

SAMPLE QUESTION PAPER IN ACCOUNTANCY

Time : Three Hours

Maximum Marks: 100

Note : The question paper is divided into two sections A and B. Attempt all questions of Section A and five questions of one part of Section B.

SECTION A

1. What is a Trial Balance? 1
2. State the meaning of sacrificing ratio. 1
3. What is meant by over subscription of shares of a company? 1
4. Give any two objectives of financial accounting. 2
5. 'Cash Book always shows a debit balance' Give your opinion. 2
6. Give any two differences between manual accounting and computerized accounting. 2
7. Distinguish between capital Expenditure and Revenue Expenditure on the basis of : 2
 - (a) Purpose
 - (b) Earning Capacity
8. Explain the following items of revenue of a Not for Profit Organization: 2
 - (a) Legacy
 - (b) Entrance fees
9. A partnership firm does not have a partnership deed; How will you deal with the following problems that have arisen in your business: 2
 - (a) One of the partners claim interest on the amount of his capital which is in excess of the capital amounts of other partner.
 - (b) Another partner claims interest on Drawings
10. "Accounting equation remains intact under all circumstances". Justify the statement with the help of an example. 4
11. State the meaning of the following accounting concepts/conventions with two examples each. 4
 - (a) Business Entity concept
 - (b) Consistency convention
12. Name and give the meaning of any four special purpose Books. 4

13. What is an accounting voucher? State the meaning of various types of accounting vouchers. 4

14. "On a particular date the bank balance shown by the Bank Column Cash Book of a businessman should be equal to the balance shown by the Pass-Book Statement issued by the bank. Justify the statement by giving examples. 4

15. Harish, Jagdish and Manish are partners in a firm sharing profits equally. On 1st June Harish dies. His executor is entitled for the followings :

Capital balance, share in General Reserve, share of goodwill, profit till date of death from the date of the last balance sheet.

Accounts are closed on 31st March every year. On the date of death his capital balance was Rs. 45000 General Reserve was Rs. 2000, Goodwill was to be calculated on the basis of twice for the average of last three years profits. The average profit of the firm was Rs. 20000. Profit for the months of May and June is calculated on the basis of average profits. Interest on capital is allowed @9% pa. Drawings of Harish of the two months proceeding his death amounted to Rs. 5400.

Prepare capital Account of Harish to be rendered to his executors. 4

16. A company has issued shares to the public. One shareholder holding 500 shares has not paid the call money after repeated reminders. What is the option with the company? How can the company make up the deficiency of the capital of these shares? In case company gets amount in excess of the deficiency where would this amount will be transferred? 4

17. A friend of yours who is a social worker and runs a NGO which is working for AIDs awareness and counselling HIV patients so they can lead a normal life. One of the main source of revenue of the NGO is subscription, the details of which are given below. Calculate the amount for subscription of this NGO for the year 2006.

	Rs.
Total Subscription received during the year 2006	70,500
Subscription outstanding as on 1. 1.2006	2000
Subscription Received in advance in 2005 for 2006	6,000
Subscription outstanding as on 31.12.2006	3,000
Subscription Received in advance in 2006 for 2007	1,000

18. S.V. Ltd. appointed Mr. Sumit as an Accountant. The Company had already issued Debentures Rs. 10,00,000 at a discount of 6% on January 1, 2002. Debentures are to be redeemable at par as per following schedule:

		Rs.
at end of	2003	4,00,000
at end of	2004	2,00,000
at end of	2005	2,00,000
at end of	2006	2,00,000

The Accountant has been asked to find out the amount off discount to be written of every year on issue of Debentures 6

19. M. Oil Ltd. issued 30,000 equity shares of Rs. 100 each at a discount of Rs. 10 per share payable as under :

On Application	Rs. 30 per share
On Allotment	Rs. 30 (Per Share Rs. 40 discount Rs. 10 = 30)
On First call	Rs. 15 per share
On Second call	Rs. 15 per share

