



# ST. LAWRENCE HIGH SCHOOL

A JESUIT CHRISTIAN MINORITY INSTITUTION

## SELECTION EXAMINATION – 2019

Sub: ACCOUNTANCY MODEL QUESTION & ANSWER

Class: 12

F.M: 80

Duration: 3 Hrs 15 Mins

Date: 22.11.2019

### PART A ( 44 MARKS )

P. Satta 23.11.2019

Answer the following questions ( Alternatives are to be noted ):

( Maintain word limit for 4 marks 80 words, 6 marks 120 words and 10 marks 200 words )

1.A and B are partners sharing profit and losses in the ratio 6:4. On 1.4.18 their capital a/c balances are A- Rs.2,00,000 and B Rs.3,00,000. On 1.10.2018 B introduced further capital for Rs. 1,00,000. Interest on capital is chargeable @ 10% p.a. During the year drawings made by A Rs. 30,000 and B Rs. 20,000. Interest on drawings is chargeable @ 6% p.a. B is entitled to receive salary for Rs.2,500 p.m. During the year 2018-19 the firm earned net profit for Rs. 2,80,000.

Show the Profit & Loss Appropriation A/C for the year ended 31.03.2019.

(4)

In the books of A and B

Dr. Profit & Loss Appropriation Account for the year ended 31.03.2019			Cr.		
Particulars	Amount (₹)	Amount (₹)	Particulars	Amount (₹)	Amount (₹)
To Interest on Partners' Capital A/c:			By Profit & Loss A/c (Net Profit)		2,80,000
A (2,00,000 x 10%)	20,000		By Interest on Partners' Drawings A/c :		
B (3,00,000 x 10% + 1,00,000 x 10% x $\frac{6}{12}$ )	35,000	55,000	A (30,000 x 6% x $\frac{6}{12}$ )	900	
To Partners' Salary A/c		30,000	B (20,000 x 6% x $\frac{6}{12}$ )	600	
B (2,500 x 12)					1,500
To Partners' Capital/Current A/c:					
A (1,96,500 x $\frac{6}{10}$ )	1,17,900	1,96,500			
B (1,96,500 x $\frac{4}{10}$ )	78,600	2,81,500			
(Share of Profit)					2,81,500

Or

State any four differences between Profit & Loss A/C and Profit & Loss Appropriation A/C.

(4)

	Profit & Loss Account		Profit & Loss Appropriation Account
1.	The closing account which is opened to determine net profit or net loss of a business concern is known as Profit & Loss Account.	1.	The closing account which is opened to determine distributable profit of a partnership form of business is known as Profit & Loss Appropriation Account.
2.	It is prepared after trading account.	2.	It is prepared after profit and loss account.
3.	It includes indirect revenue income and expenditure of a business concern.	3.	It includes revenue income and expenditure of a partnership business which are related to partners.
4.	Items debited to this account are considered as <b>charge against profit</b> .	4.	Items debited to this account are considered as <b>appropriation of profit</b> .

2. HCL Ltd incurred underwriting expenses for Rs. 2,40,000 which is satisfied by issue of Equity Shares of Rs.10 each issued at a premium of 20%. Show necessary journal entries regarding issue of shares and calculate the number of shares issued to underwriters.

(4)

In the books of HCL Ltd.

Journal

Date	Particulars	L/f	Amount(₹)	Amount(₹)
?	Underwriting Commission A/c.....Dr.		2,40,000	--
	To Underwriters' A/c		--	2,40,000
?	Underwriters' A/c.....Dr.		2,40,000	
	To Equity Share Capital A/c ( $\frac{2,40,000}{12} \times 10$ )			2,00,000
	To Securities Premium Reserve A/c (20,000 x 2)			40,000

Number of shares issued to Underwriters is 20,000.

Or

Write short notes on :

(a) Securities Premium Reserve.

As per the provision of the Companies Act, 2013, Securities Premium Reserve comes under the head of Reserve and Surplus in the Company's Balance Sheet. It is a capital profit. If the shares are issued above par then the excess amount that is collected by the limited company over its face value of shares is called Securities Premium Reserve.

