



P. Dalta 13.11.2018, Piyalay Kabi 13.11.2018

ST. LAWRENCE HIGH SCHOOL

A JESUIT CHRISTIAN MINORITY INSTITUTION

SELECTION EXAMINATION – 2018



Sub: ACCOUNTANCY MODEL ANSWER

Class: 12

F.M: 80

Duration: 3 Hrs 15 Mins

Date: 12.11.2018

PART A (44 MARKS)

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

1. X and Y commenced a partnership business on 1.1.2017 introducing Rs. 20,000 and Rs. 30,000 respectively as capital .The partnership deed provided the following :

- (i) Profit and loss to be shared between X and Y in the ratio 2:3.
- (ii) Interest on capital @ 6% p.a.
- (iii) interest on drawings @ 8% p.a.
- (iv) Y will get salary Rs. 2,000 p.a.

The net profit for the year ended 31.12.2017 amounted to Rs. 19,280 before considering the above mentioned points. During the year, each partner drew @ Rs. 3,000 at the end of each quarter starting from 1.4.2017.

Show the Profit & Loss Appropriation A/C for the year ended 31.12.2017.

(4)

Solution: Profit and Loss Appropriation Account For the year ended 31.12.2017

Particulars	Amount(Rs)	Particulars	Amount (Rs)
To, Interest on Capital A/C		By, Profit & Loss A/C-Net Profit	19280
X Rs.1200		By, Interest on drawings A/c	
Y Rs.1800	3000	X Rs.360	
To, Partners Salary (Y)	2000	Y Rs.360	720
To, Partners Capital A/C (Share of profit)			
X Rs. 6000			
Y Rs.9000	15000		
	30000		30000

Or

Distinguish between fixed capital and fluctuating capital

(4)

Fixed Capital	Fluctuating Capital
1. Two accounts are maintained for each partner such as capital account and current account.	1. Only one account is maintained for each partner e.g. , Capital Account.
2. The balance of capital account is not changed, except for special circumstances, e.g. , new capital is introduced.	2. The balance of the capital account is changed from time to time.
3. The capital account generally does not show a negative balance.	3. The capital account can show a negative balance.
4. All adjustments for interest, profit, salary, drawings etc. are made through current accounts.	4. All adjustments for interest, profit, salary, drawings etc. are made through capital account.

2. Sunshine Ltd. issued 15,000 equity shares of Rs.10 each at a premium of Rs.2 per share. Instalment are payable as Rs.2 on application, Rs.5 on allotment (including premium), Rs. 5 on calls. Application received for 20,000 shares and excess application money are duly refunded. All shareholder paid their dues properly except a holder of 2,000 shares failed to pay his calls money.

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

(4)

Solution:

In the books of Sunshine Ltd.

Journals

Date	Particulars	L.F.	(Rs) Dr.	(Rs.) Cr.
	Bank A/CDr. To, Eq share Application A/C		40000	40000
	Eq. Share Application A/C.....Dr. To, Eq. Share capital A/C To, Bank A/C		40000	30000 10000
	Eq. Share Allotment A/CDr. To, Eq. Share Capital A/C To, SPR A/C		75000	45000 30000
	Bank A/C Dr To, Eq. Share Allotment A/C		75000	75000
	Eq. Share Calls A/CDr. To, Eq. Share capital A/C		75000	75000
	Bank A/C.....Dr. Calls in arrear A/C.....Dr. To, Eq. Share Calls A/C		65000 10000	75000

Or

Write short notes on :

- (a) Reserve Capital
(b) Uncalled Capital

(2+2)

Reserve Capital : A limited company may, by special resolution , determine that any portion of its share capital which has not already been called up shall not be capable of being called up, except in the event and for the purpose of the company being wound up. This uncalled portion of the share capital is called Reserve Capital.

Uncalled Capital: It is that part of the subscribed capital which has not yet been called up by the Directors. The difference between the subscribed capital and called up capital is represented by the uncalled capital.

3. Mehta Ltd issued 15% Debentures for Rs. 2,00,000. Show necessary journal entries under the following cases

- (a) Issued at a premium of 10% and redeemable at par.
(b) Issued at par and redeemable at 10% premium.

(2+2)

Solution:

In the books of Mehta Ltd.

Journals

Date	Particulars	L.F.	(Rs.) Dr.	(Rs.) Cr.
	(a) Bank A/C.....Dr. To, Debentures Application & Allotment A/C		220000	220000
	Debentures Application & Allotment A/CDr. To, 15% Debentures A/C To, SPR A/C		220000	200000 20000
	(b) Bank A/C.....Dr. To, Debentures Application & Allotment A/C		200000	200000
	Debentures Application & Allotment A/CDr Loss on issue of debentures A/C.....Dr. To, 15% Debentures A/C To, Premium on Redemption A/C		200000 20000	200000 20000

4. A, B and C are partners sharing profits in the ratio 4:3:2. Their Balance Sheet on 31st March, 2018 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	33,000	Cash	10,000
General Reserve	27,000	Debtors	15,000
Capitals:		Stock	30,000
A 70,000		Machinery	50,000
B 45,000		Land & Building	1,00,000
C 30,000	1,45,000		
	2,05,000		2,05,000

B retires on the above date on the following conditions :

- Land & Building is appreciated by 20%.
 - Goodwill of the firm is valued at Rs. 18,000. Necessary adjustment is required in capital account regarding treatment of goodwill.
 - Provision for doubtful debt is to be created @ 5% on debtors.
 - Machinery is reduced by 10% and stock is reduced by 5%
 - A provision of Rs. 1,500 is made in respect of legal charges.
- B is to be paid Rs. 5,000 and balance is transferred to his loan account .

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

(2+4)

Solution:

In the books of the firm
Revaluation Account

k Particulars	Rs.	Particulars	Rs.
To, Prov. For doubtful debt A/C	750	By, Land & Building A/C	20000
To, Machinery A/C	5000		
To, Stock A/C	1500		
To, Prov. For legal charges A/C	1500		
To, Partners Capital A/C			
A 5000			
B 3750			
C 2500	11250		
	20000		20000

Partners Capital Account

Particulars	A (Rs)	B (Rs)	C (Rs)	Particulars	A (Rs)	B (Rs)	C (Rs)
To, B's Capital A/C	4000		2000	By, Balance b/d	70000	45000	30000
To, Bank A/C		5000		By, General Reserve	12000	9000	6000
To, B's Loan A/C		58750		By, Revaluation A/C	5000	3750	2500
To, Balance c/d	83000		36500	BY. A'S Capital A/C		4000	
				By, C's Capital A/C		2000	
	87000	63750	38500		87000	63750	38500

Or

- Why is Profit & Loss Suspense Account is prepared ?
- Distinguish between Sacrificing Ratio and Gaining Ratio.

(3+3)

Solution:

(a) Profit & Loss Suspense A/C is prepared to adjust the outgoing partners or deceased partners share of profit between the date of last Balance Sheet and the date death or retirement, when there is no change in the profit sharing ratio of remaining partners.

(b)

Sacrificing Ratio	Gaining Ratio
1. It is the ratio in which the old partners make a sacrifice of their share in favour of incoming partners.	1. It is the ratio in which the remaining partners gain out of share of a retiring or deceased partner.
2. Sacrificing Ratio = Old Ratio – New ratio	2. Gaining Ratio = New Ratio – Old Ratio.
3. It is calculated at the time of admission of a partner.	3. It is calculated at the time of retirement or death of a partner.

5. PQR Ltd. issued 10,000 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)

Rs.3 on first call

Rs.2 on final call.

All shareholders paid their dues properly except a holder of 2,000 shares failed to pay his calls money. These 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)

(6)

Solution:

In the books of PQR Ltd.

Journals

Date	Particulars	L.F.	Dr.(Rs)	Cr.(Rs)
	Bank A/C.....Dr. To, Eq. Share application A/C		20000	20000
	Eq. Share application A/C.....Dr. To, Eq. Share capital A/C		20000	20000
	Eq. Share allotment A/C.....Dr. To, Eq. Share capital A/C To, SPR A/C		50000	30000 20000
	Bank A/C.....Dr. To, Eq. Share allotment A/C		50000	50000
	Eq. Share first call A/C.....Dr. To, Eq. Share capital A/C		30000	30000
	Bank A/C.....Dr. Calls in arrear A/C.....Dr. To, Eq. Share first call A/C		24000 6000	30000
	Eq. Share final call A/C.....Dr. To, Eq. Share capital A/C		20000	20000
	Bank A/C.....Dr. Calls in arrear A/C.....Dr. To, Eq. Share final call A/C		16000 4000	20000
	Eq. Share capital A/C.....Dr. To, Calls in arrear A/C To, Share forfeiture A/C		20000	10000 10000
	Bank A/C.....Dr. Share Forfeiture A/C.....Dr. To, Share capital A/C		13500 1500	15000
	Share forfeiture A/C.....Dr. To, Capital Reserve A/C		6000	6000

Or

(a) What is Minimum Subscription?

