CBSE Class 12 Accountancy Question Paper 2022 with Solution PDF-Set 67-5-1

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 2 hours **Maximum Marks: 40**

General Instructions

(i) This question paper contains **12** questions. **All** questions are compulsory.

(ii) This question paper is divided into two Parts, **Part-A** and **B**.

(iii) **Part-A** is compulsory for all candidates.

(iv) **Part-B** has two options i.e. (i) Analysis of Financial Statements and (ii) Computerised Accounting. Students must attempt **only one** of the given options.

(v) Question nos. 1 to 3 and 10 are short-answer type-I questions carrying **2** marks each.

(vi) Question nos. 4 to 6 and 11 are short-answer type-II questions carrying **3** marks each.

(vii) Question nos. 7 to 9 and 12 are long-answer type questions carrying **5** marks each.

(viii) There is no overall choice. However, an internal choice has been provided in 3 questions of **three** marks and 1 question of **five** marks.

Part A (30 marks)

(Accounting for Not - for Profit Organizations, Partnership Firms and Companies)

1. Show the following information in the Balance Sheet of 'Dev Sports Club':

Particulars	Amount (Rs.)
Match Fund (as on 31st March, 2020)	1,70,000
Match Expenses (paid during the year ended 31st March, 2021)	2,50,000
Donations for Match (Received during the year ended 31st March, 2021)	90,000

[2 marks]

Solution:

Concept:

- A specific fund is restricted to its stated purpose. Donations received specifically for matches increase the Match Fund, and match expenses are deducted from that fund.
- Only the unspent balance of the specific fund appears on the liabilities side of the Balance Sheet; expenses met from it are not charged again to the Income and Expenditure Account.

Step 1: Calculate the closing Match Fund The opening Match Fund is Rs 1,70,000 and the donation for matches during the year is Rs 90,000. Therefore, the amount available for matches is:

$$1,70,000 + 90,000 = \text{Rs } 2,60,000.$$

After deducting match expenses of Rs 2,50,000, the unspent balance is:

$$2,60,000 - 2,50,000 = \text{Rs } 10,000.$$

Step 2: Show the specific fund in the Balance Sheet **Balance Sheet of Dev Sports Club as at 31st March, 2021 (Extract)**

Liabilities	Amount (Rs)
Match Fund (opening balance)	1,70,000
Add: Donations for Match	90,000
Fund available	2,60,000
Less: Match Expenses	(2,50,000)
Closing Match Fund	10,000

The extract shows the restricted fund remaining at year end. The information supplied does not determine the club's complete assets or other liabilities.

Step 3: Conclusion The Balance Sheet shows **Match Fund of Rs 10,000 on the liabilities side.**

Quick Tip to Solve: Add purpose-specific donations to the opening fund before deducting expenses incurred for that purpose.

2. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of:

(i) Termination of business.

(ii) Settlement of Assets and Liabilities. [2 marks]

Solution:

Concept:

- Dissolution of partnership means a change in the existing agreement among partners; the firm may continue under a reconstituted agreement.
- Dissolution of a partnership firm ends the partnership among all partners and requires the winding up of its business.

Step 1: Compare termination of business On dissolution of partnership, the existing partnership relationship changes, for example when a partner retires or a new partner is admitted. The business need not terminate: the reconstituted firm may continue its operations.

On dissolution of the partnership firm, business operations terminate and the affairs of the firm are wound up. Thus, dissolution of the firm necessarily brings dissolution of the partnership as well.

Step 2: Compare settlement of assets and liabilities On dissolution of partnership, the firm's assets and liabilities are not necessarily realised and settled. They may be revalued, with adjustments made in the partners' accounts, while the continuing firm retains them.

On dissolution of the partnership firm, assets are realised and external liabilities are discharged. Thereafter, partners' loans and capital balances are settled according to the prescribed order. Realisation and settlement distinguish winding up from a mere change in the partnership agreement.

Step 3: Conclusion **Dissolution of partnership:** business may continue and assets and liabilities need not be settled. **Dissolution of firm:** business terminates and assets and liabilities are realised and settled.

Quick Tip to Solve: For each basis, ask whether only the partners' agreement changes or the entire business is wound up.

3. Madhu, Manav and Mukul were partners in a firm sharing profits in the ratio of 3:2:1. On 31st March, 2021 Mukul retired from the firm. On Mukul's retirement, goodwill of the firm was valued at Rs. 3,00,000. Pass necessary Journal entry for the treatment of goodwill without opening goodwill account on Mukul's retirement. [2 marks]

Solution:

Concept:

- When goodwill is adjusted without opening a Goodwill Account, the gaining partners compensate the retiring partner through their Capital Accounts.
- The retiring partner's share of goodwill equals the firm's goodwill multiplied by that partner's old profit share. In the absence of a specified new ratio, continuing partners retain their old relative ratio.

Step 1: Calculate Mukul's share and the gaining ratio The old ratio of Madhu, Manav and Mukul is $3:2:1$. Mukul's share is $1/6$, so his goodwill entitlement is:

$$\text{Rs } 3,00,000 \times \frac{1}{6} = \text{Rs } 50,000.$$

Madhu and Manav continue in their old relative ratio $3:2$. Their gains are:

$$\text{Madhu} : \frac{3}{5} - \frac{3}{6} = \frac{1}{10},$$
$$\text{Manav} : \frac{2}{5} - \frac{2}{6} = \frac{1}{15}.$$

Thus, their gaining ratio is $3:2$. Madhu bears Rs 30,000 and Manav bears Rs 20,000 of the compensation.

Step 2: Record the goodwill adjustment **Journal of the Firm**

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
31-3-2021	Madhu's Capital A/c Dr.		30,000	
	Manav's Capital A/c Dr.		20,000	
	To Mukul's Capital A/c			50,000
	(Being Mukul's share of goodwill adjusted through the gaining partners' Capital Accounts in the ratio 3:2)			

The debit to each continuing partner represents the benefit acquired, while the credit compensates Mukul. No Goodwill Account is opened.