(b) Authorised Capital

The capital clause of Memorandum of Association (MOA) states the Authorised Capital i.e. the maximum limit or ceiling of Share Capital that a company can raise. Therefore, the authorised capital can be equal or more than the issued capital. (2+2)

3. Caster Ltd issued 5,000 12% Debentures of Rs.100 each at a premium of 10% . Show necessary journal entries under the following cases:

(a) Redeemable at par.

(b) Redeemable at a premium of 5%

(2+2)

In the books of Caster Ltd.

Journal

Date	Particulars	L/f	Amount(₹)	Amount(₹)
a	Bank A/c (5,000 x 110).....Dr.		5,50,000	
	To 12% Debenture A/c			5,00,000
	To Securities Premium Reserve A/c			50,000
b	Bank A/c (5,000 x 110).....Dr.		5,50,000	
	Loss on Debenture A/c (5,00,000 x 5%)		25,000	
	To 12% Debenture A/c			5,00,000
	To Securities Premium Reserve A/c			50,000
	To Premium on Redemption of Debenture A/c			25,000

4.X, Y and Z are partners sharing profits in the ratio 5:3:2. Their Balance Sheet on 31<sup>st</sup> March, 2019 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Bank	1,20,000
General Reserve	30,000	Debtors	60,000
Capitals:		Stock	50,000
X      2,00,000		Machinery	90,000
Y      2,50,000		Furniture	1,80,000
Z      1,80,000	6,30,000	Land & Building	2,00,000
	7,00,000		7,00,000

Z retired on 1.4.2019 and following adjustments are agreed by the partners:

(a) Land & Building undervalued by Rs. 50,000

(b) Furniture reduced to Rs. 1,50,000

(c) Machinery increased by Rs, 10,000.

(d) Stock overvalued by Rs.10,000

(e) Provision for doubtful debt is to be maintained @ 10% on Debtors.

(f) Goodwill of the firm is valued at Rs. 1,00,000. Capital adjustment is required for treatment of goodwill.

(g) Amount due to Z is transferred to his loan account.

Prepare Revaluation Account and Partners Capital Accounts in the books of the firm.

(2+4)

In the books of X,Y and Z

Dr.		Revaluation Account		Cr.	
Particulars	Amount(₹)	Particulars	Amount(₹)		
To Furniture A/c	30,000	By Land & Building A/c	50,000		
To Stock A/c	10,000	By Machinery A/c	10,000		
To Provision for Doubtful Debts A/c	6,000				
To Partners' Capital A/c:					
X : $14,000 \times \frac{5}{10}$	7,000				
Y : $14,000 \times \frac{3}{10}$	4,200				
Z : $14,000 \times \frac{2}{10}$	<u>2,800</u>				
	14,000				
	<u>60,000</u>				<u>60,000</u>

Partners' Capital Account				Cr.				
Dr.	Particulars	X(₹)	Y(₹)	Z(₹)	Particulars	X(₹)	Y(₹)	Z(₹)
	To Z's Capital A/c	12,500	7,500		By Balance b/f	2,00,000	2,50,000	1,80,000
	To Z's Loan A/c			2,08,800	By Revaluation A/c	7,000	4,200	2,800
	To Balance c/d	2,09,500	2,55,700		By General Reserve A/c	15,000	9,000	6,000
					By X's Capital A/c			12,500
					By Y's Capital A/c			7,500
		<u>2,22,000</u>	<u>2,63,200</u>	<u>2,08,800</u>		<u>2,22,000</u>	<u>2,63,200</u>	<u>2,08,800</u>

Or

What are the adjustments required in case of retirement of a partner?

(6)

In case of retirement of a partner, following adjustments are required:

- Revaluation of assets and external liabilities.
- Distribution of accumulated profits and losses.
- Writing off goodwill if it appears in the Balance Sheet.
- Capital adjustment of goodwill.
- Determination of amount due to the retiring partner.
- Payment of dues of retiring partner or transfer the dues of him/her to his/her loan account.

5. Omega Ltd issued 30,000 equity shares of Rs.10 each at a premium of Rs.2 per share. Instalments are payable as Rs.2 on application, Rs. 5 on allotment ( including premium) and Rs. 5 on calls. All shareholders paid their dues properly except Mr. X a holder of 2,000 failed to pay the amount due on calls. His shares are duly forfeited and 1,500 shares are reissued at Rs. 9 each.

Pass journal entries in the books of the company (Narration is not required )

In the books of Omega Ltd.

Journal

Date	Particulars	L/f	Amount(₹)	Amount(₹)
	Bank A/c (30,000 x 2).....Dr. To Eq. Share Application A/c		60,000	60,000
	Eq. Share Application A/c.....Dr. To Eq. Share Capital A/c		60,000	60,000
	Eq. Share Allotment A/c (30,000 x 5).....Dr. To Eq. Share Capital A/c (30,000 x 3) To Securities Premium Reserve A/c (30,000 x 2)		1,50,000	90,000 60,000

Contd.

Date	Particulars	L/f	Amount(₹)	Amount(₹)
	Bank A/c (30,000 x 5).....Dr. To Eq. Share Allotment A/c		1,50,000	1,50,000
	Eq. Share Call A/c (30,000 x 5).....Dr. To Eq. Share Capital A/c		1,50,000	1,50,000
	Bank A/c (28,000 x 5).....Dr. To Eq. Share Call A/c		1,40,000	1,40,000
	Eq. Share Capital A/c (2,000 x 10).....Dr. To Eq. Share Call A/c (2,000 x 5) To Share Forfeiture A/c (2,000 x 5)		20,000	10,000 10,000
	Bank A/c (1,500 x 9).....Dr. Share Forfeiture A/c (1,500 x 1).....Dr. To Eq. Share Capital A/c (1,500 x 10)		13,500 1,500	15,000
	Share Forfeiture A/c {1,500 x (5-1)}..... Dr. To Capital Reserve A/c		6,000	6,000

Or

State the differences between Public Ltd Company and Private Ltd Company.

	Public Ltd. Co.		Private Ltd. Co.
1	The Joint Stock Company whose name is ended with Ltd. is known as Public Ltd. Co. Example: Reliance Industries Ltd.	1	The Joint Stock Company whose name is ended with Pvt. Ltd. or (P) Ltd. is known as Private Ltd. Co. Example: Getwell Pvt. Ltd.
2	Shares of it are transferrable in open market.	2	Shares of it are not transferrable in open market.
3	It issues debenture to public.	3	It does not issue debenture to public.
4	It is the largest form of business.	4	It is larger than sole proprietorship and partnership business.
5	Maximum number of shareholders of it is infinite.	5	Maximum number of shareholders of it is 50 as per Companies Act, 2013.
6	It is required to hold the statutory meeting.	6	It does not hold the statutory meeting.

6. The following is the Balance Sheet of X and Y as at 31.3.2019 who are partners sharing profit and losses in the ratio 3:2 respectively.

Liabilities	Rs.	Assets	Rs.
Capitals: X	4,00,000	Land & Buildings	2,00,000
Y	3,50,000	Plant & Machinery	1,50,000
General Reserve	20,000	Stock	1,00,000
Creditors	30,000	Debtors	50,000
		Bank Balance	3,00,000
	8,00,000		8,00,000

Z is admitted as a new partner on 1.4.2019 for 1/4 th share in future profit on the following terms:(1) Z brought Rs.2,00,000 as capital and Rs.50,000 as premium for goodwill. (2) Land and Building is depreciated by 5%.

(2) Plant & Machinery is revalued at Rs. 1,80,000. (3) Stock reduced to Rs. 80,000. (4) Provision for bad debt is to be maintained @ 20% on Debtors. Prepare Revaluation A/C; Partners Capital A/C and Balance Sheet after Z's admission. (3+4+3)

In the books of X,Y and Z

Dr.

Revaluation Account

Cr.

Particulars	Amount(₹)	Particulars	Amount(₹)
To Land & Building A/c	10,000	By Plant & Machinery A/c	30,000
To Stock A/c	20,000	By Partners' Capital A/c:	
To Provision for Doubtful Debts A/c	10,000	X : 10,000 x $\frac{3}{5}$	6,000
		Y : 10,000 x $\frac{2}{5}$	4,000
	<u>40,000</u>		<u>10,000</u>
			<u>40,000</u>

Dr.

Partners' Capital Account

Cr.

Particulars	X(₹)	Y(₹)	Z(₹)	Particulars	X(₹)	Y(₹)	Z(₹)
To Revaluation A/c	6,000	4,000		By Balance b/f	4,00,000	3,50,000	
To Balance c/d	4,36,000	3,74,000	2,00,000	By General Reserve A/c	12,000	8,000	
				By Premium for Goodwill	30,000	20,000	
				By Bank A/c		<u>3,78,000</u>	2,00,000
	<u>4,42,000</u>	<u>3,78,000</u>	<u>2,00,000</u>		<u>4,42,000</u>		<u>2,00,000</u>

Balance Sheet as on 1.4.2019

Liabilities	Amount(₹)	Amount(₹)	Assets	Amount(₹)	Amount(₹)
Capital A/cs:			Land & Building	2,00,000	
X	4,36,000		Less: Depreciation	<u>(10,000)</u>	1,90,000
Y	3,74,000		Plant & Machinery	1,50,000	
Z	<u>2,00,000</u>	10,10,000	Add: Appreciation	<u>30,000</u>	1,80,000
Creditors		30,000	Stock	1,00,000	
			Less: Reduction	<u>(20,000)</u>	80,000
			Debtors	50,000	
			Less: Provision for Bad Debt	<u>(10,000)</u>	40,000
			Bank Balance (3,00,000 + 50,000 + 2,00,000)		<u>5,50,000</u>
		<u>10,40,000</u>			<u>10,40,000</u>

Answer Question No.7 or Question No.8

7. From the information given below calculate Current Ratio and Quick Ratio.

Inventory Rs. 1,50,000; Debtors Rs. 1,00,000; Bank Balance Rs. 90,000; Bills Receivable Rs. 30,000; Prepaid Insurance Rs. 10,000; Creditors Rs. 50,000; Bills Payable Rs. 20,000; Outstanding Expenses Rs. 10,000. (2+2)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{1,50,000+1,00,000+90,000+30,000+10,000}{50,000+20,000+10,000} = \frac{3,80,000}{80,000} = 4.75:1$$

$$\text{Quick Ratio} = \frac{\text{Current Assets}-\text{Inventories}-\text{Prepaid}}{\text{Current Liabilities}} = \frac{3,80,000-1,50,000-10,000}{80,000} = \frac{2,20,000}{80,000} = 2.75:1$$

Or

Write short notes on the following:

(a) Comparative Balance Sheet

Comparative Balance Sheet of an enterprise as on two or more dates are used for comparing assets, liabilities and capital and ascertaining increase and decrease in those items. Such analysis often yields considerable information which is of value in forming the opinion regarding the progress of an enterprise.

(b) Common-Size Income Statement

It is the statement in which amount of Revenue from Operations i.e. Net Sales is assumed to be equal to 100 and other amounts of expenses and incomes are expressed as percentage of Revenue from Operations.

Common-Size Income Statements for different periods help to reveal the efficiency or inefficiency of a business unit. If it is being prepared for two firms it shows the relative efficiency of cost items of two firms. (2+2)

8. From the following information, calculate the formula on Excel for computing the amount of

(a) Transport Allowance, (b) House Rent Allowance

(i) For transport allowance : Basic pay up to Rs.30,000 at 15% and at 20% above it.

(a) =if(basic\_pay<=30,000,15 /100\*basic\_pay,20/100\*basic\_pay)

(ii) For house rent allowance : Basic pay up to Rs. 20,000 at 10 % and at 30 above it.

(2+2)

(b) =if(basic\_pay<=20,000,10/100\*basic\_pay,30/100\*basic\_pay)

Or

Write various advantages of using MS-Excel.

(4)

- Use a template to calculate and store payroll data: To calculate employees' payroll by using MS-EXCEL comprising hours worked, basic pay, taxes and deductions etc. one can take the advantages of built-in functions and formulae of the Payroll Calculator Log template. The template provides the following worksheets:
- Employee Information: It provides columns for entering employee data, such as Name, ID, the percentage of tax, and specific deductions.
- Payroll Calculator: It provides additional columns for employee timesheet information (such as hours worked and vacation hours taken) and deductions. Excel uses this information to calculate gross pay and net pay for each employee in this worksheet.
- Individual Paystubs: It extracts entered and calculated information from the Employee Information worksheet and the Payroll Calculator worksheet and displays it in printable paystubs for each employee.

Answer Question No. 9 or Question No. 10:

9. From the following Balance Sheet prepare Cash Flow Statement of X Ltd. as per AS-3:

(6)

Particulars	Note No.	31.03.2019 (Rs)	31.03.2018 (Rs)
<b>I. EQUITY AND LIABILITIES:</b>			
1. Shareholders Fund			
(a) Share Capital	1	5,00,000	3,00,000
(b) Reserve & Surplus ( i.e. Statement of Profit & Loss)		3,00,000	1,00,000
2. Non-Current Liabilities ( 12% Debentures)		2,50,000	2,00,000
3. Current Liabilities			
(a) Trade Payable (Creditors)		60,000	50,000
(b) Short-term provision	2	40,000	30,000
Total:		11,50,000	6,80,000
<b>II. ASSETS:</b>			
1. Non –Current Assets			
(a) Tangible	3	7,00,000	4,00,000
(b) Intangible (goodwill)		2,00,000	1,00,000
2. Current Assets			
(a) Inventory		40,000	50,000
(b) Trade receivable (Debtors)		50,000	30,000
(c) Cash & Cash Equivalen		1,60,000	1,00,000
Total:		11,50,000	6,80,000

## Notes to Account:

	31.03.19 (Rs.)	31.03.18 (Rs)
<b>1. Share capital:</b>		
Equity Shares	4,00,000	2,50,000
12% Preference Share Capital	1,00,000	50,000
	<b>5,00,000</b>	<b>3,00,000</b>
<b>2. Short term provisions:</b>		
Provision for Tax	25,000	20,000
Proposed Dividend	15,000	10,000
	<b>40,000</b>	<b>30,000</b>
<b>3. Tangible Assets:</b>		
Land & Building	4,00,000	2,50,000
Plant & Machinery	3,00,000	1,50,000
	<b>7,00,000</b>	<b>4,00,000</b>

X Ltd.

## Cash Flow Statement as per AS 3 for the year ended 31.03.2019

Particulars	Amount(₹)	Amount(₹)
<b>A. Cash flow from Operating Activities:</b>		
Profit as per Statement of Profit & Loss	2,00,000	
Add: Proposed Dividend(Including Preference Dividend)	15,000	
Profit after Tax(PAT)	2,15,000	
Add: Provision for Tax	25,000	
Profit before Tax (PBT)	2,40,000	
Add: Non-cash and non-operating expenses:		
• Interest on Debenture(2,00,000 x 12%)	24,000	
Operating Profit	2,64,000	
Working Capital Adjustments:		
Add: Decrease in Current Assets & Increase in Current Liabilities:		
• Inventories	10,000	
• Trade Payable	10,000	
Less: Increase in Current Assets & Decrease in Current Liabilities:		
• Trade Receivable	(20,000)	
	2,64,000	
Less: Payment of Tax	(20,000)	
		2,44,000
<b>B. Cash flow from Investing Activities:</b>		
• Purchase of Land & Building	(1,50,000)	
• Purchase of Plant & Machinery	(1,50,000)	
• Purchase of Goodwill	(1,00,000)	
		(4,00,000)
<b>C. Cash flow from Financing Activities:</b>		
• Issue of Equity Shares	1,50,000	
• Issue of Preference Shares	50,000	
• Issue of 12% Debentures	50,000	
• Interest on Debenture paid	(24,000)	
• Proposed Dividend paid	(10,000)	
		2,16,000
Net Increase of Cash & Cash Equivalent		60,000
Add: Opening Cash & Cash Equivalent		1,00,000
Closing Cash & Cash Equivalent		1,60,000