Applications were received for 45000 shares. Allotment was made on 40000 shares on prorata basis. Application of 5000 shares rejected and amount refunded to applicants. Excess Application money was adjusted against the amount due on Allotment. Naresh, to whom 300 shares were allotted, failed to pay the allotment and calls money. These shares were subsequently forfeited after the second call was made. All the shares forfeited and reissued to Bhim as fully paid up at Rs. 95 per share. Record Journal entries in the Books of the Company. 6

20. Prepare trial balance from the following balances of accounts from the ledger of Pranaya on 31st December, 2006.

	Rs	
Cash	1200	
Bills Receivable	4500	
Debtors	6000	
Salary	1200	
Stock	5400	
Purchases	22800	
Sales	32600	
Selling expenses	1200	
Creditors	2700	
Capital	10000	
Furniture	3000	6

21. From the following Trial Balance of Jindal Traders, prepare Trading and Profit & Loss Account for the year ending December 31, 2006 and Balance sheet as on that date:

Dr. Balance	Rs.	Cr. Balance	Rs.
Land & Building	60,000	Capital	96,000
Plant and Machinery	33,000	Sundry Creditors	15,000
Stock	12,000	Sales	60,000
Investment	15,000	Provision for B/d Doubtful Debts	1100
Purchases	45000	Loan	20,000
Wages	2000	Rent Received in advance	1,000

Carriage	2000	Commission Received	3,000
Salary	5000	Bills payable	15,000
Rent	2,000		
Cash at Bank	3000		
Sundry Debtors	30,000		
Discount	300		
Bad Debt	500		
Sales Returns	1300		
	211100		211100

Additional Information valued

1. Closing stock valued at Rs. 12,000.
2. Bad Debt 500 and Provision for Bad & Doubtful Debts at 5%.
3. Salary outstanding Rs. 1000.
4. Commission Received in advance 1,000.
5. Depreciate Machinery @ 3% & land and Builders @ 2%. 10

OR

From the following Receipts and Payments and information given below, Prepare Income and Expenditure Account and opening Balance Sheet of Adult literacy organization as on 31st December 2006.

Receipts and Payments Account as on 30 December 2006

Receipts	Amount Rs.	Payments	Amount Rs.
Balance b/d		General Expenses	6,400
Cash in hand	8,000	Newspaper	6,400
Cash at Bank	31,100	Electricity	3,700
Subscriptions		Fixed Deposit with bank on	
2005	2,400	30.06.2006)@10% p.a.	36,000
2006	53,000	Books	14,000
2007	1,000	Salary	7,200
Sales of old newspaper	2,500	Rent	13,000
Govt. grant	24,000	Postage charges	600
Sale of old furniture	7,400	Furniture (Purchased)	21,000
Book value Rs (10,000)		Balance c/d	
Interest received on FD	900	Cash in hand	6,000
		Cash at bank	16,400
	1,30,000		1,30,000

Additional Information:

- (i) Subscription outstanding as on 31.12.2005 Rs. 4,000 and On. 31.12.2006 Rs. 3,000
- (ii) On 31st December 2006 Salary outstanding Rs. 1,200, and one month Rent paid in advance.
- (iii) On 01.01.2005 organization owned Furniture Rs. 24,000, and Books Rs. 10,000
22. Rohit; & Manu are partners sharing profit in the ratio of 3:2. They admitted Chirag as a partner for 1/4th Lshare in profit. Chirag contributed Rs. 60,000 as his capital. The Balance Sheet of Rohit and Manu as on 31st December, 2006 before admission was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry creditors	35000	Goodwill	20,000
Bill Payables	10,000	Building	60,000
Loan	25,000	Machinery	70000
General Reserve	10,000	Stock	25000
Capital :		Sundry Debtors	42000
Rohit	1,00,000	Less Provision for b/d (2000)	40,000
Manu	80,000	Bill Receivables	15,000
		Cash in hand	10,000
		Cash at Bank	20,000
	2,60,000		2,60,000

Other terms agreed upon were :

- (a) He brings Rs. 30,000 for his share of goodwill, and half of Goodwill Amount withdrawn by existing partners :
- (b) Building was valued to be at Rs. 75,000 and Machinery at Rs. 60,000.
- (c) 6% Provision for bad debts created on Debtors.
- (d) A Liability for Rs. 2000 included in sundry creditor was not likely to be claimed. Prepare Revaluation Account, partners' capital Account and Balance Sheet of New firm.

10

OR

Rahul, Vinod & Sonia were partners sharing profit in the Ratio of 3:2:1, on Jan 1, 2006 their Balance Sheet was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors	23000	Cash at Bank	10,000
General Reserve	10,000	Debtors	30,000

Capital			Stock	23,000
Rahul	60,000		Building	40,000
Vinod	40,000		Furniture	10,000
Sonia	20,000	120,000	Motor Car	40,000
		153000		1,53,000

The firm was dissolved on that Date, Assets were realized as under :

Debtors	Rs. 35,000
Stock	Rs. 20,000
Furniture	Rs. 9,000
Motor Car	Rs. 36000

Building was taken over by Rahul at an agreed value of Rs. 45,000.

Sundry creditory were settled for Rs. 22000. There was an unrecorded Asset of Rs. 2700, which was taken over by Vinod at Rs. 2500. Realization expenses amounted to Rs. 1500. Prepare Realisation Account, Cash/Bank Account and partners' Capital Account. 10

SECTION B

Attempt five questions of any one part of Section B.

PART I

23. How is management benefitted from the analysis of financial statements? 1
24. Give the formula of calculating the following ratios : (a) stock turnover ratio (b) Debt equity ratio. 2
25. State any four tools of analysis of financial statements. 2
26. Bharti Ltd has a current ratio 4.5:1 and quick ratio 3:1. If the stock is Rs. 36,000. Calculate the current liabilities and current assets. 4
27. From the following information of M/s Nitesh Computers Ltd, prepare Cash Flow Statement.

Balance Sheet of Hi-Life Tools Ltd. as on March 31, 2004 and 2005

Liabilities	2004 (Rs.)	2005 (Rs.)	Assets	2004 (Rs.)	2005 (Rs.)
Capital	2,50,000	3,50,000	Plant	2,50,000	3,50,000
Long term loan	3,00,000	2,00,000	Goodwill	1,50,000	1,00,000
Accumulated Profits	1,50,000	2,50,000	Stock	2,50,000	3,00,000
Creditors	3,00,000	4,50,000	Debtors	2,00,000	3,00,000
			Cash at Bank	1,50,000	2,00,000
	10,00,000	12,50,000		10,00,000	12,50,000

Additional information

Depreciation on Plant amounted to Rs. 30,000.

OR
Elementary Cost Accounting
PART II

23. Difference between cost accounting and financial accounting on the basis of accounting system. 1
24. Calculate factory cost from the following details particulars:
- | Details | Amount (Rs.) | |
|----------------------------------|--------------|---|
| Material consumed | 80,000 | |
| Productive wages | 30,000 | |
| Direct Expenses | 7,000 | |
| Consumable stores | 3,000 | |
| Oil grease | 1,000 | |
| Salary of a factory manager | 9,000 | |
| Unproductive wages | 4,000 | |
| Factory rent | 3,000 | |
| Repair & Depreciation on Machine | 900 | 2 |
25. Name any four components of total cost. 2
26. A computer manufacturer purchases 5000 units of certain components for his annual usage. The order placing cost is Rs. 100 and cost of carrying one unit for a year is Rs. 4. Calculate the economic order quantity. 4
27. A firm maintains its stores ledger on first in first out (FIFO) method. During the month of March 2006 the following receipts and issue of material~were made. Record these transaction in the stores ledger.

Receipts.