Step 3: Conclusion Debit Madhu's Capital Account by Rs 30,000 and Manav's Capital Account by Rs 20,000; credit Mukul's Capital Account by Rs 50,000.

Quick Tip to Solve: When no new ratio is given on retirement, preserve the continuing partners' old relative ratio and use it to share goodwill compensation.

4(a). As per Receipts and Payments Account of Kala Club for the year ended 31st March, 2021, subscriptions received were Rs. 4,00,000.

Additional Information:

Particulars	Amount (Rs.)
Subscriptions outstanding on 1.4.2020	1,00,000
Subscriptions outstanding on 31.3.2021	70,000
Subscriptions received in advance on 1.4.2020	50,000
Subscriptions received in advance on 31.3.2021	80,000

Calculate the amount of subscriptions to be shown in Income and Expenditure Account for the year ended 31st March, 2021 as income from subscription. [3 marks]

Solution:

Concept:

- The Income and Expenditure Account follows the accrual basis: subscription income belongs to the accounting year, regardless of the date of receipt.
- Current-year subscriptions equal receipts minus opening outstanding subscriptions plus closing outstanding subscriptions plus opening advance subscriptions minus closing advance subscriptions.

Step 1: Adjust subscriptions outstanding Receipts of Rs 4,00,000 include Rs 1,00,000 outstanding at the beginning of the year. These arrears relate to the preceding year, so deduct them. Add Rs 70,000 outstanding at the end because it is income earned in the current year but not yet received. After these adjustments, the amount is

$$4,00,000 - 1,00,000 + 70,000 = \text{Rs } 3,70,000.$$

Step 2: Adjust subscriptions received in advance Opening advance subscriptions of Rs 50,000 were received earlier but relate to this year, so add them. Closing advance subscriptions of Rs 80,000 relate to the next year, so deduct them. The complete calculation is:

Particulars	Amount (Rs)
Subscriptions received during the year	4,00,000
Less: Opening outstanding subscriptions	(1,00,000)
Add: Closing outstanding subscriptions	70,000
Add: Opening advance subscriptions	50,000
Less: Closing advance subscriptions	(80,000)
Subscription income for the year	3,40,000

Thus the cash received is reduced by a net Rs 60,000 to obtain income earned during the year.

Step 3: Conclusion Kala Club will show subscriptions of $\boxed{\text{Rs } 3,40,000}$ on the income side of the Income and Expenditure Account for the year ended 31st March, 2021.

Quick Tip to Solve: For subscription income, add closing arrears and opening advances; deduct opening arrears and closing advances from receipts.

OR

4(b). From the following information, calculate the amount of stationery to be shown in Income and Expenditure Account for the year ended 31st March, 2021:

Particulars	1st April, 2020 (Rs.)	31st March, 2021 (Rs.)
Creditors for Stationery	5,600	12,800
Stock of Stationery	25,000	35,000

During the year ended 31st March, 2021 payment made to Creditors amounted to Rs. 62,800. Stationery purchased during the year was Rs. 2,00,000. [3 marks]

Solution:

Concept:

- Stationery expense is the cost of stationery consumed during the year: opening stock plus total purchases less closing stock.
- Payments to creditors settle credit purchases. Credit purchases equal payments to creditors plus closing creditors minus opening creditors; they are only a component of total purchases when total purchases are separately given.

Step 1: Identify the total stationery purchases The question expressly gives stationery purchased during the year as Rs 2,00,000. This is the total purchase figure to use for calculating consumption. The creditors information provides a check on how these purchases were financed:

$$\begin{aligned} \text{Credit purchases} &= 62,800 + 12,800 - 5,600 \\ &= \text{Rs } 70,000. \\ \text{Cash purchases} &= 2,00,000 - 70,000 \\ &= \text{Rs } 1,30,000. \end{aligned}$$

Hence Rs 70,000 must not be substituted for the total purchases of Rs 2,00,000, and payments to creditors must not be added again to total purchases.

Step 2: Calculate the stationery consumed Opening stock is available for use in addition to this year's purchases, while closing stock remains unused and is carried forward as an asset. Therefore:

Particulars	Amount (Rs)
Opening stock of stationery	25,000
Add: Total purchases during the year	2,00,000
Stationery available for consumption	2,25,000
Less: Closing stock of stationery	(35,000)
Stationery consumed	1,90,000

The increase in stock of Rs 10,000 means consumption is Rs 10,000 less than total purchases. Only the consumed portion is charged as an expense for the current accounting year.

Step 3: Conclusion Stationery of $\boxed{\text{Rs } 1,90,000}$ is shown on the expenditure side of the Income and Expenditure Account for the year ended 31st March, 2021.

Quick Tip to Solve: When total purchases are explicitly given, use that total for consumption; creditor adjustments identify credit purchases only.

5. Puneet, Purav and Parth were partners in a firm sharing profits and losses in the ratio of 4:3:1. The firm closes its books on 31st March every year. As per the terms of partnership deed, on the death of any partner, the Goodwill of the firm will be calculated on the basis of 3 times the average profits of last 4 years. Puneet died on 1st July, 2021. The profits for last four years were:

Year	Profit (Rs.)
2017-18	90,000
2018-19	1,00,000
2019-20	1,30,000
2020-21	80,000

Puneet's share of profit upto the date of death was to be calculated on the basis of previous year's profit.

(i) Calculate goodwill of the firm and Puneet's share of goodwill.

(ii) Calculate Puneet's share in the profits of the firm till the date of his death.

(iii) Pass necessary journal entries for the treatment of goodwill without opening goodwill account and for Puneet's share of profit at the time of his death. [3 marks]

Solution:

Concept:

- Goodwill under the average-profit method equals average annual profit multiplied by the agreed number of years of purchase.
- The deceased partner receives his old profit-sharing fraction of goodwill and his estimated profit up to death. Continuing partners compensate goodwill in their gaining ratio.

Step 1: Calculate goodwill and Puneet's entitlement The total profit of the four completed financial years is

$$90,000 + 1,00,000 + 1,30,000 + 80,000 = \text{Rs } 4,00,000.$$

Hence average annual profit is $4,00,000/4 = \text{Rs } 1,00,000$. Goodwill of the firm is $1,00,000 \times 3 = \text{Rs } 3,00,000$. Puneet's old share is $4/(4+3+1) = 4/8$, so his share of goodwill is $3,00,000 \times 4/8 = \text{Rs } 1,50,000$.

Step 2: Calculate profit up to death The period from 1st April, 2021 to 1st July, 2021 is three months. Use the previous year's profit of Rs 80,000, rather than the four-year average used for goodwill:

$$\text{Puneet's profit} = 80,000 \times \frac{3}{12} \times \frac{4}{8} = \text{Rs } 10,000.$$

Since the year's final profit is not yet determined, debit Profit and Loss Suspense Account for this interim entitlement.

Step 3: Record the adjustments No revised ratio is given, so Purav and Parth continue in their old relative ratio of $3:1$. Their new shares are $3/4$ and $1/4$; their gains are $3/4 - 3/8 = 3/8$ and $1/4 - 1/8 = 1/8$. Thus the gaining ratio is $3:1$, and the goodwill debits are Rs 1,12,500 and Rs 37,500.

Journal of the firm

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
1 July 2021	Purav's Capital A/c Dr. Parth's Capital A/c Dr. To Puneet's Capital A/c (Being Puneet's goodwill adjusted in gaining ratio)		1,12,500 37,500	 1,50,000
1 July 2021	Profit and Loss Suspense A/c Dr. To Puneet's Capital A/c (Being profit up to death credited to Puneet)		10,000	10,000

Step 4: Conclusion Goodwill of the firm is Rs 3,00,000; Puneet's goodwill share is Rs 1,50,000 and his profit up to death is Rs 10,000. His capital is credited with Rs 1,60,000 through the two entries above.

Quick Tip to Solve: Use the average of four years only for goodwill; use the immediately previous year for profit up to death.

6(a). Radhey Ltd. took over assets of Rs. 14,00,000 and liabilities of Rs. 6,00,000 of Krishna Ltd. Radhey Ltd. paid the purchase consideration by issuing 10,000, 8% Debentures of Rs. 100 each at a premium of 10%.

Pass necessary journal entries in the books of Radhey Ltd. [3 marks]

Solution:

Concept:

- Purchase consideration settled by securities equals the number of securities multiplied by their issue price, including premium.
- When purchase consideration exceeds identifiable net assets taken over, debit the difference to Goodwill Account. The face value of debentures is credited separately from securities premium.

Step 1: Determine purchase consideration and goodwill The issue price of each Rs 100 debenture is $100 + 10\%$ of $100 = \text{Rs } 110$. Therefore the purchase consideration payable to Krishna Ltd. is

$$10,000 \times 110 = \text{Rs } 11,00,000.$$

Net assets taken over are $14,00,000 - 6,00,000 = \text{Rs } 8,00,000$. The excess consideration is goodwill:

$$11,00,000 - 8,00,000 = \text{Rs } 3,00,000.$$

The 8 percent coupon determines future interest; it does not affect the consideration or the issue premium.

Step 2: Record acquisition and discharge of consideration The liabilities taken over are credited, since Radhey Ltd. assumes the obligation to pay them. Krishna Ltd. is credited with the consideration and then debited when the debentures settle that balance.

Journal of Radhey Ltd.

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Krishna Ltd. (Being assets and liabilities taken over for agreed consideration)		14,00,000 3,00,000	 6,00,000 11,00,000
	Krishna Ltd. Dr. To 8% Debentures A/c To Securities Premium Reserve A/c (Being 10,000 debentures of Rs 100 issued at 10% premium to settle consideration)		11,00,000	 10,00,000 1,00,000

The first entry balances at Rs 17,00,000 on each side. The settlement entry balances at Rs 11,00,000 and clears the vendor's account completely.

Step 3: Conclusion Purchase consideration is Rs 11,00,000 and goodwill is Rs 3,00,000. Credit 8% Debentures with Rs 10,00,000 and Securities Premium Reserve with Rs 1,00,000.

Quick Tip to Solve: Value the debentures at their issue price of Rs 110 before comparing consideration with net assets.

OR

6(b). Amay Ltd. invited applications for issuing 10,000, 8% debentures of Rs. 100 each. The amount was payable as follows:

Rs. 30 on application and Rs. 70 on allotment. The public applied for 12,000 debentures. Applications for 8,000 debentures were accepted in full; applications for 3,000 debentures were allotted 2,000 debentures and the remaining applications were rejected. All money was duly received.

Pass the necessary journal entries in the books of the company for the above transactions. [3 marks]

Solution:

Concept:

- Application money received is credited to Debenture Application Account. On allotment, the amount due on allotted debentures is transferred to Debentures Account; excess application money is adjusted against allotment, and money on rejected applications is refunded.
- Debentures issued at par are credited at face value. Rs 30 per debenture is due on application and Rs 70 on allotment. The interest rate of 8% does not change the issue entries.

Step 1: Calculate application adjustments and allotment receipt Application money received is $12,000 \times 30 =$ Rs $3,60,000$. The rejected applications are $12,000 - 8,000 - 3,000 = 1,000$ debentures, so Rs 30,000 is refunded. Application money transferred to Debentures Account is $10,000 \times 30 =$ Rs $3,00,000$.

The pro-rata group paid $3,000 \times 30 =$ Rs $90,000$ against an application requirement of $2,000 \times 30 =$ Rs $60,000$. Its excess Rs 30,000 is adjusted against allotment. Total allotment due is $10,000 \times 70 =$ Rs $7,00,000$; hence cash received on allotment is $7,00,000 - 30,000 =$ Rs $6,70,000$.

Step 2: Pass the journal entries Journal of Amay Ltd.

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Bank A/c Dr. To Debenture Application A/c (Being application money received on 12,000 debentures at Rs 30 each)		3,60,000	 3,60,000
	Debenture Application A/c Dr. To 8% Debentures A/c To Debenture Allotment A/c To Bank A/c (Being application money transferred, excess adjusted against allotment and rejected applications refunded)		3,60,000	 3,00,000 30,000 30,000
	Debenture Allotment A/c Dr. To 8% Debentures A/c (Being allotment money due on 10,000 debentures at Rs 70 each)		7,00,000	 7,00,000
	Bank A/c Dr. To Debenture Allotment A/c (Being allotment money received after adjustment of excess application money of Rs 30,000)		6,70,000	 6,70,000

Step 3: Conclusion Debentures Account is credited with Rs 10,00,000 in total. The refund is Rs 30,000 and the allotment cash receipt is Rs 6,70,000 after adjusting excess application money of Rs 30,000.

Quick Tip to Solve: Separate the Rs 30,000 refund from the Rs 30,000 pro-rata excess: only the latter reduces the allotment cash receipt.

7(a). Give the necessary journal entries for the following transactions on dissolution of the firm of Sonu and Monu on 31st March, 2021, after transfer of various assets (other than cash and bank balance) and the third party liabilities to Realisation Account. They shared profits and losses in the ratio of 2:1.

(i) Sonu agreed to take over the firm's goodwill (not recorded in the books of the firm) at a valuation of Rs. 40,000.

(ii) Bills payable of Rs. 30,000 falling due on 30th April, 2021 were discharged at Rs. 29,550.

(iii) Stock worth Rs. 8,00,000 was taken over by partner, Sonu at 10% discount.

(iv) Creditors of Rs. 2,00,000; accepted machinery valued at Rs. 2,20,000 in full settlement of their claim.

(v) Expenses of realisation Rs. 10,000 were paid by partner, Sonu. [5 marks]

Solution:

Concept:

- After assets and third-party liabilities have been transferred, Realisation Account records the amounts actually realised or paid. Do not repeat their original transfer entries.

- A partner taking an asset is debited through the capital account; Realisation Account is credited at the agreed value. Realisation expenses borne by the firm are debited to Realisation Account, with the paying partner credited when that partner pays personally.
- When a creditor accepts an asset in full settlement and both balances have already been transferred to Realisation Account, no further journal entry is required.

Step 1: (i) Unrecorded goodwill taken over by Sonu Goodwill is an unrecorded asset, but the agreed takeover value is still a realisation by the firm. Sonu receives the benefit, so his capital is debited by Rs 40,000. No separate Goodwill Account need be opened.

Journal of Sonu and Monu (31st March, 2021)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
31-03-2021	Sonu's Capital A/c Dr.		40,000	
	To Realisation A/c			40,000
	(Being unrecorded goodwill taken over by Sonu at its agreed value)			

Step 2: (ii) Discharge the bills payable The bills payable have already been transferred to Realisation Account at Rs 30,000. Record only the actual payment of Rs 29,550. The saving of $30,000 - 29,550 = 450$ remains in Realisation Account automatically; a separate discount entry would duplicate it.

Journal of Sonu and Monu (31st March, 2021)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
31-03-2021	Realisation A/c Dr.		29,550	
	To Bank A/c			29,550
	(Being bills payable discharged before maturity at the agreed amount)			

Step 3: (iii) Stock taken over at a discount The discount is $8,00,000 \times 10/100 = 80,000$. Hence, Sonu takes the stock for $8,00,000 - 80,000 = 7,20,000$. The capital debit must use this agreed value, rather than the original book value.

Journal of Sonu and Monu (31st March, 2021)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
31-03-2021	Sonu's Capital A/c Dr.		7,20,000	
	To Realisation A/c			7,20,000
	(Being stock taken over by Sonu at a discount of 10 per cent)			

Step 4: (iv) Machinery accepted by creditors No journal entry is passed. Creditors of Rs 2,00,000 accept machinery valued at Rs 2,20,000 in full settlement, and both the liability and the asset have already been transferred to Realisation Account. Neither cash nor a partner capital account is involved. The difference is absorbed in Realisation Account through the earlier transfers; no additional entry for Rs 20,000 is appropriate.

Step 5: (v) Expenses paid personally by Sonu The expenses belong to the firm. Sonu merely pays them personally; the question does not say he agreed to bear them. Therefore, debit Realisation Account and credit his capital for the amount due to him.

Journal of Sonu and Monu (31st March, 2021)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
31-03-2021	Realisation A/c Dr.		10,000	
	To Sonu's Capital A/c			10,000
	(Being realisation expenses paid by Sonu on behalf of the firm)			

Step 6: Conclusion The required entries record goodwill at Rs 40,000, bills paid at Rs 29,550, stock taken over at Rs 7,20,000 and expenses at Rs 10,000. There is no further entry for the machinery given to creditors. The 2:1 ratio is used only if an overall realisation profit or loss is subsequently distributed.

Quick Tip to Solve: For each dissolution transaction, first check whether any cash or partner capital changes; an asset directly settling a transferred creditor needs no fresh entry.

OR

7(b). Anu, Bhanu and Charu were partners in a firm sharing profits in the ratio of 2:2:1. Anu decided to retire from the firm on 31st March, 2021. The balance sheet of the firm on that date was as follows:

Balance Sheet of Anu, Bhanu and Charu as on 31st March, 2021

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	24,000	Bank	10,000
Profit & Loss A/c	5,000	Debtors 20,000 Less Provision for Doubtful Debts 400	19,600
Capitals: Anu 31,000 Bhanu 30,000 Charu 22,000	83,000	Stock	27,000
		Investments	10,000
		Patents	2,400
		Premises	43,000
	1,12,000		1,12,000

On retirement of Anu, following terms were agreed upon:

(i) Anu sold her share of premium for goodwill to Bhanu for Rs. 6,000 and to Charu for Rs. 3,000.

(ii) Provision for doubtful debts was to be raised to 5% on debtors.

(iii) Patents were considered as valueless.

(iv) Anu was paid Rs. 9,600 through a cheque and balance was transferred to her loan A/c.

Prepare Revaluation Account and Anu's Capital Account on her retirement. [5 marks]

Solution:

Concept:

- Revaluation records changes in the book values of assets and liabilities. Its profit or loss belongs to all the old partners in their old profit-sharing ratio, here $2 : 2 : 1$.
- Accumulated profits are credited to the old partners' capital accounts in their old ratio. The retiring partner also receives the agreed goodwill compensation from the continuing partners.
- After all adjustments, the amount due to the retiring partner is settled through bank and the unpaid amount is transferred to the retiring partner's Loan Account.

Step 1: Calculate the revaluation adjustments The required provision is calculated on gross debtors of Rs 20,000, rather than the net amount shown in the balance sheet:

$$\text{Required provision} = 20,000 \times 5\% = 1,000,$$
$$\text{Additional provision} = 1,000 - 400 = 600.$$

Only the increase of Rs 600 is charged to Revaluation Account because the existing Rs 400 has already been deducted in the books. Patents become valueless, so their entire book value of Rs 2,400 is written off. Therefore, revaluation loss is Rs $600 + 2,400 = 3,000$. No other asset or liability has an agreed change.

Step 2: Prepare Revaluation Account The loss is borne by Anu, Bhanu and Charu in the ratio $2 : 2 : 1$: Rs 1,200, Rs 1,200 and Rs 600 respectively. The capital accounts are debited and Revaluation Account is credited with these amounts.

Revaluation Account

Dr.	Particulars	Amount (Rs)	Particulars	Amount (Rs)	Cr.
	To Provision for Doubtful Debts A/c	600	By Anu's Capital A/c	1,200	
	To Patents A/c	2,400	By Bhanu's Capital A/c	1,200	
			By Charu's Capital A/c	600	
	Total	3,000	Total	3,000	

The loss is transferred completely to the partners; hence Revaluation Account has no closing balance.

Step 3: Work out Anu's adjusted capital The credit balance of Profit and Loss Account represents accumulated profit. Anu's share is Rs $5,000 \times 2/5 = 2,000$. Bhanu's and Charu's agreed goodwill compensations of Rs 6,000 and Rs 3,000 are credited to Anu's Capital Account, with corresponding debits to their capital accounts. The existing goodwill asset is not raised.

$$\text{Amount due to Anu} = 31,000 + 2,000 + 6,000 + 3,000 - 1,200$$
$$= 40,800,$$
$$\text{Transferred to Loan A/c} = 40,800 - 9,600 = 31,200.$$

Step 4: Prepare Anu's Capital Account **Anu's Capital Account**

Dr.	Particulars	Amount (Rs)	Particulars	Amount (Rs)	Cr.
	To Revaluation A/c	1,200	By Balance b/d	31,000	
	To Bank A/c	9,600	By Profit and Loss A/c	2,000	
	To Anu's Loan A/c	31,200	By Bhanu's Capital A/c	6,000	
			By Charu's Capital A/c	3,000	
	Total	42,000	Total	42,000	

The account is closed by settlement and transfer to loan, so there is no capital balance c/d. The loan is the firm's outstanding liability to Anu after retirement.

Step 5: Conclusion Revaluation loss is Rs 3,000, of which Anu bears Rs 1,200. Anu is entitled to Rs 40,800; Rs 9,600 is paid by cheque and Rs 31,200 is transferred to Anu's Loan Account.

Quick Tip to Solve: Charge only the increase in provision (Rs 600), then credit Anu with both accumulated profit and the two agreed goodwill amounts before deducting her cheque payment.

8. Pass journal entries relating to issue of debentures for the following transactions:

(a) Issued 8,000, 10% debentures of Rs. 100 each at a discount of 10%, redeemable at 5% premium.

(b) Issued 4,000, 12% debentures of Rs. 100 each at 10% premium, redeemable at 6% premium.

(c) Issued Rs. 1,00,000, 9% debentures of Rs. 100 each at par redeemable at par.

(d) Issued Rs. 5,00,000, 9% debentures of Rs. 100 each at 10% premium redeemable at par.

(e) Issued 6,000, 9% debentures of Rs. 100 each at a discount of 10% redeemable at par. [5 marks]

Solution:

Concept:

- Debentures A/c is credited with the nominal (face) value of the debentures issued. Bank A/c is debited with the actual issue proceeds. The coupon rate identifies the liability account; it does not change the issue proceeds.
- An issue premium is credited to Securities Premium A/c. A discount on issue and any premium payable on redemption are debited to Loss on Issue of Debentures A/c. The redemption premium is credited separately as a liability.
- For each entry, total debits must equal total credits. At issue, the redemption premium is recognised but no redemption payment is made.

Step 1: (a) Record the issue of 10% debentures The face value is Rs 8,00,000. The bank receives Rs 7,20,000. Discount on issue is Rs 80,000. Premium payable on redemption is Rs 40,000. Therefore, Loss on Issue of Debentures is debited with Rs 1,20,000.

Journal: transaction (a)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Bank A/c Dr.		7,20,000	
	Loss on Issue of Debentures A/c Dr.		1,20,000	
	To 10% Debentures A/c			8,00,000
	To Premium on Redemption of Debentures A/c			40,000
	(Being debentures issued on the stated terms)			

Step 2: (b) Record the issue of 12% debentures The face value is Rs 4,00,000. The bank receives Rs 4,40,000. Premium payable on redemption is Rs 24,000. Securities premium on issue is Rs 40,000. Therefore, Loss on Issue of Debentures is debited with Rs 24,000.

Journal: transaction (b)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Bank A/c Dr.		4,40,000	
	Loss on Issue of Debentures A/c Dr.		24,000	
	To 12% Debentures A/c			4,00,000
	To Securities Premium A/c			40,000
	To Premium on Redemption of Debentures A/c			24,000
	(Being debentures issued on the stated terms)			

Step 3: (c) Record the issue of 9% debentures The face value is Rs 1,00,000. The bank receives Rs 1,00,000.

Journal: transaction (c)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Bank A/c Dr.		1,00,000	
	To 9% Debentures A/c			1,00,000
	(Being debentures issued on the stated terms)			

Step 4: (d) Record the issue of 9% debentures The face value is Rs 5,00,000. The bank receives Rs 5,50,000. Securities premium on issue is Rs 50,000.

Journal: transaction (d)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Bank A/c Dr.		5,50,000	
	To 9% Debentures A/c			5,00,000
	To Securities Premium A/c			50,000
	(Being debentures issued on the stated terms)			

Step 5: (e) Record the issue of 9% debentures The face value is Rs 6,00,000. The bank receives Rs 5,40,000. Discount on issue is Rs 60,000. Therefore, Loss on Issue of Debentures is debited with Rs 60,000.

Journal: transaction (e)

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
	Bank A/c Dr. Loss on Issue of Debentures A/c Dr. To 9% Debentures A/c (Being debentures issued on the stated terms)		5,40,000 60,000	 6,00,000

Step 6: Conclusion The five journal entries above record the issue proceeds, face-value liability, securities premium and loss on issue, as applicable. Loss on Issue of Debentures is Rs 1,20,000 in (a), Rs 24,000 in (b), and Rs 60,000 in (e); no loss arises in (c) or (d).

Quick Tip to Solve: Compute face value first, then calculate issue proceeds and redemption premium separately; the interest rate is only the debenture account label.

9. Following is the Receipts and Payments Account of Indian Youth Club for the year ended 31st March, 2021:

'Receipts and Payments Account' of Indian Youth Club for the year ended 31st March, 2021

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d: Cash 25,000 Bank 2,85,000	3,10,000	By Salaries	3,60,000
To Subscriptions (including Rs. 40,000 for year ending 31.3.2022)	4,00,000	By Printing & Stationery	19,000
To Interest on investments	1,000	By Printer	40,000
		By Investments	80,000
		By Balance c/d: Cash 12,000 Bank 2,00,000	2,12,000
	7,11,000		7,11,000

Additional Information:

(i) Investments were made on 1st October, 2020 @ 5% p.a.

(ii) Salaries for March, 2021 Rs. 5,000 are unpaid.

(iii) Rs. 3,000 are payable for stationery.

Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2021. [5 marks]

Solution:

Concept:

- The Income and Expenditure Account records revenue income and revenue expenses pertaining to the current accounting year on the accrual basis, irrespective of the date of receipt or payment.

- Subscriptions received in advance are excluded from current income. Outstanding expenses are added to expenses paid, and accrued investment interest is added to interest received.
- Opening and closing cash and bank balances, purchase of a printer and purchase of investments are capital or balance-sheet items; they do not enter this account.

Step 1: Determine subscriptions and investment income Subscriptions of Rs 40,000 relate to the year ending 31st March, 2022 and therefore represent income received in advance. The current year's subscription income is:

$$\text{Subscriptions} = 4,00,000 - 40,000 = \text{Rs } 3,60,000.$$

The investments of Rs 80,000 were made on 1st October, 2020. Interest therefore accrues for six months up to 31st March, 2021:

$$\text{Interest earned} = 80,000 \times \frac{5}{100} \times \frac{6}{12} = \text{Rs } 2,000.$$

Since only Rs 1,000 has been received, accrued interest is Rs 1,000. Credit the account with the full interest earned, Rs 2,000.

Step 2: Determine the revenue expenses for the year Add the unpaid March salary and the stationery amount payable to the respective cash payments:

$$\text{Salaries} = 3,60,000 + 5,000 = \text{Rs } 3,65,000,$$
$$\text{Printing and stationery} = 19,000 + 3,000 = \text{Rs } 22,000.$$

The printer costing Rs 40,000 is an asset and the investments costing Rs 80,000 are also assets, so neither purchase is treated as an expense. No depreciation rate or depreciation amount is given. The opening and closing cash and bank balances are excluded because they are balances of assets, rather than income or expenses.

Step 3: Prepare the Income and Expenditure Account **Indian Youth Club**
Income and Expenditure Account for the year ended 31st March, 2021

Dr. Expenditure	Amount (Rs)	Income Cr.	Amount (Rs)
To Salaries	3,65,000	By Subscriptions	3,60,000
To Printing and stationery	22,000	By Interest on investments	2,000
		By Deficit (excess of expenditure over income)	25,000
Total	3,87,000	Total	3,87,000

Revenue income totals Rs 3,62,000, whereas revenue expenditure totals Rs 3,87,000. The balancing deficit is transferred to the capital fund and reduces it; it is not an additional revenue receipt.

Step 4: Conclusion Indian Youth Club has a deficit of Rs $25,000$ for the year ended 31st March, 2021, since $3,87,000 - 3,62,000 = 25,000$.

Quick Tip to Solve: Calculate six months' interest from 1st October before preparing the account, and exclude the Rs 40,000 advance subscription and both asset purchases.

Part B (10 marks)

(Option-I) (Analysis of Financial Statements)

10. State whether the following transactions will result in inflow, outflow or no flow of cash while preparing cash flow statement:

(i) Issued bonus shares Rs. 5,00,000.

(ii) Interest received in cash from loans and advances Rs. 80,000. [2 marks]

Solution:

Concept:

- A cash flow is an actual inflow or outflow of cash and cash equivalents. Transactions affecting only non-cash accounts are excluded from the cash flow statement.
- Bonus shares capitalise reserves without cash movement. Interest received on loans and advances is an investing inflow for a non-financial enterprise.

Step 1: (i) Examine the issue of bonus shares The issue of bonus shares of Rs 5,00,000 transfers the amount from reserves to share capital. Shareholders receive additional shares without paying cash to the company, and the company makes no cash payment. Although the composition of shareholders' funds changes, cash and cash equivalents do not change. This non-cash transaction is excluded from the cash flow statement; an increase in share capital alone does not establish a cash receipt.

Step 2: (ii) Examine the receipt of interest Interest of Rs 80,000 has actually been received in cash from loans and advances. Cash therefore increases by Rs 80,000. This is an inflow of cash, irrespective of whether the interest has also been recognised as income in the Statement of Profit and Loss. For a non-financial enterprise, show the receipt under cash flow from investing activities. The word received distinguishes this amount from interest merely accrued and still receivable.

Step 3: Conclusion (i) Bonus shares of Rs 5,00,000: **no flow of cash**.

(ii) Interest received of Rs 80,000: **inflow of cash**, Rs 80,000.

Quick Tip to Solve: Ask whether cash actually moves: converting reserves into bonus share capital does not move cash, whereas interest explicitly received in cash does.

11(a). From the information extracted from the Statement of Profit and Loss prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2021:

Particulars	2020-21 (Rs.)	2019-20 (Rs.)
Revenue from operations	7,20,000	4,00,000
Expenses	5,00,000	2,00,000
Tax Rate @ 50%		

[3 marks]

Solution:

Concept:

- A comparative statement presents the previous year's figures, current year's figures, absolute change and percentage change together.
- Absolute change equals current year minus previous year. Percentage change equals absolute change divided by the previous year's figure, multiplied by 100.
- Profit before tax equals revenue from operations less expenses; tax is 50% of profit before tax, and profit after tax is the balance.

Step 1: Calculate profits and tax for both years For 2019-20, profit before tax is Rs $4,00,000 - 2,00,000 = 2,00,000$. Tax at 50% is Rs 1,00,000, leaving profit after tax of Rs 1,00,000.

For 2020-21, profit before tax is Rs $7,20,000 - 5,00,000 = 2,20,000$. Tax at 50% is Rs 1,10,000, leaving profit after tax of Rs 1,10,000. Tax is calculated on profit, rather than on revenue.

Step 2: Determine changes using the previous year as the base Revenue increases by Rs 3,20,000, giving $3,20,000/4,00,000 \times 100 = 80\%$. Expenses increase by Rs 3,00,000, giving $3,00,000/2,00,000 \times 100 = 150\%$. Profit before tax increases by Rs 20,000, or 10%. Since the tax rate is unchanged, both tax and profit after tax also increase by 10%. A percentage increase above 100% is possible: here expenses become 250% of the previous year's amount, an increase of 150%.

Step 3: Prepare the comparative statement **Comparative Statement of Profit and Loss**
For the year ended 31st March, 2021

Particulars	2019-20 (Rs)	2020-21 (Rs)	Increase (Rs)	Change (%)
Revenue from operations	4,00,000	7,20,000	3,20,000	80
Less: Expenses	2,00,000	5,00,000	3,00,000	150
Profit before tax	2,00,000	2,20,000	20,000	10
Less: Tax at 50%	1,00,000	1,10,000	10,000	10
Profit after tax	1,00,000	1,10,000	10,000	10

Step 4: Conclusion Profit after tax increased from Rs 1,00,000 to Rs 1,10,000, an increase of Rs 10,000 or 10%. Expenses grew faster than revenue, so the 80% rise in revenue produced only a 10% rise in profit.

Quick Tip to Solve: Put 2019-20 in the base-year column and divide every increase by its own 2019-20 figure; do not divide by the current-year amount.

OR

11(b). From the following Balance Sheet of Rohit Ltd., prepare a Common Size Balance Sheet:

Balance Sheet of Rohit Ltd.

as at 31st March, 2021

Particulars	Note No.	31st March, 2021 (Rs.)	31st March, 2020 (Rs.)
I. Equity and Liabilities			
1. Shareholders' Funds		3,20,000	1,60,000
2. Current Liabilities		80,000	40,000
Total		4,00,000	2,00,000
II. Assets			
1. Non Current Assets		3,00,000	1,50,000
2. Current Assets		1,00,000	50,000
Total		4,00,000	2,00,000

[3 marks]

Solution:

Concept:

- A common size balance sheet expresses each item as a percentage of the total balance sheet amount of the same year. Total assets and total equity and liabilities each represent 100%.
- For each year, Common size percentage $= \dfrac{\text{Amount of the item}}{\text{Total balance sheet amount}} \times 100$. Use separate denominators for the two years; these percentages show composition, rather than the rate of change between years.

Step 1: Compute the percentages using each year's total The base for 31st March, 2021 is Rs 4,00,000 and that for 31st March, 2020 is Rs 2,00,000. For 2021, shareholders' funds constitute $3,20,000/4,00,000 \times 100 = 80\%$, while current liabilities constitute $80,000/4,00,000 \times 100 = 20\%$. Non-current assets constitute $3,00,000/4,00,000 \times 100 = 75\%$, leaving current assets at 25%. Applying the 2020 base gives respectively 80%, 20%, 75% and 25% again.

Step 2: Prepare the Common Size Balance Sheet **Common Size Balance Sheet of Rohit Ltd.**

as at 31st March, 2021 and 31st March, 2020

Particulars	2021 (Rs)	2020 (Rs)	2021 (%)	2020 (%)
I. Equity and Liabilities				
Shareholders' Funds	3,20,000	1,60,000	80	80
Current Liabilities	80,000	40,000	20	20
Total	4,00,000	2,00,000	100	100
II. Assets				
Non-current Assets	3,00,000	1,50,000	75	75
Current Assets	1,00,000	50,000	25	25
Total	4,00,000	2,00,000	100	100

Step 3: Conclusion In both years, shareholders' funds and current liabilities are 80% and 20% of total funds; non-current and current assets are 75% and 25% of total assets. The amounts doubled, while the financing and asset proportions remained unchanged.

Quick Tip to Solve: Divide each year's items by that same year's total; never use the previous year's total to calculate common size percentages.

12. Calculate 'Cash Flows from Investing Activities' and 'Cash Flows from Financing Activities' for the year ended 31st March, 2021 from the following Balance Sheet of Kamna Ltd. as at 31st March, 2021 showing your workings clearly:

Kamna Ltd.

Balance Sheet

as at 31st March, 2021

Particulars	Note No.	31st March, 2021 (Rs.)	31st March, 2020 (Rs.)
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share Capital		12,00,000	11,00,000
(b) Reserves and surplus	1	3,00,000	2,00,000
2. Non-Current Liabilities			
Long-term borrowings		2,40,000	1,70,000
3. Current Liabilities			
Trade payables		2,20,000	2,81,000
Total		19,60,000	17,51,000
II. Assets			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2	10,70,000	8,50,000
(ii) Intangible Assets	3	40,000	1,12,000
2. Current Assets			
(a) Current Investments		2,40,000	1,50,000
(b) Inventories		1,20,000	1,21,000
(c) Trade Receivables		1,70,000	1,43,000
(d) Cash and Cash Equivalents		3,20,000	3,75,000
Total		19,60,000	17,51,000

Notes to Accounts:

Note	Particulars	31-3-2021 (Rs)	31-3-2020 (Rs)
1	Reserves and surplus: Surplus in Statement of Profit & Loss	 3,00,000	 2,00,000
2	Tangible assets: Machinery Less: Accumulated depreciation Net tangible assets	12,70,000 (2,00,000) 10,70,000	10,00,000 (1,50,000) 8,50,000
3	Intangible assets: Goodwill	40,000	1,12,000

Additional Information:

A piece of Machinery costing Rs. 24,000 on which accumulated depreciation was Rs. 16,000, was sold for Rs. 6,000. [5 marks]

Solution:

Concept:

- Investing activities include cash paid to acquire machinery and investments and cash received from their sale. Machinery purchases are found using gross cost, so accumulated depreciation does not distort the cash payment.
- Financing activities change share capital and long-term borrowings. In the absence of any non-cash issue or repayment information, the increases in these balances represent cash receipts.
- Depreciation and goodwill written off are non-cash adjustments. Current investments are shown separately from cash and cash equivalents here; their increase is an investing cash outflow.

Step 1: Work out cash paid for machinery Opening machinery at cost is Rs 10,00,000 and closing machinery at cost is Rs 12,70,000. The machine sold must be removed at its original cost of Rs 24,000, not at its sale proceeds or written-down value. Therefore,

$$\begin{aligned}\text{Purchases} &= \text{Closing cost} + \text{Cost sold} - \text{Opening cost}\\ &= 12,70,000 + 24,000 - 10,00,000\\ &= \text{Rs } 2,94,000.\end{aligned}$$

The cash received from the machinery sale is the stated Rs 6,000. Its book value is Rs $24,000 - 16,000 = 8,000$, giving a loss of Rs 2,000. That loss is not an additional investing outflow: the investing receipt remains Rs 6,000.

Step 2: Determine other investing and financing cash movements Investments have increased from Rs 1,50,000 to Rs 2,40,000. With no disposal information, the net purchase of investments is Rs $2,40,000 - 1,50,000 = 90,000$.

Share capital has increased by Rs $12,00,000 - 11,00,000 = 1,00,000$, representing proceeds from issue of shares. Long-term borrowings have increased by Rs $2,40,000 - 1,70,000 = 70,000$, representing proceeds from borrowings. No dividend payment or other financing cash payment is given.

The Rs 72,000 reduction in goodwill is a write-off, with no cash receipt stated. The movement in accumulated depreciation is also non-cash. Changes in inventories, trade receivables and trade payables relate to operating activities and are outside the two sections requested.

Step 3: Prepare the requested cash flow statement sections **Kamna Ltd.**
Cash Flow Statement (Extract)
for the year ended 31st March, 2021

Particulars	Amount (Rs)
A. Cash Flows from Investing Activities	
Purchase of machinery	(2,94,000)
Proceeds from sale of machinery	6,000
Purchase of current investments	(90,000)
Net cash used in investing activities	**(3,78,000)**
B. Cash Flows from Financing Activities	
Proceeds from issue of shares	1,00,000
Proceeds from long-term borrowings	70,000
Net cash from financing activities	**1,70,000**

Parentheses denote cash outflows. Each net figure is the total of the cash receipts and payments

within that activity; the opening and closing cash balances are not included in either section.

Step 4: Conclusion Cash used in investing activities is $\boxed{\text{Rs } 3,78,000}$, and cash generated from financing activities is $\boxed{\text{Rs } 1,70,000}$.

Quick Tip to Solve: For machinery purchases, reconcile gross cost and add back the original cost of the asset sold; show only its actual sale proceeds as the investing inflow.

10. Explain the meaning of the term 'Normalisation' and 'Relational database'. [2 marks]

Solution:

Concept:

- A database organises related data so that records can be stored, retrieved and updated systematically.
- Normalisation concerns the design of tables, whereas the relational model concerns the organisation of data into related tables.

Step 1: Meaning of normalisation Normalisation is the process of organising the attributes and relations of a database to minimise data redundancy and undesirable dependency. A large table is divided into suitable smaller, related tables so that the same fact need not be stored repeatedly. This helps avoid insertion, deletion and update anomalies and improves data integrity.

Step 2: Meaning of relational database A relational database stores data in the form of tables, called relations. Each row represents a record and each column represents an attribute. Tables can be linked through common fields: a primary key uniquely identifies a record, and a foreign key refers to a key in another table. For example, a customer table and an invoice table may be related through the customer code.

Step 3: Conclusion Normalisation reduces redundancy and anomalies in database design; a relational database stores records in tables connected through common key fields.

Quick Tip to Solve: Associate normalisation with reducing repeated facts, and a relational database with tables linked by keys.

11(a). Explain any three components of the accounts group 'Current Liabilities'. [3 marks]

Solution:

Concept:

- Current liabilities are obligations payable in the normal operating cycle or within the short term, normally twelve months.
- In computerised accounting, similar ledger accounts are placed under predefined groups so their balances appear together in financial reports.

Step 1: Sundry creditors Sundry creditors are suppliers to whom the business owes money for goods or services purchased on credit. