) | 80 |

B. Weightage to forms of Questions

| S. No. | Forms of Questions | Marks for each question | No. of questions | Total Marks |
|--------|------------------------------|-------------------------|------------------|-------------|
| 1. | Very short answer type (VSA) | 1 | 10 | 10 |
| 2. | Short answer type (SAI) | 3 | 4 | 12 |
| 3. | Short answer type (SAII) | 4 | 6 | 24 |
| 4. | Long answer type (LAI) | 6 | 3 | 18 |
| 5. | Long answer type (LAII) | 8 | 2 | 16 |
| | Total | | 25 | 80 |

C. No. of Sections

The question paper will have three sections A, B and C. The students will have choice between sections B and C.

D. Scheme of Options

There will be no overall choice. However, there is an internal choice in the questions of 8 marks.

E. Weightage to difficulty level of questions

| S. No | Estimated difficulty level of questions | Percentage |
|-------|---|------------|
| 1. | Easy | 20% |
| 2. | Average | 60% |
| 3. | Difficult | 20% |

F. The Question paper will include question/questions based on values to the extent of 4-5 marks.

**SAMPLE QUESTION PAPER
ACCOUNTANCY (055)
CLASS-XII (2012-13)
BLUE PRINT**

Max. Marks 80

Time : 3 hrs.

QUESTION-WISE ANALYSIS

| S. No of question | Unit/Ch. Number | Marks allotted | Estimated time (Minutes) | Estimated Difficulty level |
|-------------------|-----------------|----------------|--------------------------|----------------------------|
| 1 | 1 | 1 | 2 minutes | A |
| 2 | 2 | 1 | 2 minutes | A |
| 3 | 2 | 1 | 2 minutes | A |
| 4 | 2 | 1 | 2 minutes | A |
| 5 | 3 | 1 | 2 minutes | A |
| 6 | 3 | 1 | 2 minutes | A |
| 7 | 4 | 1 | 2 minutes | A |
| 8 | 1 | 3 | 6 minutes | B |
| 9 | 4 | 3 | 6 minutes | B |
| 10 | 4 | 3 | 6 minutes | C |
| 11 | 2 | 4 | 8 minutes | C |
| 12 | 2 | 4 | 8 minutes | B |
| 13 | 3 | 4 | 8 minutes | B |
| 14 | 3 | 4 | 8 minutes | B |
| 15 | 1 | 6 | 12 minutes | B |
| 16 | 2 | 6 | 12 minutes | B |
| 17 | 3 | 8 | 16 minutes | B |
| 18 | 2 | 8 | 16 minutes | A |
| 19 | 5 | 1 | 2 minutes | B |
| 20 | 6 | 1 | 2 minutes | A |

| S. No. of question | Unit/Ch. Number | Marks allotted | Estimated time (Minutes) | Estimated Difficulty level |
|--|-----------------|----------------|--------------------------|----------------------------|
| 21 | 6 | 1 | 2 minutes | A |
| 22 | 5 | 3 | 6 minutes | A |
| 23 | 5 | 4 | 8 minutes | B |
| 24 | 5 | 4 | 8 minutes | B |
| 25 | 6 | 6 | 12 minutes | C |
| Reference for abbreviations to Difficulty Level | | | | |
| A | Easy | 20% | 16 | |
| B | Average | 60% | 48 | |
| C | Difficult | 20% | 16 | |

160 minutes + 20 minutes for revision
= 180 minutes

SAMPLE QUESTION PAPER
ACCOUNTANCY (055)
CLASS-XII (2012-13)
BLUE PRINT

PART A. PARTNERSHIPS – COMPANY ACCOUNTS

| | Form of Questions/Units | Long Answer 6,8 | Short Answer 3,4 | Very Short Answer 1 | Total |
|----|---|--------------------|---------------------|------------------------|---------------|
| 1. | Accounting for Partnership firms–fundamentals | (6)(1) | 3(1) | 1(1) | 10(3) |
| 2. | Accounting for Partnership firms–Reconstitution and Dissolution | 8(1) 6(1) | 4(2) | 1(3) | 25(7) |
| 3. | Accounting for share Capital | 8(1) | 4(2) | 1(2) | 18(5) |
| 4. | Accounting for Debentures | | 3(2) | 1(1) | 7(3) |
| | Sub Total (A) | 28(4) | 25(7) | 7(7) | 60(18) |

Part B - Financial Statement Analysis.

| Form of Questions/ Units | Long Answer 6,8 | Short Answer 3,4 | Very Short Answer 1 | Total |
|-------------------------------------|--------------------|---------------------|------------------------|--------|
| 5. Analysis of Financial Statements | | 3(1) 4(2) | 1(1) | 12(4) |
| 6. Cash flow Statement | 6(1) | | 1(2) | 8(3) |
| Sub Total (B) | 6(1) | 11(3) | 3(3) | 20(7) |
| Grand Total (A+B) | 34(5) | 36(10) | 10(10) | 80(25) |

Note : Number of questions are given within brackets and marks outside the brackets.

OR

Part C - Computerized Accounting

| Form of Questions/ Units | Long Answer 6,8 | Short Answer 3,4 | Very Short Answer 1 | Total |
|--|--------------------|---------------------|------------------------|--------|
| 5. Overview of Computerized Accounting System | - | 3(1) | 1(1) | 4(2) |
| 6. Accounting Application of Electronic spread sheet | 6(1) | - | - | 6(1) |
| 7. Using Computerized Accounting System | - | 4(1) | - | 4(1) |
| 8. DBMS | - | 4(1) | 1(2) | 6(3) |
| Sub Total | 6(1) | 11(3) | 3(3) | 20(7) |
| Grand Total (A+C) | 34(5) | 36(10) | 10(10) | 80(25) |

Note : Number of questions are given within brackets and marks outside the brackets.

SAMPLE QUESTION PAPER
ACCOUNTANCY (055)
CLASS-XII (2012-13)

Time Allowed - 3 Hrs.

Max. Marks - 80

General Instructions :-

1. This question paper contains three parts A, B and C.
2. Part A is compulsory for all.
3. Attempt only one part of the remaining parts B and C.
4. All parts of questions should be attempted at one place.

PART 'A'

1. Alka, Barkha and Charu are partners in a firm having no partnership agreement. Alka, Barkha and Charu contributed ₹ 2,00,000, ₹ 3,00,000 and ₹ 1,00,000 respectively. Alka and Barkha desire that the profits should be divided in the ratio of capital contribution. Charu does not agree to this. Is Charu correct? Give reason. (1)
2. Pawan and Jayshree are partners. Bindu is admitted for 1/4th share. What is the ratio in which Pawan and Jayshree will sacrifice their share in favour of Bindu? (1)
3. State any two occasions on which a firm may be reconstituted. (1)
4. When is 'Partner's Executors' Account prepared? (1)
5. What is the maximum amount of discount at which forfeited shares can be re-issued? (1)
6. What is meant by 'Minimum Subscription'? (1)
7. What is meant by 'Debentures issued as collateral security'? (1)
8. A, B and C are partners in a firm. They had omitted interest on capital @ 10% p.a. for three years ended 31st March, 2012. Their fixed capitals on which interest was to be calculated throughout were:
A ₹ 1,00,000
B ₹ 80,000
C ₹ 70,000 (3)

Give the necessary adjusting journal entry with working notes.

9. On 1st January, 2010, Rhythm Limited issued 1,000 10% debentures of ₹ 500 each at par. Debentures are redeemable after 7 years. However, the company gave an option to debenture holders to get their debentures converted into equity shares of ₹ 100 each at a premium of ₹ 25 per share anytime after the expiry of one year.

Shivansh, holder of 200 debentures, informed on Jan. 1, 2012 that he wanted to exercise the option of conversion of debentures into equity shares.

The company accepted his request and converted debentures into equity shares.

Pass necessary journal entries to record the issue of debentures on Jan. 1, 2010 and conversion of debentures on Jan. 1, 2012. (3)

10. Pass necessary journal entries for 'issue of debentures' for the following:
- Jain Ltd. issued 750, 12% Debentures of ₹100 each at a discount of 10% redeemable at a premium of 5%.
 - Sohan Ltd. issued 800, 9% Debentures of ₹100 each at a premium of ₹20 per Debenture redeemable at a premium of ₹10 per Debenture. (3)
11. Shabir and David were partners in a firm supplying school uniform. They share profits in the ratio of 4:3. Their capitals as on 1st April, 2011 were ₹1,00,000 and ₹50,000 respectively. On this date Shabir suggested David to start supplying low cost school uniforms also to the students who belong to low income group and have been admitted to the private schools of the city as per the provisions of Rights to Education Act 2009. David agreed and requested to admit his friend Charu, a visually handicapped unemployed person into the firm, however Charu will not contribute any capital. Shabir agrees to it. They were in need of more capital. Shabir, therefore persuaded a rich friend of his, Rafiq, who hailed from Assam to be a partner.
- Rafiq contributed ₹7,00,000 in cash, Delivery van of ₹2,75,000 and furniture of ₹25,000 as his capital.
 - The new profit sharing ratio is 3:2:1:1
- (a) Identify any four values which according to you motivated them to form the partnership firm. (2)
- (b) (i) Calculate sacrificing ratio
(ii) Pass necessary journal entry (2)
12. A, B and C were partners sharing profits in the ratio of 5:3:2. Their Balance-sheet as on 1st April 2011 was as follows:

Balance-sheet of A, B & C as on 1st April, 2012

| Liabilities | ₹ Amount | Assets | ₹ Amount |
|--------------------------|-----------------|-----------|-----------------|
| Creditors | 20,000 | Cash | 16,000 |
| Employees Provident Fund | 26,000 | Debtors | 16,000 |
| Capitals: | | Stock | 80,000 |
| A 1,00,000 | | Furniture | 34,000 |
| B 70,000 | | Building | 1,20,000 |
| C <u>50,000</u> | 2,20,000 | | |
| | 2,66,000 | | 2,66,000 |

C retires on the above date and it was agreed that:

- C's share of Goodwill was ₹8,000;
 - 5% provision for doubtful debts was to be made on debtors;
 - Sundry creditors were valued ₹4,000 more than the book value.
- Pass necessary Journal entries for the above transactions on C's retirement. (4)

13. Raghav limited purchased a running business from Krishna Traders for a sum of ₹15,00,000 payable ₹3,00,000 by cheque and for the balance issued equity shares of ₹100 each at a premium of 20%.

The assets and liabilities consisted of the following:

| | ₹ |
|---------------------|----------|
| Plant and Machinery | 4,00,000 |
| Building | 6,00,000 |
| Stock | 5,00,000 |
| Sundry Debtors | 3,00,000 |
| Sundry creditors | 2,00,000 |

Record necessary Journal entries in the books of Raghav limited. (4)

14. Janta Ltd. had an authorised capital of ₹2,00,000 divided into equity shares of ₹10 each. The company offered for subscription ₹1,00,000 shares. The issue was fully subscribed. The amount payable on application was ₹2 per share. ₹4 per share were payable each on allotment and first and final call. A share holder holding 100 shares failed to pay the allotment money. His shares were forfeited. The company did not make the final call.

Show how the 'share capital' will be shown in the company's balance-sheet.

Also prepare Notes to Accounts for the same. (4)

15. X, Y and Z were partners in a firm. Their capitals on 01.04.2011 were: X ₹2,00,000; Y ₹2,50,000 and Z ₹3,00,000. The partnership deed provided for the following:

- (i) They will share profits in the ratio of 2:3:3
- (ii) X will be allowed a salary of ₹12,000 p.a.
- (iii) Interest on capital will be allowed @ 12% p.a.

During the year X withdrew ₹28,000; Y ₹30,000 and Z ₹18,000. For the year ended 31.3.2012 the firm earned a profit of ₹5,00,000.