March 2006

1. Balance 100 units @ 8 per unit
7. Purchase order No. 234, 400 units @ Rs. 10 per unit
16. Purchase order No. 249,600 units @ Rs. 12 per unit

Issues:

- 9 Material Requisition No. 76 350 units
- 18 Material Requisition No. 79 500 units
- 30 Shortage 10 Units

SAMPLE QUESTIONS PAPER
(ACCOUNTANCY)
MARKING SCHEME

SECTION A

Q.No.	Value Points	Distribution of Marks	Total Marks												
1.	Trial Balance is a statement which contains balances of all ledger accounts on a particular date	1	1												
2.	Sacrificing ratio is the ratio in which the existing partners sacrifice their share of profits in favour of incoming partner	1	1												
3.	Oversubscription of shares means receiving applications by a company for more number of shares than the number of shares offered to the public for subscription	1	1												
4.	Objectives of financial accounting It provides knowledge of transactions as the books of accounts contain details of every transaction. The financial statements depict the financial position of business	1+1	2												
5.	Cash book contains amounts received in a particular period by a concern on its debit side and the payments made during that period on the credit side. Payments are made out of receipts (that includes opening balance also) therefore payments cannot be more than receipts their cash	2	2												
6.	Any two differences 1. In manual accounting the recording of financial transactions is through books of original entry while in computerised accounting the data content of such transactions is stored in well designed data base. 2. In manual accounting system transactions recorded in the books of original entry are further classified, while in computerised accounting no such classification is required.	1+1	2												
7.	<table style="width: 100%; border: none;"> <tr> <td style="width: 25%;">Basis</td> <td style="width: 25%;">Capital expenditure</td> <td style="width: 25%;">Revenue expenditure</td> <td style="width: 25%;"></td> </tr> <tr> <td>Purpose</td> <td>It is incurred for acquiring fixed assets.</td> <td>It is incurred for the maintenance of fixed asset.</td> <td></td> </tr> <tr> <td>Earning capacity</td> <td>It increases the earning capacity of business.</td> <td>It helps in maintaining the earning capacity of the business.</td> <td></td> </tr> </table>	Basis	Capital expenditure	Revenue expenditure		Purpose	It is incurred for acquiring fixed assets.	It is incurred for the maintenance of fixed asset.		Earning capacity	It increases the earning capacity of business.	It helps in maintaining the earning capacity of the business.		1+1	2
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8.	(a) It is the amount which is received by organisations as per the will of a deceased person. It is treated as a capital receipt. (b) Entrance fees. It is the amount charged from a person when he is admitted as a member of the organisation.	1+1	2												
9.	(a) As no interest on capitals of partners is allowed so partners claim will be rejected. (b) No interest can be charged on the drawings of partners	1+1	2												

10.	<p>Assets, liabilities and capital are the three basic elements of every business transaction. The relationship of these is expressed in the form of accounting equation. The equation always remains equal. At any point of time there can be change in the individual asset, liability or capital but the effect on the accounting equation will be such that it will remain intact. This can be made clear by the following examples :</p> <ol style="list-style-type: none"> 1. Minoo commenced business with cash Rs 10000 2. She purchased goods for cash Rs 6000 3. Purchased goods for Ramesh on credit 4000 <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1. Asset</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 60%;">Capital + Liabilities</td> </tr> <tr> <td>10000 (cash)</td> <td></td> <td>1000 + Nil</td> </tr> <tr> <td>2. (+) 6000 (Goods)</td> <td></td> <td></td> </tr> <tr> <td>(-) 6000 (cash)</td> <td></td> <td></td> </tr> <tr> <td>New equation 10000</td> <td style="text-align: center;">=</td> <td>10000 +</td> </tr> <tr> <td>3. +4000 (Goods)</td> <td></td> <td>+ 4000 (Ramesh)</td> </tr> <tr> <td>New equation 14000</td> <td style="text-align: center;">=</td> <td>10000 + 4000</td> </tr> </table> <ol style="list-style-type: none"> 4. Paid selling expenses Rs 200 4. -200 (cash) -200 (expenses) + <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">New Equation 13800</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 60%;">10000 + 3800</td> </tr> </table>	1. Asset	=	Capital + Liabilities	10000 (cash)		1000 + Nil	2. (+) 6000 (Goods)			(-) 6000 (cash)			New equation 10000	=	10000 +	3. +4000 (Goods)		+ 4000 (Ramesh)	New equation 14000	=	10000 + 4000	New Equation 13800	=	10000 + 3800	2 + 2	4
1. Asset	=	Capital + Liabilities																									
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11.	<p>(a) Business entry concept : This concept assumes that for accounting purpose the business enterprise and its owners are two separate independent entities. Thus the business and personal transactions of its owner are not mixed up</p> <p>Sample Ram Krishan withdraws money of Rs 5000 from business for domestic expenses. This amount is his private expense and not the expense of business.</p> <p>(b) Consistency convention : It means that same accounting principles should be used for preparing financial statements year after year. Example : to charge depreciation on Machinery diminishing value method is used in one year. This very method should be used of in the next years also.</p>	1 + 1	4																								
12.	<p>Name of special purpose books</p> <ol style="list-style-type: none"> 1. Purchases Book : It is a book prepared to record the credit purchases of goods 2. Sales Book : It is a book prepared to record the credit sales of goods. 3. Purchases Return Book : It is a book to record the return of goods purchased on credit tot he supplier. 4. Sales return Book. It is a book to record the goods return of good by the customers sold on credit. 	1×4	4																								

13.	<p>The documents that support the business transactions is called voucher. It is the written proof of occurrence of business transactions.</p> <p>Accounting vouchers can be of three types :</p> <p>(a) Credit vouchers : These are the vouchers that are prepared to for recording transactions involving cash receipts only. For example cash sale of goods</p> <p>(b) Debit vouchers. These are the vouchers that are prepared for recording transactions involving cash payments only. For example purchase of furniture for cash.</p> <p>(c) Transfer vouchers : These are the vouchers that are prepared to record non cash transactions of the business. For example, sold goods for Rakesh on credit.</p>	1×4	4																																				
14.	<p>Every Businessman records all banking transactions in his bank column cash book. Bank also maintains a corresponding accounting of this businessman like of others the copy of which is the Bank Pass Book. So the bank balance shown by the bank column cash Book of the business man and shown by the pass Book issued by the bank or a particular date should be the same. But sometimes it is not so. The two balance may differ from each other. There can be many reasons as follows :</p> <p>(a) Some cheques issued by the businessman might not have been presented for payment by the date in question.</p> <p>(b) There may be some cheques which have been deposited in the bank but have not yet been collected and credited and there are other reasons also.</p>	2+1+1	4																																				
15.	<p style="text-align: center;">Harish A/c</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Dr</th> <th colspan="2" style="text-align: right;">Cr</th> </tr> <tr> <th style="width: 35%;">Particulars</th> <th style="width: 15%;">Amount</th> <th style="width: 35%;">Particulars</th> <th style="width: 15%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td style="text-align: right;">5400</td> <td>Balance b/d</td> <td style="text-align: right;">45000</td> </tr> <tr> <td>Harish executors A/c</td> <td style="text-align: right;">55275</td> <td>General Reserve</td> <td style="text-align: right;">2000</td> </tr> <tr> <td></td> <td></td> <td>Jagdish Goodwill</td> <td style="text-align: right;">6000</td> </tr> <tr> <td></td> <td></td> <td>Manish Goodwill</td> <td style="text-align: right;">6000</td> </tr> <tr> <td></td> <td></td> <td>Profit & Loss suspense A/c</td> <td style="text-align: right;">1000</td> </tr> <tr> <td></td> <td></td> <td>Interest on capital</td> <td style="text-align: right;">675</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">60675</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">60675</td> </tr> </tbody> </table> <p>Goodwill of the firm Rs 18000 × 2 = Rs 36000</p> <p>Harish's share = Rs $36000 \times \frac{1}{3} = \text{Rs } 12000$</p> <p>Profit for two months = $\frac{18000}{12} \times 2 = \text{Rs } 3000$</p> <p>Harish's share = $3000 \times \frac{1}{3} = \text{Rs } 1000$</p>	Dr		Cr		Particulars	Amount	Particulars	Amount	Drawings	5400	Balance b/d	45000	Harish executors A/c	55275	General Reserve	2000			Jagdish Goodwill	6000			Manish Goodwill	6000			Profit & Loss suspense A/c	1000			Interest on capital	675		60675		60675	8×½	4
