SET - 1

ACCOUNTANCY

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. This question paper comprises **two** Parts – **A** and **B**. There are **32** questions in the question paper. All questions are compulsory.
2. **Part A** is **compulsory** for all candidates.
3. **Part B** has two options i.e. (1) Analysis of Financial Statements and (2) Computerised Accounting. You have to attempt only one of the given options.
4. Question nos. **1** to **13** and **23** to **29** are very short answer type questions carrying 1 mark each.
5. Question nos. **14** and **30** are short answer type–I questions carrying 3 marks each.
6. Question nos. **15** to **18** and **31** are short answer type–II questions carrying 4 marks each.
7. Question nos. **19, 20** and **32** are long answer type–I questions carrying 6 marks each.
8. Question nos. **21** and **22** are long answer type–II questions carrying 8 marks each.
9. There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, **2** questions of four marks and **2** questions of eight marks.

	Part - A **(Accounting for Not-For-Profit-Organisation, Partnership Firm and Companies)**	
1	<table><tr><th>Particulars</th><th>Amount (₹)</th></tr><tr><td>Total Capital of the new firm (on the basis of Pawan's capital) (1,60,000 x 4/1) Less: Actual Total Capital of the firm (Ankur + Kunal + Pawan) (1,40,000 + 1,20,000 + 1,60,000)</td><td>6,40,000 (4,20,000)</td></tr><tr><td>Goodwill of the firm</td><td>2,20,000</td></tr></table>	1
2	The debts of the firm to the third parties are to be paid first. At the time of dissolution of a firm, the balance of partners' capital is paid after payment of outsiders' liabilities and partner's loan.	1
3	Corpus Donation is not a revenue receipt. Hence, the correct answer is option (b).	1

<table>
<tr><td>4</td><td>Jatin’s gain = 2/9 x 4/7 = 8/63
Amit’s gain = 2/9 x 3/7 = 6/63
Gaining Ratio = 8 : 6
= 4 : 3</td><td>1</td></tr>
<tr><td>5</td><td>(a) Interest on capital
(b) Remuneration (salary and commission)</td><td>1</td></tr>
<tr><td>6</td><td>Minimum subscription is the minimum amount which must be subscribed by the public. According to Companies Act, 2013 minimum subscription has been fixed at 90% of the issued amount. If this condition is not satisfied, the company cannot allot the share.</td><td>1</td></tr>
<tr><td>7</td><td>Issue of 12% debentures will be shown under ‘financing activity’.</td><td>1</td></tr>
<tr><td>8</td><td>‘Deposit of cash into bank’ does not result in cash flow because it is simply a movement between cash and cash equivalents.</td><td>1</td></tr>
<tr><td>9</td><td>Journal
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F</th><th>Debit (₹)</th><th>Credit (₹)</th></tr>
<tr><td>2020
March 31</td><td>Profit and Loss Appropriation A/c Dr.
To General Reserve A/c
(20% of the net profit transferred to general reserve)</td><td></td><td>60,000</td><td>60,000</td></tr>
</table></td><td></td></tr>
<tr><td>10</td><td>As per Indian Partnership Act, 1932, if a partner is a minor, then he is exempted from sharing the losses in a firm.</td><td>1</td></tr>
<tr><td>11</td><td>Partnership deed</td><td>1</td></tr>
<tr><td>12</td><td>Profit and loss appropriation account</td><td>1</td></tr>
<tr><td>13</td><td>All of the above</td><td>1</td></tr>
<tr><td>14</td><td>(i) Annual Subscription:
(a) Subscriptions received whether they relate to current, previous or next year, is shown on the debit side of the Receipts and Payments Account.
(b) Subscriptions relating to the current year whether received or not, are shown on the credit side of the Income and Expenditure Account.

(ii) Sale of Old Periodicals:
(a) The amount received from the sale of old periodicals are shown on the debit side of the Receipts and Payments Account.
(b) As the sale or old periodicals by any organisation is considered as revenue receipts. So it is shown on the credit side of the Income and Expenditure Account.

(ii) Sale of Sports Materials:
(a) The amount received from the sale of sport materials are debited to the Receipts and Payments Account.
(b) As the sale of sports materials by any sports club is considered as revenue income. So it is shown on the credit side of the Income and Expenditure Account.</td><td>3</td></tr>
</table>

Or

Income and Expenditure Account
for the year ending on 31st March, 2018

Dr. | **Cr.**

Expenditure	Amount (₹)	Income	Amount (₹)
		Subscription 1,60,000 Less: Received subscription on 31st March, 2017 (₹52,000 - ₹4,000) (48,000) 1,12,000 Add: Outstanding for 2017-18 8,000 1,20,000 Add: Received in advance on 31st March, 2017 30,000 1,50,000 Less: Received in advance on 31st March, 2018 (20,000)	1,30,000

15 Capital Employed = Total Assets - Outsiders' Liabilities (Bank Loan + Creditors) 4
= ₹2,90,000 - ₹45,000 - ₹25,000
= ₹2,20,000

Normal Profit = Capital Employed x Normal Rate of Return
= ₹2,20,000 x 10/100
= ₹22,000
Average Profit = ₹49,000
Super Profit = ₹49,000 - ₹22,000
= ₹27,000
Goodwill = ₹27,000 x 4 = ₹1,08,000
Anil's Share of Goodwill = ₹1,08,000 x 1/3
= ₹36,000

Or

(a) Share surrendered by R in favour of P = 8/30 x 1/4 = 2/30

Share surrendered by R in favour of Q = 8/30 x (1 - 1/4)
= 8/30 x 3/4
= 6/30

New share = Old share + Share acquired
P's new share = 12/30 + 2/30 = 14/30
Q's new share = 10/30 + 6/30 = 16/30

New ratio of P and Q = 14:16 = 7 : 8

(b) New share = Old share + Share acquired

X's new share = 8/20 + 6/40

$= \frac{16 + 6}{40}$

= 22/40

Y's new share = 6/20 + 6/40

$= \frac{12 + 6}{40}$

= 18/40

Gaining ratio of X and Y = 22 : 18 = 11 : 9

16 (4 marks)

Journal

Date	Particulars	L.F	Debit (₹)	Credit (₹)
(i)	Sundry Assets A/c Dr.		28,00,000	
	To Sundry Liabilities A/c			8,00,000
	To Moto Ltd. A/c (Purchase consideration)			18,38,000
	To Capital Reserve A/c (Balancing figure)			1,62,000
	(Assets and liabilities acquired)			
(ii)	Moto Ltd. A/c Dr.		18,38,000	
	To Bills Payable A/c			34,000
	To Equity Share Capital A/c (16,400 x 100)			16,40,000
	To Securities Premium A/c (16,400 x 10)			1,64,000
	(Bills accepted and 16,400 equity shares issued at a premium of ₹10 per shares)			

Working note:

(a) Phone Ltd. took over the assets and liabilities of Moto Ltd.

Value of assets = ₹28,00,000
(-) value of liabilities = ₹8,00,000
₹20,00,000
(-) Purchase consideration ₹18,38,000
Gain ₹1,62,000*

* Gain of ₹1,62,000 is an extraordinary item and it will be treated as a capital reserve.

(b) Total purchase consideration ₹18,38,000
(-) Promissory note ₹(34,000)
Balance purchase consideration for which equity shares need to be Issued. ₹18,04,000

Face value per equity share = ₹100
(+) Premium per share =₹10
₹110

No of Equity shares to be issued $= \frac{₹18,04,000}{110}$

= 16,400 shares

17 — Journal (4 marks)

Date	Particulars	L.F	Debit (₹)	Credit (₹)
(a)	Realisation A/c Dr. To Bank A/c (Unrecorded liabilities paid)		6,400	 6,400
(b)	Mohit's Capital A/c Dr. To Realisation A/c (Stock taken over by partner)		15,000	 15,000
(c)	Realisation A/c Dr. To Amit's Capital A/c To Sumit's Capital A/c (Profit on realisation transferred to partners' capital account)		18,000	 7,500 10,500
(d)	Bank A/c Dr. To Realisation A/c (Unrecorded asset sold)		11,000	 11,000

18 — Valuation of Goodwill (4 marks)