Prepare profit and loss appropriation account and partners capital accounts. (6)

16. Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5:3:2. On 31st March, 2012 their Balance Sheet was as under :

| <i>Liabilities</i> | ₹ | <i>Assets</i> | ₹ |
|--------------------------------|-----------------|---------------|-----------------|
| Capitals : | | Leasehold | 1,25,000 |
| Ram 1,50,000 | | Patents | 30,000 |
| Mohan 1,25,000 | | Machinery | 1,50,000 |
| Sohan <u>75,000</u> | 3,50,000 | Stock | 1,90,000 |
| | | Cash at Bank | 40,000 |
| Workmen's Compensation Reserve | 30,000 | | |
| Creditors | 1,55,000 | | |
| | <u>5,35,000</u> | | <u>5,35,000</u> |

Sohan died on 1st August, 2012. It was agreed that :

- (i) Goodwill of the firm is to be valued at ₹1,75,000.
- (ii) Machinery be valued at ₹1,40,000; Patents at ₹40,000; Leasehold at ₹1,50,000 on this date.
- (iii) For the purpose of calculating Sohan's share in the profits of 2012-2013, the profits should be taken to have accrued on the same scale as in 2011-12, which were ₹75,000.

Prepare Sohan's Capital Account and Revaluation Account. (6)

17. Srijan Limited issued ₹10,00,000 new capital divided into ₹100 shares at a premium of ₹20 per share, payable as under :

| | |
|-------------------------|---|
| On Application | ₹10 per share |
| On Allotment | ₹40 per share (including Premium of ₹10 per share) |
| On First and Final Call | Balance |

Over- payments on application were to be applied towards sums due on allotment and first and final call. Where no allotment was made, money was to be refunded in full.

The issue was oversubscribed to the extent of 13,000 shares. Applicants for 12,000 shares were allotted only 2,000 shares and applicants for 3,000 shares were sent letters of regret. Shares were allotted in full to the remaining applicants.

All the money due was duly received.

- (a) Which value has been affected by rejecting the applications of the applicants who had applied for 3000 shares? Suggest a better alternative for the same.
- (b) Give Journal Entries to record the above transactions (including cash transactions) in the books of the company. (8)

OR

Sangita Limited invited application for issuing 60,000 shares of ₹10 each at par. The amount was payable as follows:

| | |
|-------------------------|--------------|
| On Application | ₹2 per Share |
| On Allotment | ₹3 per Share |
| On First and Final Call | ₹5 per Share |

Applications were received for 92,000 shares. Allotment was made on the following basis:

- (i) To applicants for 40,000 shares - Full
- (ii) To applicants for 50,000 shares - 40%
- (iii) To applicants for 2,000 shares - nil. Most of this category had applied for less than 5 shares each.

₹1,08,000 was realized on account of allotment (excluding the amount carried from application money) and ₹2,50,000 on account of call.

The directors decided to forfeit shares of those applicants to whom full allotment was made and on which allotment money was overdue.

(a) Which value has been affected by the rejection of application of category (iii) applicants? Suggest a better alternative for the same.

(b) Pass journal entries in the books of Sangita Limited to record the above transactions. (8)

18. L and M share profits of a business in the ratio of 5:3. They admit N into the firm for a fourth share in the profits to be contributed equally by L&M. On the date of admission, the Balance Sheet of L&M was as follows :

Balance Sheet as at

| <i>Liabilities</i> | ₹ | <i>Assets</i> | ₹ |
|--------------------|--------|---------------|--------|
| L's Capital | 30,000 | Machinery | 26,000 |
| M's Capital | 20,000 | Furniture | 18,000 |
| Reserve Fund | 4,000 | Stock | 10,000 |
| Bank Loan | 12,000 | Debtors | 8,000 |
| Creditors | 2,000 | Cash | 6,000 |
| | 68,000 | | 68,000 |

Terms of N's admission were as follows :

(i) N will bring ₹ 25,000 as his capital.

(ii) Goodwill of the firm is to be valued at 4 years' purchase of the average super profits of the last three years. Average profits of the last three years are ₹ 20,000; while the normal profits that can be earned on the capital employed are ₹ 12,000.

(iii) Furniture is to be revalued at ₹ 24,000 and the value of stock to be reduced by 20%.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the firm after admission of N. (8)

OR

Following is the Balance Sheet of X and Y, who share profits and losses in the ratio of 4:1, as at 31st March, 2012 :

| <i>Liabilities</i> | <i>Amount ₹</i> | <i>Assets</i> | <i>Amount ₹</i> |
|-----------------------------|-----------------|---------------------|-----------------|
| Sundry Creditors | 8,000 | Bank | 20,000 |
| Bank overdraft | 6,000 | Debtors | 17,000 |
| X's Brother's Loan | 8,000 | Less Provision | 2,000 |
| Y's Loan | 3,000 | Stock | 15,000 |
| Investment Fluctuation Fund | 5,000 | Investments | 25,000 |
| Capital: X | 50,000 | Buildings | 25,000 |
| Y | 40,000 | Goodwill | 10,000 |
| | | Profit and Loss A/c | 10,000 |
| | 1,20,000 | | 1,20,000 |

The firm was dissolved on the above date and the following arrangements were decided upon :

(i) X agreed to pay off his brother's Loan

(ii) Debtors of ₹ 5,000 proved bad

(iii) Other assets realised - Investments 20% less; and goodwill at 60%

- (iv) One of the creditors for ₹5,000 was paid only ₹3,000.
- (v) Buildings were auctioned for ₹30,000 and the auctioneer's commission amounted to ₹1,000.
- (vi) Y took over part of stock at ₹4,000 (being 20% less than the book value). Balance stock realised 50%.
- (vii) Realisation expenses amounted to ₹2,000.

Prepare :

- i) Realisation A/c
- ii) Partners' Capital accounts
- iii) Bank A/c (8)

Part-B

Financial Statement Analysis

- 19. X Ltd. has a Debt–Equity Ratio at 3 : 1. According to the management it should be maintained at 1:1. What are the two choices to do so? (1)
- 20. State whether cash deposited in bank will result in inflow, outflow or no flow of cash.(1)
- 21. Interest received by a finance company is classified under which kind of activity while preparing a cash flow statement ? (1)
- 22. List the items which are shown under the heading, 'Current Assets' in the Balance sheet of a company as per provisions of Schedule VI, of the Companies Act 1956. (3)
- 23. Prepare a 'Comparative Statement of Profit & Loss' with the help of following information:

| Particulars | 2011 | 2012 |
|-------------------------|-----------|-----------|
| | ₹ | ₹ |
| Revenue from operations | 20,00,000 | 30,00,000 |
| Expenses | 12,00,000 | 21,00,000 |
| Other Incomes | 4,00,000 | 3,60 ,000 |
| Income Tax | 50% | 50% (4) |