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16.	Company can forfeit the shares Company can reissue these share The excess amount received after making good the deficiency company will transfer it to capital Reserve A/c as it is a conjugated gain	1 1 2	4																																																								
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19.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 10%;"></th> <th style="width: 20%;">Amount Rs</th> <th style="width: 20%;">Amount Rs</th> </tr> </thead> <tbody> <tr> <td>Bank A/c</td> <td style="text-align: right;">Dr</td> <td style="text-align: right;">1350000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To share Application A/c (receipt of application money for 45000 shares @ Rs 30 per share)</td> <td></td> <td></td> <td style="text-align: right;">1350000</td> </tr> <tr> <td>Share Application A/c</td> <td style="text-align: right;">Dr</td> <td style="text-align: right;">1350000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Share Capital A/c</td> <td></td> <td></td> <td style="text-align: right;">900000</td> </tr> <tr> <td style="padding-left: 20px;">To Bank A/c</td> <td></td> <td></td> <td style="text-align: right;">150000</td> </tr> <tr> <td style="padding-left: 20px;">To Share Allotment A/c</td> <td></td> <td></td> <td style="text-align: right;">300000</td> </tr> <tr> <td>Adjustment of share Application amount on allotment</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank A/c</td> <td style="text-align: right;">Dr</td> <td style="text-align: right;">594000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Share Allotment A/c</td> <td></td> <td></td> <td style="text-align: right;">594000</td> </tr> <tr> <td>(Receipt of share allotment money of shares)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Share first call A/c</td> <td style="text-align: right;">Dr</td> <td style="text-align: right;">450000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Share Capital A/c</td> <td></td> <td></td> <td style="text-align: right;">450000</td> </tr> <tr> <td>Share first call money due.</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Particulars		Amount Rs	Amount Rs	Bank A/c	Dr	1350000		To share Application A/c (receipt of application money for 45000 shares @ Rs 30 per share)			1350000	Share Application A/c	Dr	1350000		To Share Capital A/c			900000	To Bank A/c			150000	To Share Allotment A/c			300000	Adjustment of share Application amount on allotment				Bank A/c	Dr	594000		To Share Allotment A/c			594000	(Receipt of share allotment money of shares)				Share first call A/c	Dr	450000		To Share Capital A/c			450000	Share first call money due.					
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Bank A/c	Dr	445500		
To Share First Call A/c			445500	
(Receipt of first call money)				
Share Second and Final call A/c	Dr	450000		
To Share Capital A/c			450000	
(Share final call money due)				
Bank A/c	Dr	445500		
To Share first and final call A/c			445500	
(Receipt of share first and final call)				
Share Capital A/c	Dr	30000		
To Discount issue of share A/c			3000	
To Share forfeited A/c			12000	
To Share Allotment A/c			6000	
To Share first call A/c			4500	
To Share final calls			4500	
(Forfeiture of 300 shares for non-payment of allotment and calls)				6