(b) Write any two differences between Reserve Capital and Capital Reserve. (4+2)

(a) Minimum Subscription: It means the minimum amount of subscription which a company must receive before it can allot securities to the subscribers.

According to section 39(1) of the Companies Act, 2013, no allotment of securities can be made:

- (i) unless the amount stated in the prospectus as the minimum amount has been subscribed;
- (ii) the sum payable on application for such amount has been paid to and received by the company.

(b)

Reserve Capital	Capital reserve
1. It is created out of uncalled capital. 2. It is not disclosed in the companies balance sheet.	1. It is created out of capital profit. 2. It is disclosed as the first item under the head Reserve and Surplus on the liabilities side of the balance sheet.

6. The following is the Balance Sheet of A and B as at 31.3.2018 who are partners sharing profit and losses in the ratio 2:1 respectively.

Liabilities	Rs.	Assets	Rs.
Capitals: A	46,000	Land & Buildings	30,000
B	34,000	Plant & Machinery	35,000
Creditors	20,000	Stock	12,000
		Debtors	11,400
		Investments	3,600
		Bank	8,000
	1,00,000		1,00,000

C is admitted as a new partner on 1.4.2018 for 1/3 rd share on the following terms---

- (1) C is to bring Rs.20,000 as capital; (2) An amount of Rs. 2,000 included in debtors is to be written off as no longer receivable; (3) Investments are taken over by B at their market value of Rs. 3,000; (4) Stock is to be increased by Rs. 3,100; and, (5) Plant & Machinery is to be decreased by 10%. You are required to prepare Revaluation A/C, Partners Capital A/Cs and the Balance Sheet of the new firm. (3+4+3)

Solution:

In the book of the firm
Revaluation Account

Particulars	Rs.	Particulars	Rs.
To, Debtors A/C	2000	By, Stock A/C	3100
To, Investment A/C	600	By, Partners Capital A/C	3000
To, Plant & Machinery A/C	3500	(A-Rs.2000; B- Rs. 1000)	
	6100		6100

Partners Capital Account

Particulars	A	B	C	Particulars	A	B	C
To, Investment A/C	---	3000	----	By, Balance b/d	46000	34000	----
To, Revaluation A/C	2000	1000	----	By, Bank A/C	----	----	20000
To, Balance c/d	44000	30000	20000				
	46000	34000	20000		46000	34000	20000

Balance Sheet as at 1.4.2018

Liabilities	Rs.	Assets	Rs.
Capital Accounts: A	44000	Land & Building	30000
B	30000	Plant & Machinery	31500
C	20000	Stock	15100
Creditors	20000	Debtors	9400
		Bank	28000
	114000		114000

Answer Question No.7 or Question No.8

7. From the following information calculate Inventory Turnover Ratio and Operating Ratio.
 Opening Inventory Rs. 28,000; Closing Inventory Rs.22,000; Purchases Rs.46,000, Revenue from operation Rs.90,000; Return Inward Rs. 10,000; Carriage Inward Rs.4,000; Office expenses Rs.4,000 and distribution expenses Rs.2,000. (2+2)

Solution:

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of revenue from operation}}{\text{Average Inventory}} = \frac{56000}{26000} = 2.25 \text{ Times}$$

$$\text{Operating Ratio} = \frac{\text{Cost of revenue from operation} + \text{Operating expenses}}{\text{Revenue from operation}} \times 100$$

$$= \frac{62000}{80000} \times 100 = 77.5\%$$

Or

Write short notes on the following:

(a) Current Ratio; (b) Proprietary Ratio. (2+2)

Current Ratio: Current Ratio is the relationship between current assets and current liabilities. It is widely used as a measure of liquidity because of its ability to measure current liability coverage, buffer against losses, reserve of liquid funds, inefficient use of resources etc.

Proprietary Ratio : It is the proportion of shareholders equity to total assets, and as such provides a rough estimate of the amount of capitalization currently used to support a business. If the ratio is high, this indicates that the company has a sufficient amount of equity to support the function of a business.

8. From the following information, calculate the formula on Excel for computing the amount of (a) Dearness Allowance, (b) Net Salary: (2+2)

- (i) For dearness allowance : Basic pay up to Rs.20,000 at 20% and at 25% above it.
- (ii) For net salary : Add dearness allowance to basic pay.

Solution: = if(basic_pay<=20000,20/100*basic_pay,25/100*basic_pay)

Or

State the different steps of payroll accounting. (4)

Solution:

- (i) use a template to calculate and store payroll data.
- (ii) provide employee data, such as Name ID, the percentage of tax, and specific deductions
- (iii) Use payroll calculator and provide additional column for employee timesheet information.
- (iv) Make individual payslabs.
- (v) Download the template.

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)

Balance Sheet of X Ltd as at 31.3.17 and 31.3.18

Liabilities	31.3.17(Rs)	31.318 Rs)	Assets	31.3.17(Rs)	31.318(Rs)
Equity share capital	1,10,000	1,40,000	Goodwill	60,000	40,000
Profit & Loss Account	50,000	90,000	Fixed Assets	80,000	1,70,000
General Reserve	30,000	40,000	Investment(long term)	24,400	23,000
12% Debentures	50,000	1,00,000	Inventories	60,000	90,000
Creditors	32,000	40,000	Debtors	40,000	70,000
Bills payable	8,000	15,000	Bills Receivable	8,000	20,000
			Cash at bank	7,600	12,000
	2,80,000	4,25,000		2,80,000	4,25,000

Solution:

Cash Flow Statement of Xltd. For the year ended 31.3.2018

Particulars	Rs.	Rs.
I. Cash Flows from operating activities:		
Net Profit Before Tax		50000
Add: Items to be added:		
Amortization of goodwill	20000	
Interest on debenture	12000	32000
		82000
Add: Increase in current liabilities & decrease in current assets:		
Creditors	8000	
Bills Payable	7000	15000
Less: Increase in current assets & decrease in current liabilities:		
Inventories	30000	
Debtors	30000	
Bills Receivable	12000	72000
Cash generated from operation		25000
Less: Tax paid		Nil
		25000
Cash flows from operating activities		
II. Cash Flows from investing activities:		
Sale of Investment	1400	
Purchase of Fixed Assets	(90000)	(88600)
Cash used in investing activities		

III. Cash Flows from financing activities:		
Issue of Equity Shares	30000	
Issue of Debentures	50000	
Interest on debentures paid	(12000)	
Cash flows from financing activities		68000
IV. Net increase in cash and cash equivalent		4400
Add: Cash & Cash equivalent at the beginning of the year		7600
Cash & Cash equivalent at the end of the year		12000

Or

Define Cash Flow Statement. Discuss the objectives of preparing Cash Flow Statement.

(2+4)

Solution:

Cash Flow Statement: It is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalent, and breaks the analysis down to operating investing and financing activities.

Objectives of Cash flow statement:

- Measurement of Cash
- Generating inflow of cash
- Classification of activities
- Prediction of future
- Assessing liquidity and solvency position
- Evaluation of future cash flow
- Supply necessary information to the user.

Or

10. (a) What do you mean by DBMS ? (b) Write any four DBMS software.

(2+4)e

Solution:

DBMS: Data base management system is collection of related information stored so that it is accessible to many user for different purposes.

Name of DBMS software:

- Oracle RDBMS
- IBM DB2
- Microsoft SQL Server
- SAP Sybase ASE.

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)

Solution:

(a) 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.

Types of queries: Four types such as (i) Select query; (ii) Action query; (iii) Aggregate query; (iv) Parameter query.

(b) Parts in a report in MS- Access

(i) Report header; (ii) Page header; (iii) Group header; (iv) Detail; (v) Group footer; (vi) Page footer; (vii) Report footer;

It is due to design a report and to divide a report in different sections.

PART B (36 MARKS)

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

(1 x 18 = 18)

- (i) Registration of partnership firm is
- (a) compulsory
 - (b) not compulsory
 - (c) compulsory if number of partners does not exceed 10
 - (d) not compulsory if number of partners exceed 10
- (ii) Under fixed capital method
- (a) only capital account is maintained
 - (b) only current account is maintained
 - (c) both capital and current accounts are maintained
 - (d) neither capital nor current accounts are maintained
- (iii) On the death of partner, the combined shares of the surviving partners
- (a) will remain same
 - (b) will decrease
 - (c) will increase
 - (d) will decrease or increase
- (iv) X, Y and Z are partners sharing profit and losses equally. Their new profit sharing ratio is 4:3:3. The sacrificing ratio is
- (a) 2:1; (b) 1:2 ; (c) 1:1; (d) 3:1
- (v) Which one 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
- (vi) Subscribed capital can be
- (a) more than called-up capital
 - (b) more than issued capital
 - (c) more than authorized capital
 - (d) equal to reserve capital
- (vii) Profit on reissue of shares is transferred to
- (a) profit and loss account
 - (b) general reserve
 - (c) capital redemption reserve
 - (d) capital reserve
- (viii) Securities premium reserve can be used by the company for
- (a) adjusting trading loss
 - (b) issuing bonus shares
 - (c) paying dividend
 - (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) When is the Partnership Act enforced?
(a) when there is no partnership deed
(b) where there is a partnership deed but there are differences of option between the partners
(c) when the capital contribution of the partners varies
(d) when the partners salary and interest on capital are not incorporated in the partnership deed
- (xi) Calls-in arrear account shows
(a) only credit balance
(b) only debit balance
(c) both debit and credit balances
(d) none of the above
- (xii) A partnership firm earned net profit of Rs. 2,10,000 and partners are entitled to get commission @ 5% on the net profit after charging such commission, then amount of partners commission is
(a) Rs. 15,000; (b) Rs.10,000; (c) Rs. 5,000 (d) None of these.
- (xiii) Share can be issued
(a) at par only
(b) at a discount only
(c) at a premium only
(d) at par / at a premium
- (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) What is called the excess of actual profit over normal profit?
(a) average profit
(b) capitalised profit
(c) super profit
(d) net profit
- (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) Reserve will be distributed among the partners at the time of admission of new partner in
(a) old ratio
(b) new ratio
(c) equally
(d) sacrificing ratio.

Answer key of MCQ:

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
(b)	(c)	(c)	(c)	(c)	(a)	(d)	(b)	(d)	(a)
(xi)	(xii)	(xiii)	(xiv)	(xv)	(xvi)	(xvii)	(xviii)		
(b)	(b)	(d)	(c)	(c)	(d)	(c)	(a)		

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

(1 x 6 =6)

2.

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

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

(ii) Debt-equity ratio is the relationship between

- (a) long-term debt and share capital
- (b) long-term debt and shareholders fund
- (c) long-term debt and total assets
- (d) long-term debt and working capital

(iii) Inventory turnover ratio is the relationship between

- (a) revenue from operation and average inventory
- (b) revenue from operation and cost of revenue from operation
- (c) cost of revenue from operation and average inventory
- (d) none of the above

(iv) If gross profit is Rs. 80,000, revenue from operation is Rs 4,20,000 and return inward is Rs. 20,000 Gross Profit Ratio is

- (a) 25% (b) 20% (c) 30% 15%

(v) If cash sales is 20% of total sales and total sales is Rs.2,00,000 amount of credit sales is

- (a) Rs.1,40,000
- (b) Rs.1,60,000
- (c) Rs. 1,80,000
- (d) Rs. 1,50,000

(vi) Interest coverage ratio is the relationship between

- (a) net profit and interest charge
- (b) gross profit and interest charge
- (c) profit after tax and interest charge
- (d) (earning before interest and tax) and interest charge

Answer key of MCQ:

(i)	(ii)	(iii)	(iv)	(v)	(vi)
(b)	(b)	(c)	(b)	(b)	(d)

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

Answer key of MCQ:

(i)	(ii)	(iii)	(iv)	(v)	(vi)
(c)	(b)	(c)	(a)	(a)	(b)

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

(1 x 8 = 8)

(i) X and Y are partners sharing profit and losses in the ratio 3:2. Z is admitted as a new partner for $\frac{1}{3}$ rd share in future profit. Calculate new profit sharing ratio after Z's admission.

Answer: New profit sharing ratio is 6:4:5.

(ii) What is the accounting treatment for premium for goodwill brought by new partner?

The amount of premium of goodwill must be adjusted between old partners capital account in their sacrificing ratio.

(iii) What is calls in advance?

Answer: At the time issue of shares if shareholder pays their subsequent instalments prior to the due date is known as calls in advance.

(iv) What do you mean by allotment of shares?

Answer: At the time of issue of shares in the market after receiving application money and after satisfying all legal formalities if shares are distributed among probable shareholders to become a genuine shareholder is known as allotment of shares.

(v) State any two essential features of partnership

Answer: (a) Mutual agreement of two or more persons.

(b) Unlimited liability

Or

Define Partnership.

Answer: As per Indian Partnership Act 1932, the relation between persons who have agreed to share profits of a business carried on by all or any of them acting for all.

(vi) What is the formula for determining gaining ratio?

Answer: Gaining Ratio= New Ratio – Old Ratio.

Or

What do you mean by new profit sharing ratio?

Answer: At the time of change in constitution of a partnership firm it is required to determine new profit sharing ratio. Say for example admission, retirement, death of a partner, change in PSR.

(vii) What will be the journal entry for undervaluation of Plant and Machinery at the time of admission of a new partner?

Answer: Revaluation A/C.....Dr.

To, Plant & Machinery A/C

Or

Name two methods of paying the dues of retiring partner.

Answer: (a) Payment in cash or Cheque; (b) Amount due is transferred to his loan account.

(viii) What do mean by issue of shares in consideration other than cash?

Answer: When shares are issued without collecting money from the shareholders is known as consideration other than cash. Issue to Promoters, Underwriters and mode of purchase consideration can be performed as such.

Or

State any one difference between equity share and preference share.

Answer: Preference Shareholders are entitled to receive dividend before equity shareholders. Moreover at the time of liquidation they receives priority for getting back their dues.

Answer either Question No. 5 or Question No.6 (alternatives are to be noted) : (1 x 4 = 4)

5.

(i) State one advantage of Comparative Balance Sheet.

Answer: By comparative balance sheet we can able to make inter firm comparison as well as intra firm comparison of the companies.

Or

Write any two objectives of Financial Statement Analysis.

Answer: The objectives are as follows:

- (a) Assessment of past performance and current position.
- (b) Prediction of net income and growth prospects.

(ii) Define Cash Flow Statement as per AS-3.

Answer :Cash Flow Statement refers to an analytical reconciliation statement which shows the changes in the position of cash and cash equivalents between two periods.

(iii) Write any two significance of ratio analysis.

Answer: (a) Important tool for decision making.

(b) It helps in financial forecasting and planning.

Or

Give an example of solvency ratio.

Answer: Debt-Equity Ratio in a good example of solvency ratio.

(iv) What do you mean by current ratio?

Answer: Current Ratio may be defined as the relationship between current assets and current liabilities. By This ratio we can able to ascertain ability of current assets to pay its current liabilities.

6.

(i) What do you meant by merge cell?

Answer: Merge cell is often used when a title is to be centered over a particular section of a spreadsheet.

(ii) What is spreadsheet?

Answer: It is an interactive computer application for organisation, analysis and storage of data in tabular form . Each cell may contain either numeric or text data.

Or

What is data formatting?

Answer: A critical part of a communication protocol that enables the receiving device to logically determine what is to be done with the data and how to go about doing it.

(iii) What do you mean by worksheet?

Answer: It is a collection of cells where you keep and manipulate the data. Each excel workbook can contain multiple worksheets.

Or

Mention a difference between spreadsheet and electronic spreadsheet.

Answer: Manual spreadsheet are created on green ledger paper with a mechanical pencil. There are rows and column of data. An electronic spreadsheet has the same arrangement but totals in the total column , total row, and grand total automatically recalculate every time we change any value.

(iv) Write the full form of AIS.

Answer: An AIS is a system of collecting, storing and processing financial and accounting data that are used by decision makers. AIS is generally a computer based method for tracking accounting activities.