- 24. Find the value of current liabilities and current assets, if current Ratio is 2.5:1, liquid ratio is 1.2:1 and the value of inventory of the firm is ₹78,000. (4)
- 25. From the following summarised balance sheets of a company, calculate cash flow from operating activities:

| Particulars | 31-3-2011 | 31-3-2012 |
|--|-----------|-----------|
| | ₹ | ₹ |
| I. Equity and Liabilities | | |
| Share holder's funds: | | |
| Equity Share Capital | 1,00,000 | 1,00,000 |
| Reserves and Surplus (Profit & Loss Balance) | 30,000 | 60,000 |
| Non-Current Liabilities | | |

| | | |
|----------------------------|--------|--------|
| 6% Debentures | 60,000 | 80,000 |
| Current Liabilities | | |
| Creditors | 30,000 | 35,000 |
| Trade Payable | 30,000 | 10,000 |
| Other Current Liabilities | 40,000 | 45,000 |

| | | |
|--------------|-----------------|-----------------|
| Total | 2,90,000 | 3,30,000 |
|--------------|-----------------|-----------------|

II. Assets

| | | |
|---|----------|----------|
| Non-current Assets: Fixed Assets | 1,50,000 | 1,90,000 |
| Non-current investments | 40,000 | 30,000 |
| Current Assets: | | |
| Stock | 40,000 | 55,000 |
| Trade Receivables | 40,000 | 45,000 |
| Cash & Cash equivalents | 20,000 | 10,000 |

| | | |
|--------------|-----------------|-----------------|
| Total | 2,90,000 | 3,30,000 |
|--------------|-----------------|-----------------|

Additional Information:

- (i) A piece of machinery costing ₹5,000, on which depreciation of ₹2,000 had been charged was sold for ₹1,000. Depreciation charged during the year was ₹17,000.
- (ii) New debentures have been issued on 1st Aug. 2011. (6)

OR

PART 'C'

Computerized Accounting System

19. Name any two data elements in accounting transactions. 1mark
20. Why is normalization done? 1mark
21. What is meant by the terms 'Back-end' and 'Front-end' as used in database applications. 1mark
22. Explain any two features of computerized accounting system. 3 marks
23. Explain the security features associated with CAS software. 4 marks
24. What is DBMS? Explain its two advantages. 4 marks
25. Anjana Ltd. calculates conveyance allowance on the basis of the sales made by its employees. Write the formula in MS Excel for calculating:
 - (i) The difference between the expected sale and actual sale.
 - (ii) The conveyance allowance will be ₹5,000 if the employee meets the expected sales target and for every extra unit sold he would get ₹50.
 - (iii) ₹1,000 even if expected units are not sold. 6 mark

**MARKING SCHEME
SAMPLE QUESTION PAPER
ACCOUNTANCY
Class - XII**

Part A

Accounting for Partnership Firms and Companies

1. Charu is correct.
Reason : In the absence of partnership deed profits are shared equally. ($\frac{1}{2} + \frac{1}{2} = 1$ mark)
2. Old Ratio i.e. 1:1 (1mark)
3. A partnership firm may be reconstituted in the following circumstances: (Any two)
 - (i) Change in the profit sharing ratio among the existing partners;
 - (ii) Admission of a new partner;
 - (iii) Retirement of an existing partner and ($\frac{1}{2} \times 2 = 1$ Mark)
 - (iv) Death of a partner.
4. Partner's executor's account is prepared at the time of death of a partner. 1 Mark
5. Maximum amount of discount at which the forfeited shares can be re-issued the amount forfeited on such shares. 1 mark
6. Minimum subscription refers to the minimum amount which in the opinion of Board of Directors must be raised through the issue of shares so that the company has the necessary funds to carry out its business. It is 90% of the issued amount. 1 Mark
7. When the debentures are issued as a secondary security for obtaining loan, such debentures are said to have been issued as 'collateral security.' 1 Mark

8. **Journal**

| Date | Particulars | L.F. | Dr. Amount ₹ | Cr. Amount ₹ |
|---------------------|--|------------|-----------------|-----------------|
| 2012 March 31 | B's Current A/c C's Current A/c To A's Current A/c (Being omission of interest on capital for three years rectified) | Dr. Dr. | 1,000 4,000 | 5,000 |

(2)

Working Note: Statement showing adjustments to be made :

| Particulars | A | B | C | Total |
|--|----------|----------|----------|--------|
| 1. Total amount of interest on capital omitted, to be credited now | ₹ 30,000 | ₹ 24,000 | ₹ 21,000 | 75,000 |
| 2. Total amount of loss to be debited | ₹ 25,000 | ₹ 25,000 | ₹ 25,000 | 75,000 |
| 3. Balance | ₹ 5,000 | ₹ 1,000 | ₹ 4,000 | |
| | Cr. | Dr. | Dr. | |

(1)

(2+1 = 3 Marks)

9. **Journal**

| Date | Particulars | L.F. | Dr. Amount ₹ | Cr. Amount ₹ |
|----------------|---|------|-----------------|------------------|
| 2010 Jan. 1 | Bank A/c Dr. To 10% Debenture Application and Allotment A/c (Being application money received on 1000 debentures @ ₹ 500) | | 5,00,000 | 5,00,000 |
| 2011 Jan. 1 | 10% Debenture Application and Allotment A/c Dr. To 10% Debentures A/c (Being application money transferred to 10% Debentures account consequent upon allotment) | | 5,00,000 | 5,00,000 |
| 2012 Jan. 1 | 10% Debentures A/c Dr. To Debenture holder A/c (Being amount due to Debentureholder on conversion) | | 1,00,000 | 1,00,000 |
| 2012 Jan. 1 | Debenture holder A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being the issue of 800 equity shares of ₹ 100 each at a premium of ₹ 25 per share) | | 1,00,000 | 80,000 20,000 |

(½+1+½+1=3 marks)