Working Note

Ratio in which shares are

 Issued to applicant = 40000 : 30000

 4 : 3

Excess Number of applications = $300 \times \frac{4}{3} = 400$

Excess application money = 100

Received = $100 \times 30 = 13000$

Allotment money due = $300 \times 30 = 9000$

Less excess application money adjusted = $9000 - 3000$

Net allotment money due but not received 6000

20.

Trial Balance of Pranaya

As on 31st December 2006

Particulars	Amount Rs	Particulars	Amount Rs
Cash	1200	Sales	32600
Bill Receivable	4500	Creditors	2700
Debtors	6000	Capital	10,000
Salary	1200		
Stock	5400		
Purchase	22800		
Selling expenses	1200		
Furniture	3000		
	45300		45300

6

6

21.

Trading and Profit and Loss A/c

Particulars	Amount Rs	Particulars	Amount Rs
Opening stock	12000	Sales	60000
Purchases	45000	Less Returns	1300
Wages	2000	Closing stock	12000
Carriage	2000		
Gross profit	9700		
	70700		70700
Salary	5000	Gross profit	9700
+ o/s salary	1000	Rent Received	1000
Rent	2000	Commission	3000
Bad Debts	500	Less : Advance	1000
+ Earlier Bad Debts	500		2000
+New provision	1475		
-old provision	1100		
Depreciation on			
Machinery	990		
Land & Building	1200		
Discount	300		
Net profit	835		
	12700		12700

2

4

Balance Sheet as on December 31, 2006

Liabilities	Amount Rs	Assets	Amount Rs
Sundry creditor	15000	Land & Building	60000
Loan	20000	Depreciation	1200
Bills Payable	15,000	Plant & Machinery	33000
Advance commission	1000	Depreciation	990
Salary outstanding	1000	Investment	15,000
Capital	96000	Sundry Debtors	30000
Net Profit	835	F Bad debts	500
			29500
	96835	New provision	1475
		Closing stock	28025
		Cash at Bank	3000
	148835		148835

4

10

OR

Income & Expenditure A/c

Expenditure	Amount Rs	Income	Amount Rs
Loss on sales of furniture	2600	Subscription	56400
General expenses	6400	– Advance for 07	1000
Newspaper	6400	– Opening o/s	4000
			51400
Electricity	3700	+ Closing o/s	4600
Salary	7200	(1600 + 3000)	
+ o/s salary	1200	Sales of Newspaper	2500
Rent	13000	Govt grant	24000
– Advance Rent	1000	Interest on Fixed Deposit	900
Postage	600	+O/s interest	900
Surplus	44600		1800
	84300		84300

7

Balance Sheet as on Jan. 1, 2006

Liabilities	Amount Rs	Assets	Amount Rs
Capital fund (Balancing figure)	77100	Cash in hand	8000
		Cash at Bank	31100
		Outstanding subscription	4000
		Furniture	24,000
		Books	10,000
	77100		77100

3

10

22.

Revaluation A/c

Particulars	Amount Rs	Particulars	Amount Rs
Machinery	10,000	Building	15000
Provision for Bad Debt	520	S. creditor	2000
Profit transferred to capital A/c of Rohit	3888		
Manu	2592		
	6480		
	17000		17000

2

Capital A/c

Particulars	Rohit	Manu	Chirag	Particulars	Rohit	Manu	Chirag
Goodwill	12000	8000		Balance b/d	100000	80000	
Bank	9000	6000		Revaluation	3888	2592	
Balance c/d	106888	84592	60000	General Reserve Bank	6000	4000	60,000
				Premium/ Goodwill	18000	12000	
	127888	98592	60000		127888	98592	60000

2+2+1

Balance Sheet as on

Liabilities	Amount Rs	Assets	Amount Rs
S creditor	33000	Building	75000
Bills Payable	10000	Machinery	60000
Loan	25000	Stock	25000
Capital		Sundry Debtors	42000
Rohit	106888	–Provision b/d	2520
Munu	84592	Bills receivable	15000
Chirag	60000	Cash in hand	10000
	151480	Cash in Bank	95000
	<u>319480</u>		<u>319480</u>

3 10

**OR
Realisation A/c**

Particulars	Amount Rs	Particulars	Amount Rs
Assets		Sundry creditors	23000
Debtors	30000	Rahul capital A/c	45000
		(Building)	
Stock	23000	Banks :	
Building	40000	Debtors	35000
Furniture	10000	Stock	20000
Motor car	40000	Furniture	9000
	143000	Motor car	36000
Banks :		Vinod capital	2500
Sundry creditor	22000	(unrecorded Asset)	
Realisation exp	1500		
	23500		
Profit Transferred to capitals of			
Rahul	2000		
Vinod	1335		
Sonia	667		
	4000		
	<u>170500</u>		<u>170500</u>

5

Capital A/c

Particulars	Rahul	Vinod	Sonia	Particulars	Rahul	Vinod	Sonia
Realisation	45000	2500	–	Balance b/d	60000	40000	20000
Bank	22000	42166	22334	Realisation	2000	1333	667
				General Reserve	5000	3333	1667
	67000	44666	22334		67000	44666	22334