		Amount (₹)
Profit for the year ending 31st March,2017	80,000	
Less: Abnormal gain	(10,000)	70,000
Profit for the year ending 31st March,2018	1,00,000	
Add: Abnormal loss	20,000	1,20,000
Profit for the year ending 31st March,2018	90,000	
Less: Annual insurance premium	(10,000)	80,000
Total Profit		2,70,000
Average profit = 2,70,000/3		90,000

Goodwill at 2 year's purchase = ₹90,000 x 2 = ₹1,80,000

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Stream Club
Income and Expenditure Account
for the year ended 31st March, 2019

Dr. **Cr.**

Expenditure	Amount (₹)	Income	Amount (₹)
Salaries	32,000	Interest on Investments (80,000 * 6/12 * 8/100)	3,200
Honorarium	4,000	Subscriptions	98,000
Newspapers	1,500	Locker Rent Collection	4,000
Stationery	2,400	Entrance Fees	15,000
Loss on Sale of Furniture	2,000		
Surplus	78,300		
	1,20,200		**1,20,200**

6

Notes:

1. **Calculation of subscription to be shown in income and expenditure account.**

Particulars	Amount (₹)
Subscription received during the year	89,000
(+) Subscriptions outstanding at the end of the year	25,000
(+) Subscriptions received in advance at the beginning of the year	7,000
(-) Subscriptions outstanding at the beginning of the year	(23,000)
(-) Subscriptions received in advance at the end of the year	Nil
Subscriptions to be shown in the Income and Expenditure A/c	**98,000**

2. Opening and closing cash and bank balance will appear in the opening and closing balance sheet respectively.
3. Legacies being capital income will be reflected in the balance sheet.
4. Loss on sale of furniture = ₹17,000 - ₹15,000 = ₹2,000
5. Salary related to current accounting year i.e. 2018-19 will only be reflected in income and expenditure account.
6. Purchase of investment being capital expenditure will be reflected in the balance sheet.

20	**In the books of Fortune Ltd.** **Journal**	6

Date	Particulars	Debit (₹)	Credit (₹)
On Application	Bank A/c Dr. To Equity Share Application A/c (The amount received on application)	5,25,000	 5,25,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Bank Account A/c (Application amount transferred to equity share capital account)	5,25,000	 4,50,000 75,000
On Allotment	Bank A/c Dr. Calls-in-Arrears A/c Dr. (400 x 10) To Equity Share Allotment A/c To Calls-in-Advance A/c (500 x 15) (Amount received on allotment except 400 shares)	3,03,500 4,000	 3,00,000 7,500
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Allotment amount transferred to Equity share capital)	3,00,000	 3,00,000
On First and Final Call	Bank A/c Dr. Calls-in-Advance A/c (500 x 15) Dr. To Equity Share First and Final Call A/c To Calls-in-Arrears A/c (400 x 10) (Amount received on first and final call)	4,46,500 7,500	 4,50,000 4,000
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (First and final call amount transferred to share capital account)	4,50,000	 4,50,000

21	**Revaluation A/c**	8

Particulars	Amount (₹)	Particulars	Amount (₹)
Furniture A/c	22,000	Debtors A/c	10,000
Provision for Doubtful Debts on Debtors A/c (5 % x 1,50,000)	7,500	Land and Building A/c	1,24,000
Provision for Doubtful Debts on B/R A/c	4,500		
Claim for Damages A/c	16,000		
Profit transferred to Partners' Capital A/cs Chandan 42,000 Dhruv 42,000	84,000		
	1,34,000		1,34,000

Dr. **Partners' Capital Account** **Cr.**

Particulars	Chandan	Dhruv	Eeshwar	Particulars	Chandan	Dhruv	Eeshwar
Chandan's capital A/c	-	-	50,000	Balance b/d	5,00,000	4,32,000	-
Dhruv's capital A/c	-	-	50,000	Eeshwar's capital A/c (G/w)	50,000	50,000	-
Bank A/c (G/w withdrawn)	25,000	25,000	-	Bank A/c	-	-	7,00,000
Balance c/d	5,67,000	4,99,000	6,00,000	Revaluation A/c	42,000	42,000	-
	5,92,000	5,24,000	7,00,000		5,92,000	5,24,000	7,00,000

Working note:

(i) Calculation of new profit sharing ratio:

Old profit sharing ratio of Chandan and Dhruv = 1:1

Eeshwar's share of profit = 1/3

Remaining share = 1 - 1/3
= 2/3

Chandan's share = 2/3 x 1/2
= 1/3

Dhruv's share = 2/3 x 1/2
=1/3

New profit sharing ratio of Chandan, Dhruv and Eeshwar = 1:1:1

(ii) Calculation of goodwill:

For 1/3rd share in profit, goodwill = 1,00,000

Value of firm's goodwill = 1,00,000 x 3/1 = 3,00,000

Old ratio between Chandan and Dhruv = 1:1

New ratio between Chandan, Dhruv and Eeshwar = 1:1:1

Particulars	Chandan	Dhruv	Eeshwar
Before admission (I) (1:1) After admission (II) (1:1:1)	1,50,000 1,00,000	1,50,000 1,00,000	- 1,00,000
Gain / (Loss) (I - II)	(50,000)	(50,000)	1,00,000

Or

Realisation Account

Particulars	Amount (₹)	Particulars	Amount (₹)
Stock A/c Sundry debtors A/c Investments A/c Furniture A/c Cash A/c: Sundry creditors 1,00,800 Expenses 9,000 Profit transferred to: Bony's capital A/c 2,800 Sunil's capital A/c 1,867 Indra's capital A/c 933	40,200 1,25,200 32,000 40,000 1,09,800 5,600	Sundry creditors A/c Investment fluctuation fund A/c Bony's capital A/c (Investment) Sunil's capital A/c (Stock) Indra's capital A/c (Furniture) Cash A/c (Sundry Debtors)	1,00,800 20,000 36,000 35,000 40,000 1,21,000
	3,52,800		3,52,800

Dr. **Partners' Capital Account** **Cr.**

Particulars	Bony	Sunil	Indra	Particulars	Bony	Sunil	Indra
Realisation A/c (Assets taken over) Cash A/c (Balancing figure)	36,000 38,800	35,000 14,867	40,000 -	Balance b/d Reserve fund A/c Realisation A/c (Profit) Cash A/c (Balancing figure)	60,000 12,000 2,800 -	40,000 8,000 1,867 -	20,000 4,000 933 15,067
	74,800	49,867	40,000		74,800	49,867	40,000

Cash A/c

Particular	Amount (₹)	Particular	Amount (₹)
Balance b/d Realisation A/c (Sundry Debtors) Indra's capital A/c	27,400 1,21,000 15,067	Realisation A/c: Sundry Debtors 1,00,800 Expenses 9,000 Bony's capital A/c Suni's capital A/c	 1,09,800 38,800 14,867
	1,63,467		1,63,467

22 **Journal of Krishna Ltd.** 8

Date	Particulars	L.F	Debit (₹)	Credit (₹)
(i)	Bank A/c (3,00,000 x 15) Dr. To equity Share Application A/c (Application money received on 3,00,000 equity shares)		45,00,000	45,00,000
(ii)	Equity Share Application A/c Dr. To Equity Share Capital A/c (2,00,000 x 15) (Application money transferred to share capital account)		30,00,000	30,00,000
(iii)	Bank A/c Dr. Calls in Arrears A/c Dr. Equity Share Application A/c Dr. To Share Allotment A/c (2,00,000 x 25) (Allotment money received)		34,40,000 60,000 15,00,000	50,00,000
(iv)	Equity share Application A/c (2,00,000 x 25) Dr. To Equity Share Capital A/c (Share allotment made transferred)		50,00,000	50,00,000
(v)	Equity share capital A/c Dr. To Calls in Arrears A/c To Share Forfeiture A/c (3,000 shares forfeited)		1,20,000	60,000 60,000
(vi)	Bank A/c (3,000 x 30) Dr. Share Forfeiture A/c (3,000 x 20) Dr. To Equity Share Capital A/c (3,000 x 50) (3,000 shares reissued)		90,000 60,000	1,50,000
(vi)	Bank A/c Dr. Calls in Arrears A/c (500 x 10) Dr. To Equity Share First and Final Call A/c		19,65,000 5,000	19,70,000