10. Journal

| Date | Particulars | L.F. | Dr. Amount ₹ | Cr. Amount ₹ |
|-------|--|------|--------------------------|---------------------------|
| (i) | Bank A/c Dr. To 12% Debenture Application and Allotment A/c (Being Debenture application and allotment money received on 750 debentures @ ₹90 each) | | 67,500 | 67,500 |
| | 12% Debenture Application and Allotment A/c Dr. Discount on issue of debentures A/c Dr. Loss on issue of debentures A/c Dr. To 12% debentures A/c To premium on redemption of debenture (Being issue of 750 debentures @ ₹100 each @ a discount of 10% redeemable at a premium of 5%) | | 67,500 7,500 3,750 | 75,000 3,750 |
| (ii) | Bank A/c Dr. To 9% Debenture Application & Allotment A/c (Being application and allotment money received on 800 debentures @ ₹120 each.) | | 96,000 | 96,000 |
| (iii) | 9% Debenture Application & Allotment A/C Dr. Loss on issue of debenture A/c Dr. To 9% debentures A/c To Securities Premium A/c To Premium on Redemption of Debentures A/c (Being issue of debentures at premium redeemable at premium). | | 96,000 8,000 | 80,000 16,000 8,000 |

(½+1+½+1 = 3 Marks)

11. (a) Values: (Any four)

- (i) Secularism
- (ii) Supporting the implementation of "Right to Education Act 2009".
- (iii) Sensitivity towards differently abled individuals.
- (iv) Empowering women entrepreneurship
- (v) Providing entrepreneurial opportunities to people from different areas of the country.

(b) (i) Calculation of sacrificing ratio

Old ratio = Shabir:David = 4:3

New ratio = Shabir:David:Charu:Rafiq = 3:2:1:1

Sacrificing ratio = Old ratio–new ratio

Shabir's sacrifice = $4/7 - 3/7 = 1/7$

David sacrific = $3/7 - 2/7 = 1/7$

Thus, sacrificing ratio = Shabir:David = 1:1

(ii) Journal entry

| | |
|------------------|--------------|
| Cash A/c | Dr. 7,00,000 |
| Delivery van A/c | Dr. 2,75,000 |
| Furniture A/c | Dr. 25,000 |
| | To Rafiq |
| | 10,00,000 |

(Being cash, delivery van and furniture worth Rs. 10,00,000 brought in by Rafiq)

12.

| Date | Particulars | L.F. | Dr. Amount ₹ | Cr. Amount ₹ |
|---------------------|--|------|-----------------------|-----------------|
| (i) 2012 April 1 | Revaluation A/c Dr. To Provision for Doubtful Debts A/c To Sundry Creditors A/c (Being decrease in the value of debtors and increase in the value of creditors transferred to Revaluation A/c) | | 4,800 | 800 4,000 |
| (ii) | A's Capital A/c Dr. B's Capital A/c Dr. C's Capital A/c Dr. To Revaluation A/c (Being loss on revaluation transferred to Capital A/cs) | | 2,400 1,440 960 | 4,800 |
| (iii) | A's Capital A/c Dr. B's Capital A/c Dr. To C's Capital A/c (Being C's share of goodwill adjusted to the accounts of the continuing partners in their gaining ratio 5:3) | | 5,000 3,000 | 8,000 |
| (iv) | C's Capital A/c Dr. To C's loan A/c (Being balance of C's capital A/c transferred to C's loan A/c) | | 57,040 | 57,040 |

Working Note:

| | | | |
|-----------------|---|--------------------------------|---------------|
| C's Capital A/c | = | Opening balance in Capital A/c | ₹ 50,000 |
| | + | Share of Goodwill | + 8,000 |
| | - | Loss on Revaluation | - 960 |
| | | | <u>57,040</u> |

(1+1+1 = 4 Marks)

13. Journal

| Date | Particulars | L.F. | Dr. Amount | Cr. Amount |
|------|---|------|------------|------------|
| | | | ₹ | ₹ |
| | Plant and Machinery A/c Dr. | | 4,00,000 | |
| | Building A/c Dr. | | 6,00,000 | |
| | Stock A/c Dr. | | 5,00,000 | |
| | Sundry Debtors A/c Dr. | | 3,00,000 | |
| | To Sundry Creditors A/c | | | 2,00,000 |
| | To Krishna Traders A/c | | | 15,00,000 |
| | To Capital Reserve A/c | | | 1,00,000 |
| | (Being the purchase of assets and liabilities of Krishna Traders) | | | |
| | Krishna Traders A/c Dr. | | 3,00,000 | |
| | To Bank A/c | | | 3,00,000 |
| | (Being ₹3,00,000 paid to Krishna Traders by cheque) | | | |
| | Krishna Traders A/c Dr. | | 12,00,000 | |
| | To Share Capital A/c | | | 10,00,000 |
| | To Securities Premium A/c | | | 2,00,000 |
| | (Being the balance of ₹12,00,000 discharged by issue of equity shares at 20% premium) | | | |

(2 + 1 + 1 = 4)

14. Balance sheet of Janta Ltd.
As at..... (Presentation of Share Capital A/c)

| | Particulars | Note No. | ₹ Amount current year | ₹ Amount Previous year |
|---|-------------------------------|----------|--------------------------|---------------------------|
| I | Equity and Liabilities | | | |
| | Shareholder's fund | | | |
| | (a) Share capital | 1 | 59,600. | |

Notes to Accounts

Note No. 1

Share Capital

₹ Amount

Authorised Capital

20,000 equity shares of ₹10 each

2,00,000

Issued Capital

10,000 equity shares of ₹10 each

1,00,000

Subscribed, but not fully paid

9,900 shares of ₹10 each ₹6 called up
= ₹59,400

Add: Share forfeited A/c - ₹200

59,600

15. **Books of X, Y and Z**

(1+3=4 marks)

Dr.

Profit and Loss Appropriation Account

Cr.

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|--|---|----------------------|---|
| To Interest on Capital: ₹ X - 24,000 Y - 30,000 Z - 36,000 To Salary of X To Profit transferred to: ₹ X - 99,500 Y - 1,49,250 Z - 1,49,250 | 90,000 12,000 3,98,000 <u>5,00,000</u> | By Profit & Loss A/c | 5,00,000 <u>5,00,000</u> |

(1mark for each item on debit side)
1x3=3

Dr.