Or

Define Operating Activities and Financing Activities.

(3+3)

Operating activities are the principal revenue producing activities of the enterprise and other activities that are not investing or financing activities. Cash flows from operating activities being the principal revenue producing activity of the enterprise, it generally results from the business transactions and other events that determine net profit or loss.

Financing activities are the activities which result in change in the size and composition of the owner's capital and borrowings of the enterprise from other sources, such as issue of shares, redemption of debenture etc.

Or

10. (a) State the disadvantages of DBMS ?

(4+2)

(i) **Initial** investment is high in hardware, software and training.

(ii) Additional expenditure is required for ensuring security, up gradation and installing or re-installing addition hardware and software.

(iii) It needs explicit backup and recovery

(iv) It has increasing complexities

(v) The DBMS is large in size, so it occupies large area

(b) What do you mean by Forms.

A form is a better formatted way to add or display information. The user can use form to input new data, update or correct old data, or simply search and review data.

Or

(a) What do you mean by Queries? Mention the types of queries in MS-Access. (b) How many parts are there in a Report in MS-Access? What are they?

(3+3)

A query is a semantic way of retrieving information from a database. Query allows the user to ask questions about the data and generate a sub-set of information that matches criteria specified by the user.

A query can update or delete multiple records at the same time, and perform built-in or custom calculations on data. The user can also use queries to view, update and analyse data and can also use as the source of records for forms and reports.

In MS-Access, report is a process to obtain printed form of information according to requirement. The user can use reports to manipulate data into groups and sub-totals based on certain fields, such as department or region. Reports can also be based on queries so that only the data that meets the user criteria are printed.

### PART B (36 MARKS)

1. Select the correct answer out of the options given against each question:

(1 x 18 = 18)

(i) Which of the following items cannot be recorded in the appropriation account?

(a) Interest on capital

(b) Interest on drawings

**(c) Rent paid to partners**

(d) Partners salary

(ii) In the absence of partnership deed interest on capital is payable

(a) at 6% p.a.

(b) at 5% p.a.

(c) at 12% p.a.

**(d) none of the above**

(iii) On the death of partner, the assets and liabilities of the firm are

(a) to be revalued upward only

(b) to be revalued downward only

**(c) to be revalued both upward and downward where necessary**

(d) not to be revalued

(iv) P and Q are partners sharing profit and losses in the ratio 2:1. R is admitted as a new partner for  $\frac{1}{4}$ <sup>th</sup> share. The new PSR among them is

- (a) 5:3:2; (b) 3:2:1 ; (c) 1:1:1; **(d) 6:3:3**

(v) If a partner withdrew Rs. 5,000 at the beginning of each quarter, calculate his interest on drawings if rate of interest is 6% p.a.

- (a) Rs.600  
(b) Rs.1,200  
**(c) Rs. 750**  
(d) None of the above

(vi) Equity Share capital can be issued

- (a) more than authorised capital  
(b) Less than authorised capital  
(c) Equal to authorized capital  
**(d) Both (b) & (c)**

(vii) Profit on reissue of shares is an example of

- (a) revenue profit  
**(b) capital profit**  
(c) Abnormal profit  
(d) None of the above

(viii) Calls in arrear account shows

- (a) only debit balance**  
(b) only credit balance  
(c) both debit and credit balance  
(d) none of the above

(ix) Debentures can be issued

- (a) at par only  
(b) at a discount only  
(c) at a premium only  
**(d) all of the above**