3

Cash A/c

Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	10000	Realisation	23500
Realisation (Assets)	100000	S creditor)	
		Rahul capital	22000
		Vinod capital	42166
		Sonia capital	22334
	<u>110000</u>		<u>110000</u>

2 10

SECTION B
(Analysis of Financial Statements)

Part I

Q.No.	Value Points	Distribution of Marks	Total Marks
23.	Management can judge efficiency of various departments.	1	1
24.	(a) Stock turnover ratio = $\frac{\text{Cost of goods sold}}{\text{Average stock}}$	1	2
	(b) Debt equity ratio = $\frac{\text{Debt}}{\text{Equity}}$	1	
25.	Following are the tools of financial statements (a) Trend Analysis (b) Ratio Analysis (c) Comparative statement (d) Fund flow statement (e) Cash flow statement (f) Common size statement Among four of the above.	$\frac{1}{2} \times 4$	2
26.	Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilites}} =$ Liquid Ratio = $= 3 : 1$ $\frac{4. \text{Liquid Assets}}{\text{Current Liabilites}}$ Stock = C.A - L.A = 4.5 - 3 = 1.5 i.e. Rs 36000 = 1.5 $\therefore 1 = 36000 \div 1.5 = \text{Rs } 24000$ Current Asset = 2400 \times 4.5 Rs 10800	$2\frac{1}{2}$ $+1\frac{1}{2}$	4
27.	A.		
	Cash from operating activities		
		Rs	
	Net profit	100000	
	Add goodwill written off	50000	
	Add depreciation	30000	
	Operating profit	180000	
	Add increase in CL and decreases in CA		
	Creditor	150000	
	Less increase in Ac & decrease in CL	330000	
	Stock	50000	
	Debtor	100000	150000
	Net flow from operating activities		450 180000

B.	Cash flow from investing Activities			
		Rs		
	Purchase of plant	130000		
	Net cash flow from investing activities		130000	
C.	Financing Activities			
	Repayment of long-term loan	(100000)		
	Increase capital	100000		
	Net cash flow from financing Activities		Nil	
	Net cash flow during the year		50000	
	Add opening cash or cash equivalent		150000	
	Closing cash or cash equivalent		200000	6
				6
	OR (Elements of Cash Accounting) Part II			
23.	In financial accounting double entry system is followed whereas cost accounting is not based on double entry system		1	1
24.	Direct material : Material consume		80,000	
	Direct wages : Productive wages		30,000	
	Direct Expenses :		7000	
	Prime cost		<u>117000</u>	
	Factory overhead			
	Indirect Material : consumable stores	3000		
	oil grease	$\sqrt{\frac{2U \times P}{5}}$ 1000	4000	
	Indirect wages : unproductive wages		4000	
	Indirect expenses factory Rent	3000		
	Salary factory Manager	9000	12000	
	Factory/works cost		<u>137000</u>	2
				2
25.	Components of total cost : 1. Prime cost 2. Factory cost 3. Cost of production 4. Total cost/cost of sales			2
				2
26.	EOQ = U = Annual usage 5000 units P = order placing cost Rs 100 S = Annual cost of carrying per unit = 4 $= \sqrt{\frac{2 \times 5000 \times 100}{4}}$ $= \sqrt{\frac{1000000}{4}}$ $= \sqrt{250000} = 500 \text{ units}$		1	
			3	4

27.

Store Ledger (FIFO)

Date	Particulars	Receipts			Issues			Balance				
		Qty	Rate per unit	Total value	Qty	Rate per unit	Total value	Qty	Rate per unit	Total value		
2006 March 1	Balance	-	-	-	-	-	-	100	8	800		1
7	P.O. No. 234	400	10	4000	-	-	-	100	8	800	4800	1
								400	10	4000		
9	M.R.No. 76	-	-	-	100	8	800					1
					250	10	2500					
16	P.O.No. 249	600	12	7200	-	-	-	150	10	1500	8700	1
								600	12	7200		
18	M.R. No. 79	-	-	-	150	10	1500					1
					350	12	4200	250	12	3000		
30	Shortage	-	-	-	10	12	120	240	12	2880		1
												6

1 marks for each entry