Partner's Capital Accounts

Cr.

| Date | Particulars | X ₹ | Y ₹ | Z ₹ | Date | Particulars | X ₹ | Y ₹ | Z ₹ |
|----------------------|-----------------|----------|----------|----------|-----------------------|-----------------------------------|----------|----------|----------|
| 2012 March, 31 | To Bank-Drawing | 28,000 | 30,000 | 18,000 | 2011 April, 1st | By balance b/d | 2,00,000 | 2,50,000 | 3,00,000 |
| | | | | | 2012 March 31st | By Interest on Capital | 24,000 | 30,000 | 36,000 |
| 2012 March, 31 | To balance c/d | 3,07,500 | 3,99,250 | 6,67,250 | 2011 April, 1st | By Salary - X | 12,000 | - | - |
| | | | | | 2012 March 31st | By P&L Approp- riation Account | 99,500 | 1,49,250 | 1,49,250 |
| | | 3,35,500 | | 4,29,250 | | | 5,85,250 | 3,35,500 | 4,29,250 |
| | | | | | | | | 5,85,250 | 5,85,250 |

(1mark for each capital A/c 1x3 = 3 marks 3+3 = 6marks)

16.

Dr.

Revaluation Account

Cr.

| Particulars | ₹ | Particulars | ₹ |
|--|---------------|--------------|---------------|
| To Machinery | 10,000 | By Leasehold | 25,000 |
| To Profit Transferred to Capital Accounts : ₹ | | By Patents | 10,000 |
| Ram : 12,500 | | | |
| Mohan : 7,500 | | | |
| Sohan : 5,000 | | | |
| | <u>25,000</u> | | |
| | <u>35,000</u> | | <u>35,000</u> |

(½x4=2marks)

Dr.

Sohan's Capital Account

Cr.

| Particulars | ₹ | Particulars | ₹ |
|---------------------------|----------|---|----------|
| To Sohan's Executor's A/C | 1,26,000 | By Balance b/d | 75,000 |
| | | By Revaluation A/c | 5,000 |
| | | By Ram's Capital A/c | |
| | | $\left(₹. 35,000 \times \frac{5}{8} \right)$ | 21,875 |
| | | By Mohan's Capital A/c | |
| | | $\left(₹ 35,000 \times \frac{3}{8} \right)$ | 13,125 |
| | | By P& L Suspense A/c | 5,000 |
| | | By Workmen's Compensation Reserve A/c | 6,000 |
| | 1,26,000 | | 1,26,000 |

(4)

Working Notes:

- (i) Sohan's share of Goodwill : $1/5$ of ₹1,75,000 = ₹35,000.

The amount for Goodwill to be contributed by Ram and Mohan in the ratio of 5:3.

- (ii) Profit of Sohan till the time of death that is upto 31.07.2006 (for 4 months)

$$\begin{aligned} & ₹75,000 \times 4/12 \times 2/10 \\ & = ₹5,000. \end{aligned}$$

(2+4=6)

17.

- (a) Value of Equality has been affected by rejecting the applications of the retail investors from having shares of the company. (1mark)

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not be demotivated from investing in the capital of big companies in future. (1mark)

(b) Journal

| Date | Particulars | L.F. | Dr. Amt. (₹) | Cr. Amount. (₹) |
|-------|---|------|--------------------|--|
| (i) | Bank A/c Dr. To Share Application A/c (Being application money received on 23000 shares @10 per share) | | 2,30,000 | 2,30,000 |
| (ii) | Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c To calls-in-advance A/c To Bank A/c (Being application money adjusted and balance refunded) | | 2,30,000 | 1,00,000 80,000 20,000 30,000 |
| (iii) | Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (Being allotment money due) | | 4,00,000 | 3,00,000 1,00,000 |
| (iv) | Bank A/c Dr. To share Allotment A/c (Being allotment money due) | | 3,20,000 | 3,20,000 |
| (v) | Share First & Final Call A/c Dr. To Share Capital A/c To Securities Premium A/c (Being Call money due) | | 7,00,000 | 6,00,000 1,00,000 |
| (vi) | Bank A/c Dr. Call in advance To Share First & Final Call A/c (Being call money received) | | 6,80,000 20,000 | 7,00,000 |

(1x6=6marks) 2+6=8 marks

Working Notes:

- (i) Total amount received on application = ₹ 10x23,000 = ₹ 2,30,000
- (ii) Pro rata category applied ₹ 12,000 : Allotted 2,000 (i.e. 6:1)
- Money received on application ₹ 12,000 x 10 = ₹ 1,20,000
- Money required on application ₹ 2,000 x 10 = ₹ 20,000
- Excess money received on application = ₹ 1,00,000
- Money required on allotment ₹ 2,000 x 40 = ₹ 80,000

So entire amount due on allotment is already received. Excess ₹ 20,000 is transferred to calls in advance. This amount will be credited to Calls in Advance A/c. In that case, Calls in Advance A/c will be debited in entry No. 6 along with Bank A/c and Share First and

Final Call A/c will be credited with full amount of ₹7,00,000.

OR

- (a) Value of Equality has been affected by rejecting the applications of the retail investors from having shares of the company (1mark)

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not be demotivated from investing in the capital of big companies in future. (1mark)

- (b) In the books of Sangita Ltd.

| Date | Particulars | L.F. | Dr. Amt. (₹) | Cr. Amt. (₹) |
|-------|--|------|-----------------|-----------------------------|
| (i) | Bank A/c Dr. To Share Application A/c (Being application money received on 92,000 shares @ ₹2 per share) | | 1,84,000 | 1,84,000 |
| (ii) | Share Application A/c. Dr. To Share Capital A/c To Bank A/c To Share Allotment A/c (Being the application money adjustment towards share capital and share allotment and surplus refunded) | | 1,84,000 | 1,20,000 4,000 60,000 |
| (iii) | Share Allotment A/c Dr. To Share Capital A/c (Being allotment money due on 60,000 Shares @ ₹3 per Share) | | 1,80,000 | 1,80,000 |
| (iv) | Bank A/c Dr. To Share Allotment A/c (Being allotment money received) | | 1,08,000 | 1,08,000 |
| (v) | Share First and Final Call A/c Dr. To Share Capital A/c (Being first and final call money due on 60,000 Shares @ ₹5 per Share) | | 3,00,000 | 3,00,000 |
| (vi) | Bank A/c Dr. To Share First and Final Call A/c (Being first and final call money received) | | 2,50,000 | 2,50,000 |
| (vii) | Share Capital A/c Dr. To Share Allotment A/c To Share first and final call A/c To Share forfeited A/c (Being 4000 shares forfeited due to non-payment of allotment and first and final call) | | 40,000 | 12,000 20,000 8,000 |

(1+1+1+1+½+½+1 = 6marks
(2+6 = 8)

18.

| Dr. | | Revaluation A/c | | Cr. | |
|--------------------------|-------|-----------------|------------------|-----|-------|
| Particulars | ₹ | | Particulars | | ₹ |
| To Stock A/c | | 2,000 | By Furniture A/c | | 6,000 |
| To Partners' Capital A/c | | | | | |
| L | 2,500 | | | | |
| M | 1,500 | 4,000 | | | |
| | | 6,000 | | | 6,000 |

(1½)

| Dr. | | | | Partners' Capital A/c. | | | | Cr. | | | |
|--------------------|--------|--------|--------|------------------------|--------|--------|--------|-------------|---|---|---|
| Particulars | L | M | N | Particulars | L | M | N | Particulars | L | M | N |
| | ₹ | ₹ | ₹ | | ₹ | ₹ | ₹ | | ₹ | ₹ | ₹ |
| To L's Capital A/C | | | 4,000 | By Balance b/d | 30,000 | 20,000 | - | | | | |
| To M's Capital | | | 4,000 | By Reserve Fund | 2,500 | 1,500 | - | | | | |
| To Balance c/d | 39,000 | 27,000 | 17,000 | By Revaluation A/c | 2,500 | 1,500 | - | | | | |
| | | | | By Cash A/c | - | - | 25,000 | | | | |
| | | | | By N's Capital A/C* | 4,000 | 4,000 | | | | | |
| | 39,000 | 27,000 | 25,000 | | 39,000 | 27,000 | 25,000 | | | | |

(1½x3=4½)

Balance Sheet as at.....

| Liabilities | | ₹ | Assets | | ₹ |
|-------------|--------|--------|-----------|--|--------|
| Capital | ₹ | | Machinery | | 26,000 |
| L | 39,000 | | Furniture | | 24,000 |
| M | 27,000 | | Stock | | 8,000 |
| N | 17,000 | 83,000 | Debtors | | 8,000 |
| Bank Loan | | 12,000 | Cash | | 31,000 |
| Creditors | | 2,000 | | | |
| | | 97,000 | | | 97,000 |

(2)

*Working Note

N's Capital A/c

To L's Capital A/c
To M's Capital A/c

Dr. 8,000

4,000

4,000

 $1\frac{1}{2} + 4\frac{1}{2} + 2 = 8$

OR
Realisation Account

| Dr. | | Cr. | |
|--|-----------------|-------------------------------------|-----------------|
| Particulars | ₹ | Particulars | ₹ |
| To Goodwill A/c | 10,000 | By Investment Fluctuation Fund A/c | 5,000 |
| To Buildings A/c | 25,000 | By Provision for doubtful debts A/c | 2,000 |
| To Investments A/c | 25,000 | By Creditors A/c | 8,000 |
| To Stock A/c | 15,000 | By Bank overdraft A/c | 6,000 |
| To Debtors A/c | 17,000 | By X's Brother's loan A/c | 8,000 |
| To X's Capital A/c (X's brother's Loan) | 8,000 | By Bank : A/c | |
| To Bank : A/c | | Assets realised | |
| Creditors 6,000 | | Debtors 12,000 | |
| Bank overdraft 6,000 | 12,000 | Investments 20,000 | |
| | | Goodwill 6,000 | |
| | | Buildings 29,000 | |
| | | Stock <u>5,000</u> | 72,000 |
| To Bank A/c (Realisation exp.) | 2,000 | By Y's Capital (Stock) | 4,000 |
| | | By Loss transferred to: | |
| | | X's capital A/c 7200 | |
| | | Y's capital A/c <u>1800</u> | 9000 |
| | <u>1,14,000</u> | | <u>1,14,000</u> |

(4)

Partners' Capital A/c

| Dr. | X (₹) | Y (₹) | Cr. | X (₹) | Y (₹) |
|------------------------------|---------------|---------------|--------------------|---------------|---------------|
| Particulars | | | Particulars | | |
| To Profit & Loss A/c | 8,000 | 2,000 | By Balance b/d | 50,000 | 40,000 |
| To Realisation A/c | - | 4000 | By Realisation A/c | 8,000 | - |
| To Realisation A/c (Loss) | 7,200 | 1,800 | | | |
| To Bank A/c | 42,800 | 32,200 | | | |
| | <u>58,000</u> | <u>40,000</u> | | <u>58,000</u> | <u>40,000</u> |

(2)

Bank A/c

| Dr. | Amount (₹) | Cr. | Amount (₹) |
|--------------------|---------------|-------------------------|---------------|
| Particulars | | Particulars | |
| To balance b/d | 20,000 | By Y's Loan A/c | 3,000 |
| To Realisation A/c | 72,000 | By Realisation A/c | |
| | | Liabilities paid off | 12,000 |
| | | By Realisation Exp. A/c | 2,000 |
| | | By X's Capital A/c | 42,800 |
| | | By Y's Capital A/c | 32,200 |
| | <u>92,000</u> | | <u>92,000</u> |

(2)

(4+2+2= 8)

PART - B
Financial Statement Analysis
Balance Sheet

19. The two choices to maintain Debt equity at 1:1 from 3:1 are : (Any Two)
 (i) To increase equity
 or (ii) To reduce Debt
 (iii) Both i.e. increase equity and reduce Debt. ½x2=1
20. No Flow 1
21. Operating Activity 1
22. Balance Sheet of

as at 31st March 2012

| Particulars | Note No. | ₹ |
|-----------------------------------|----------|---|
| II. Assets | | |
| (2) Current Assets | | |
| (a) Current Investments | | |
| (b) Inventories | | |
| (c) Trade Receivables | | |
| (d) Cash and Cash Equivalents | | |
| (e) Short Term loans and Advances | | |
| (f) Other Current Assets | | |

(½ x 6 = 3 Marks)

23. **Comparative Statement of Profit Loss**
 for the year ended 31st March, 2012

| Particulars | Absolute Figures | | Change (Base year 2011) | |
|----------------------------|------------------|-----------------|-------------------------|------------|
| | 31-6-2011 | 31-3-2012 | Absolute Figures | Percentage |
| | (₹) | (₹) | (₹) | (%) |
| I. Revenue from operations | 20,00,000 | 30,00,000 | 10,00,000 | 50% |
| II. Add: other Incomes | 4,00,000 | 3,60,000 | 40,000 | 10% |
| Total Revenue (I+II) | 24,00,000 | 33,60,000 | 9,60,000 | 40% |
| III. Less Expenses | 12,00,000 | 21,00,000 | 9,00,000 | 75% |
| Profit before Tax | 12,00,000 | 12,60,000 | 60,000 | 5% |
| IV. Less Tax (50%) | 6,00,000 | 6,30,000 | 30,000 | 5% |
| PROFIT AFTER TAX | 6,00,000 | 6,30,000 | 30,000 | 5% |

(One mark for each correct Row-1x4=4 Marks)

$$24. \quad \text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{or } \frac{2.5}{1} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \quad \frac{1}{2}$$

$$\text{or } 2.5 \text{ Current Liabilities} = \text{Current Assets} \quad \frac{1}{2}$$

$$\text{Liquid Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}} \quad \frac{1}{2}$$

$$\text{or } \frac{1.2}{1} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}} \quad 1$$

$$\text{or Current Liabilities} = \frac{\text{Liquid Assets}}{1.2}$$

$$\text{or } \frac{\text{Current Assets} - \text{Stock}}{1.2} \quad \frac{1}{2}$$

$$\text{or C.L} = \frac{2.5 \text{ Current Liabilities} - 78,000}{1.2}$$

$$\text{or } 1.2 \text{ C.L} = 2.5 \text{ Current Liabilities} - 78,000$$

$$\text{or } 78,000 = 1.3 \text{ C.L}$$

$$\text{or } \frac{78,000 \times 10}{13} = \text{Current Liabilities}$$

$$\text{or } ₹ 60,000 = \text{Current Liabilities} \quad 1$$

$$\text{or Current Assets} = 2.5 \times ₹ 60,000 \quad 1$$

$$= ₹ 1,50,000$$

($\frac{1}{2} + \frac{1}{2} + \frac{1}{2} + \frac{1}{2} + 1 + 1 = 4$ Marks)

25. **Cash Flow Statement**

| | ₹ | ₹ |
|--|--------|----------|
| Cash flows from operating Activities | | |
| Net Profit before Tax and Extra-ordinary items (W. Note – 1) | | 30,000 |
| Adjustments for: | | |
| Depreciation (W. Note 2) 17,000 | | |
| Interest on Debentures 4,400 | | |
| Loss on sale of Machinery 2,000 | 23,400 | 23,400 |
| Operating profit before working capital changes | | 53,400 |
| Increase in Current Liabilities | | |
| Increase in Creditors | 5,000 | |
| Increase in other current liabilities | 5,000 | 10,000 |
| | | 63,400 |
| Decrease in current liabilities | | |
| Trade Payables | 20,000 | |
| Increase in Current Assets | | |
| Stock | 15,000 | |
| Trade Receivables | 5,000 | (40,000) |
| Net Cash flow from operating activities | | 23,400 |

| | | |
|------------------------|--|-------------------|
| Working Note 1. | Closing Balance of Profit & Loss A/c | = ₹ 60,000 |
| | Less: Opening Balance of Profit & Loss A/c | <u>= ₹ 30,000</u> |
| | Net Profit for the Year | = ₹ 30,000 |

Working Note 2. Interest on Debentures

$$= 60,000 \times \frac{4}{12} \times \frac{6}{100}$$

$$= 1200$$

$$= 80,000 \times \frac{8}{12} \times \frac{6}{100}$$

$$= 3,200$$

$$= (1,200 + 3,200 = 4,400)$$

PART - C

Computerized Accounting System

19. Elements of accounting transactions (any two):
1. Name of account
 2. Accounting code
 3. Date of transaction
 4. Amount ($\frac{1}{2} \times 2$) = 1
20. It is done to remove data redundancy. (1)
21. The standard single user applications are known as 'Back-end' whereas interactive multi-user applications are known as 'Front-end' user applications. ($\frac{1}{2} \times 2$) = 1
22. Features of CAS (any two):
1. Simple and integrated. (1/2 mark for naming + 1 mark for explanation)
 2. Transparency and control.
 3. Accuracy and speed.
 4. Scalability.
 5. Reliability. ($\frac{1}{2} \times 2 = 3$ Marks)
23. Every accounting software ensures data security, safety and confidentiality through:
- (i) **Password Security** : Password is a mechanism, which enables a user to access a system including data. The system facilitates by defining the user rights according to the organisational policy. As a result, a person in an organisation is authorised to access a particular set of a data while he/she may be denied access to another set of data.
 - (ii) **Data Audit** : This feature enable the user to know as to who and what changes have been made in the original data thereby helping and fixing the responsibility of the person who has manipulated the data and also ensures data integrity. Basically, this features is similar to Audit Trail.
 - (iii) **Data Vault** : This software provides additional security through data encryption. **Encryption** essentially scrambles the information so as to make its interpretation extremely difficult (almost impossible). Thus, **Encryption** ensures security of data even if it lands in wrong hands, because the receiver of data will not be able to decode and interpret it. ($\frac{1}{2} + \frac{1}{2} + 1 = 4$ marks)

24. It is a set of programs that control and manage creation, utilization and maintenance of database of a business organization.

Advantages (Any Two)

1. Reduce Data redundancy.
2. Information protection
3. Data dictionary management.
4. Greater consistency
5. Reduced cost
6. Backup and recovery facility. (1+1½+1½=4 marks)

25. (i) Sum (C2-B2)

When actual sale is projected in C2 and expected in B2

- (ii) = $\text{If}(D2 = 0,5000, \text{IF}(D2>0,5000+D2\times50,1000))$
- (iii) Answer for the third point is included in this point. (2+4=6 marks)