(x) If net profit in a year is Rs.2,00,000, interest on capital is Rs.40,000 calculate commission of a partner if chargeable @ 20% after charging such commission method

- (a) Rs.26,667**  
(b) Rs.30,000  
(c) Rs. 20,000  
(d) None of the above

(xi) Calls-in advance account shows

- (a) only credit balance**  
(b) only debit balance  
(c) both debit and credit balances  
(d) none of the above

(xii) If average profit of a company is Rs. 2,00,000, capital employed is Rs. 5,00,000 and normal return on capital employed is 10 % , super profit is

(a) **Rs. 1,50,000**; (b) Rs.1,00,000; (c) Rs. 80,000 (d)1,20,000.

(xiii) Premium on redemption of debenture is an example of

- (a) current liability
- (b) **non-current liability**
- (c) contingent liability
- (d) reserve and surplus

(xiv) Balance in forfeited share account is shown in the balance sheet under the head of

- (a) other current liability
- (b) reserve and surplus
- (c) **share capital**
- (d) long term borrowing

(xv) P, Q and R are partners sharing profits and losses in the ratio 3:2:1. R retired from the firm and new ratio between P and Q is determined 5:3. The gaining ratio between P and Q is

- (a) 2:1
- (b) 4:1
- (c) **3:1**
- (d) none of the above

(xvi) The feature of joint stock company is/are

- (a) common seal
- (b) perpetual existence
- (c) limited liability
- (d) **all of these**

(xvii) A and B are partners with capital of Rs.20,000 and Rs. 40,000 respectively. C is admitted as new partner and contributed Rs. 24,000 as capital for  $\frac{1}{4}$  share of profit. Therefore, total capital of firm based on C's capital will be

- (a) Rs.84,000
- (b) Rs.39,000
- (c) **Rs.96,000**
- (d) Rs.75,000

(xviii) Revaluation of assets and liabilities are made at the time of

- (a) Change in profit sharing ratio
- (b) Admission of partners
- (c) Retirement/ Death of partner
- (d) **All of the above.**

Choose the correct alternative : ( Answer either Question No. 2 or Question No. 3)

( 1 x 6 =6 )

2.

(i) The current ratio of the firm is 2:1. The purchase of stock for cash will

- (a) improve current ratio
- (b) reduce current ratio
- (c) **not change current ratio**
- (d) none of the above

- (ii) Trade Receivable/ Debtors Turnover Ratio is the relationship between
- (a) total sales and average trade receivable
  - (b) cash sales and average trade receivable
  - (c) credit sales and average trade receivable**
  - (d) credit sales and cash sales
- (iii) Shareholders Fund includes
- (a) equity shares capital
  - (b) preference share capital
  - (c) reserve and surplus
  - (d) all of the above**
- (iv) If gross profit is Rs. 80,000, indirect expenses is Rs. 20,000 and sales is Rs. 3,00,000 net profit ratio is
- (a) 25% **(b) 20%** (C) 30% (d) 15%
- (v) If cash sales is 20% of total sales and total sales is Rs.4,00,000 amount of credit sales is
- (a) Rs. 2,80,000
  - (b) Rs. 3,20,000**
  - (c) Rs. 3,60,000
  - (d) Rs. 3,00,000
- (vi) If current ratio is 3:2, working capital is 3,00,000 and current liability is Rs. 1,00,000 current assets is
- (a) Rs.1,50,000
  - (b) Rs.2,50,000
  - (c) Rs. 2,00,000
  - (d) none of the above**

Or

3.