(vii)	[(2,00,000 - 3,000) x10] (Shares first and final call money received)		19,70,000	19,70,000
(viii)	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (Share first and final call money transferred)		25,000	5,000 20,000
(ix)	Equity Share Capital A/c (500 x 50) Dr. To Calls in Arrears A/c To Share Forfeiture A/c (500 shares forfeited)		30,000	25,000 5,000
(x)	Bank A/c (60 x 500) Dr. To Equity Share Capital A/c (50 x 500) To Securities Premium A/c (10 x 500) (500 share re-issued)		20,000	20,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Gain on re-issue of forfeited shares transferred to capital reserve)			

Working note:

(i) Number of shares applied by Viraj = 3,000 x $\frac{2,00,000}{1,50,000}$

= 4,000 shares

Money paid by Viraj on application (4,000 x 15) = 60,000
Less: Amount adjusted with application (3,000 x 15) = 45,000
Excess money adjusted on allotment 15,000

Money due on allotment (3,000 x 25) = 75,000
Less: Excess application money adjusted = 15,000
Money not paid by Viraj on allotment 60,000

For 3,000 share forfeited of Viraj

Share capital	Received	Not Received
	3,000 x 15 + 15,000 = 60,000	3,000 x 25 - 15,000 = 60,000
	Share forfeiture	Calls-in arrears

(ii) Number of share allotted ot Suraj = 1,000 x $\frac{50,000}{}$ = 500 shares

1,00,000

For 500 share forfeited of Suraj

Share capital	Received	Not Received
	500 x (15 + 25) = 20,000	500 x 10 = 5,000
	Share forfeiture	Calls-in arrears

Or

Date	Particulars	L.F	Debit (₹)	Credit (₹)
(i)	Bank A/c Dr. To Equity Share Application A/c (Application money at ₹20 received on 60,000 shares)		12,00,000	12,00,000
(ii)	Equity Share Application A/c (40,000 x 20) Dr. To Equity Share Capital A/c (Application money transferred)		8,00,000	8,00,000
(iii)	Bank A/c Dr. Equity Share Application A/c (12,00,000 - 8,00,000) Call in Arrears A/c (w.note) Dr. To Equity Share Allotment A/c (40 x 40,000) To Securities Premium A/c (20 x 40,000) (Amount received for allotment)		19,00,000 4,00,000 1,00,000	16,00,000 8,00,000
(iv)	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Allotment money transferred)		16,00,000	16,00,000
(v)	Bank A/c Dr. Call in Arrears A/c (2,000 + 400 x 40) Dr. To Equity Share First and Final Call A/c (40,000 x 40) (Money received on first and final call on 37,600 shares)		15,04,000 96,000	16,00,000
(vi)	Equity Share First And Final Call A/c Dr. To Equity Share Capital A/c (First and final call money transferred to equity share capital account)		16,00,000	16,00,000
(vii)	Equity Share Capital A/c [(2,000 + 400) X 100] Dr. Securities Premium A/c (48,000 - 8,000) Dr. To Calls In Arrears A/c To Share Forfeiture A/c (92,000 - 8,000) (Share forfeited)		2,40,000 40,000	1,96,000 84,000

(viii)	Bank A/c (2,100 X 100) Dr. To Equity Share Capital A/c (Forfeited shares reissued)		2,10,000	2,10,000
(ix)	Share Forfeiture A/c Dr. To Capital Reserve A/c [W.note (iv)] (Gain on reissue of forfeited share transferred to capital reserve)		75,000	75,000

Working notes:

(i) Calculation of premium amount per share at allotment stage:

Price at which share issued 120 (20 + 60 + 40)
Less: Face value of share 100
Securities premium 20

(ii) Calculation of allotment money not yet paid by Surya:

(a) Number of shares allotted to Surya = 3,000 x $\frac{40,000}{60,000}$ = 2,000 shares

(b) Money not paid on allotment by Surya:

Money paid on application (3,000 x 20) = 60,000
Less: Amount transferred to share capital (2,000 x 20) = 40,000
Excess application money adjusted on allotment = 20,000
Money due on allotment (2,000 x 60) = 1,20,000
Less: Excess application money adjusted = 20,000
Money not paid by Surya on allotment = 1,00,000

(iii) Shares of Surya and Hariom forfeited

	Received	Not Received
Share capital Surya Hariom	2,000 x 20 + 20,000 = 60,000 400 x 60 = 24,000 84,000	2,000 x 80 - 20,000 = 1,40,000 400 x 40 = 16,000 1,56,000
Securities premium	400 x 20 = 8,000 92,000	2,000 x 20 = 40,000 1,96,000
	Share forfeiture	Calls in arrear

(iv) Calculation of profit on reissue to be transferred to capital reserve:

Amount forfeited on reissue of Surya 1,700 shares = 60,000 x $\frac{1,700}{2,000}$
= 51,000
Hariom 400 shares = 24,000
Total gain on reissue to be transferred to capital reserve = 75,000

PART - B (Analysis of Financial statements)

	OPTION - I	
23	Financing Activity	1
24	The primary objective of a cash flow statement is to provide useful information about cash inflows and outflows of an enterprise during a particular period under various heads i.e. operating activities, investing activities, and financing activities.	1
25	Balance sheet	1
26	Depreciation is added back because it is a non-cash expense and it does not involve any outflow of cash but it decreases the net profit.	1
27	Operating ratio + Operating profit ratio = 100% Operating profit ratio = 100% - 79.10% = 20.9%	1
28	Comparative balance sheet is prepared to analyse the change in the financial position of an organisation.	1
29	Debt equity	1
30	Quick Ratio = 2 : 1 Let Current Liabilities = x Then Quick Assets = 2x Or, 12,00,000 = 2x $x = \frac{12,00,000}{2}$ = 6,00,000 = Current Liabilities Current Assets = Quick Assets + Stock = ₹12,00,000 + ₹3,00,000 = ₹15,00,000 Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ = $\frac{15,00,000}{6,00,000}$ = 2.5: 1 **Or** (i) Stock Turnover Ratio = $\frac{\text{Cost of goods sold}}{\text{Average stock}}$ Cost of goods sold = Net sales – Gross profit = ₹4,00,000 – ₹1,00,000 = ₹3,00,000 Average stock = $\frac{\text{Opening stock + Closing stock}}{2}$ Opening Stock = Closing Stock - 40,000 = ₹1,20,000 – ₹40,000 = ₹80,000 Average Stock = <u>₹80,000 + ₹1,20,000</u>	3

	2 =₹1,00,000 Stock Turnover Ratio = ₹3,00,000 / ₹1,00,000 = 3 times	
31	**Comparative statement of Profit and Loss for the year ended 31st March 2018 and 2019**	4

Particulars	(₹) 31st March, 2018	(₹) 31st March, 2019	(₹) Absolute change	(₹) (%) Percentage change
I. Revenue from operations (sales)	3,50,000	4,25,000	75,000	21.43
II. Other income	15,000	15,000	-	-
III. Total revenue (I + II)	3,65,000	4,40,000	75,000	20.55
IV. Expenses				
(a) Material consumed	1,65,000	2,10,000	45,000	27.27
(b) Manufacturing expenses	60,000	65,000	5,000	8.33
(c) Other expenses	60,000	65,000	5,000	8.33
	2,85,000	3,40,000	55,000	19.30
V. Profit before tax (III - IV)	80,000	1,00,000	20,000	25.00
(-) Tax @ 50%	40,000	50,000	10,000	25.00
VI. Profit after tax	40,000	50,000	10,000	25.00

Working note:

(a) Calculation of percentage change:

Percentage change = $\frac{\text{Absolute change}}{\text{Previous year amount}} \times 100$

For example, = $\frac{75,000}{3,50,000} \times 100$

= 21.43

(b) Other expenses are shown as 50% of the manufacturing and office expenses.

Or

Common-size statement of Profit and Loss for the year ended 31st March, 2020

	Particulars	**Amount (₹)**	**Percentage of sales**
I. II.	Revenue from operation (sales) Other income	12,69,000 19,000	100.00 1.50
III.	Total income	12,88,000	101.50
IV.	Expenses: (a) Cost of revenue from operations (b) Operating expenses	 7,00,000 2,50,000	 55.16 19.70
	Total expenses	9,50,000	74.86
V.	Profit before tax (-) Tax	3,38,000 1,69,000	26.64 13.32
VI.	Profit after tax	1,69,000	13.32

32 **Cash Flow Statement for the year ended 31st, March 2020** 6

	Particulars	**Amount (₹)**	**Amount (₹)**
I.	Cash flow from operating activities:		
	Net profit before tax and extraordinary items (1,75,000 - 2,00,000)		(25,000)
	Adjustment for non-operating items:		
	(+) Interest paid		18,000
	Adjustment for non-cash items:		
	(+) Depreciation		60,000
	Net profit before working capital changes		53,000
	Changes in working capital:		
	(+) Increase in trade payables (30,000 - 25,000)	5,000	
	(-) Increase in inventories (1,00,000 - 50,000)	(50,000)	
	(-) Increase in trade receivables (1,55,000 - 1,15,000)	(40,000)	(85,000)
	Net cash flow from operating activities		(32,000)

II. Cash flow from investing activities:		
Purchase of tangible assets (W. note)	(2,10,000)	
Net cash used in investing activities		(2,10,000)
III. Cash flow from financing activities		
Interest paid on long term borrowing	(18,000)	
Proceed from issue of share capital (6,00,000 - 4,00,000)	2,00,000	
Proceed from long-term borrowings (2,20,000 - 1,75,000)	45,000	
Net cash flow from financing activities		2,27,000
IV. Net decrease in cash and cash equivalents (I + II + III)		(15,000)
V. Cash cash equivalents in the beginning of the year		1,85,000
VI. Cash cash equivalents in the end of the year		1,70,000

Working note:

Dr. Fixed Assets A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d Bank a/c (purchase) (Balancing figure)	4,50,000 2,10,000	Depreciation A/c Balance c/d	60,000 6,00,000
	6,60,000		6,60,000

Part – B (Computerised Accounting)
OPTION - II

23	The two languages used by the computer are: (a) BASIC (b) COBOL	1
24	Executive Support System	1
25	Front end database: It is the user application which enables accessing tabular, structured or raw data stored within it. It holds the entire application programming utility for data, requests input and sends it to the data back end.	1
26	There are two attributes of information to be stored in the payroll database: (a) Name (b) Designation	1
27	The activity sequence of the basic information mode is to collect data, organise and process it and then	1

	communicate the information extracted.	
28	Cost of installation and maintenance is generally low with generic software and is relatively high with specific software.	1
29	Multi value attributes may be nested (or grouped) to constitute complex ones.	1
30	The Adjusting entry is recorded to relate the figures to the trading period. Suppose, premises have been sublet on March 31, and three months' rent, has been received in advance amounting to ₹12,000. While preparing accounts up to 31st March, one should take into account only one month's rent for preparing the profit and loss account (accounting period concept); the rest two month's rent, already received, is for the next year and will be credited in the profit and loss account next year. The adjusting entry will be: Rent A/c Dr. To Advance Rent A/c Rent Received in advance is a 'Liability' and is shown in the balance sheet. **Or** Transparency control Computerised Accounting System provides sufficient time to plan, increases data accessibility and enhances user satisfaction. With computerised accounting, the organisation will have greater transparency for day to day business operations and access to the vital information. Scalability Computerised Accounting System enables in changing the volume of data processing in tune with the change in the size of the business. The software can be used for any size business and type of organisation.	3
31	PMT :- The PMT function calculates the periodic payment for an annuity assuming equal payments and a constant rate of interest. The syntax of PMT function is as follows: = PMT (rate, nper, pv, [fv], [type]) where rate is the interest rate per period, Nper is the number of periods, Pv is the present value or the amount the future payments are worth presently, future value or cash balance that after the last payment is made (a future value of zero when we omit this optional argument) Type is the value 0 for payments made at the end of the period or the value 1 for payments made at the beginning of the period. The PMT function is often used to calculate the payment for mortgage loans that have a fixed rate of interest	4
32	A format change, such as background cell shading or font colour that is applied to a cell when a specified condition for the data in the cell is true. Conditional formatting is often applied to worksheets to find: (a) Data that is above or below a certain value. Duplicate data values. (b) Cells containing specific text. Data that is above or below average. (c) Data that falls in the top ten or bottom ten values. Benefits of using conditional formatting: (a) Helps in answering questions which are important for taking decisions.	6

	(b) Guides with help of using visuals. (c) Helps in understanding distribution and variation of critical data.	