- (i) Spreadsheet is-
- (a) analysis data
  - (b) analysis information
  - (c) both (a) and (b)**
  - (d) none of these
- (ii) To, compute depreciation, the following function is to be used
- (a) SYD** (b) PMT (c) C OUNTIF (d) FV
- (iii) Changing the type of chart is called-
- (a) Edit** (b) Format (c) Both (a) and (b) (d) none of these
- (iv) Most used spreadsheet software application all over the world is –
- (a) MS-Excel** (b) Power Builder (c) Oracle (d) None of these
- (v) If the address of a cell is known, which of the following will help us to take there?
- (a) Ctrl + A **(b) Ctrl + G** (c) Ctrl + Home (d) None of these
- (vi) Maximum number of rows in each worksheet as per MS-Excel (2007) are
- (a) 65436 **(b) 65536** (c) 65636 (d) None of these

4. Answer the following questions in brief ( Alternatives are to be noted) :

( 1 x 8 = 8 )

(i) Why assets and liabilities are revalued at the time of admission of partner?

The principal reason for revaluation of Assets and liabilities at the time of admission of a partner is to update these at the present market value.

(ii) What is partnership deed?

The agreement among the partners regarding partnership business is known as partnership deed. It can be registered by the provision of the Partnership Act, 1932.

(iii) What is pro-rata allotment?

When the issue is oversubscribed, the shares can be issued of pro-rata basis. It means adjustment of excess application money with allotment.

(iv) What do you mean by issue of debentures as collateral security?

For lifting loan from the bank, a limited company can issue debenture to the bank as collateral securities. The journal entry is:

Debenture Suspense A/c.....Dr.

To Debenture A/c

(v) What is the journal entry for amount due to retiring partner transferred to loan account?

Retiring Partner's Capital A/c.....Dr.

To Retiring Partner's Loan A/c

Or

Define the term sleeping partner.

The partner who does not take part actively in the proceedings of a partnership business, but contributes capital, is called sleeping or dormant partner.

(vi) What is the formula of determining goodwill under capitalisation of super profit method?

$$\frac{\text{Super Profit}}{\text{Normal Rate}} \times 100$$

Or

What do you mean by purchased goodwill?

The excess amount of money over the net assets which is paid at the time of acquiring a new business is known as Purchased Goodwill.

(vii) What will be the journal entry for over valuation of stock in revaluation account?

Revaluation A/c.....Dr.

To Stock A/c

Or

When Memorandum Revaluation Account is prepared?

If the assets and liabilities are required to appear at their old values after the internal and external reconstruction of a partnership firm, then Memorandum Revaluation Account is prepared.

(viii) Define redeemable preference share.

It means the preference share is required to be redeemed after the expiry of specific time or period.

Or

State the meaning of cumulative preference share.

The preference share on which arrear preference dividend is paid along with current dividend is known as cumulative preference share.

Answer either Question No. 5 or Question No.6 ( alternatives are to be noted) :

( 1 x 4 = 4 )

5.

(i) State one advantage of Common-Size Balance Sheet.

It is suitable to compare the financial position of different firms.

Or

Write any two objectives of Financial Statement Analysis.

- To make the date presentation simple and comparable.

- To observe the trend of the business.

(ii) Why is cash flow statement prepared?

A cash flow statement provides the basis for evaluating an enterprise's cash flows. The statement shows the impact of operating, financing and investing activities on cash.

(iii) Write any one significance of debt-equity ratios.

It indicates the degree of solvency of a firm.

Or

What is operating profit ratio?

$$\frac{\text{Operating Profit}}{\text{Revenue from Operation}} \times 100$$

(iv) Write the formula of creditors turnover ratio.

$$\frac{\text{Credit Purchase}}{\text{Average Payable}}$$

6.

(i) What do you mean by merge cell?

If two cells are merged to form a big cell is called merge cell.

(ii) What is spreadsheet?

A Spread Sheet is a sheet of paper containing rows and columns in which data can be entered, maintained and analysed.

Or

What is data formatting?

If anyone wants to make change the inbuilt data which is stored in the Control Panel, is known as Data Formatting.

(iii) What do you mean by worksheet?

The area where data are entered in MS-Excel is called worksheet.

Or

Mention a difference between spreadsheet and electronic spreadsheet.

Spreadsheet is prepared manually but electronic spreadsheet is prepared with the help of MS-Excel.

(iv) Write the full form of AIS.

The full form of AIS is Accounting Information System.

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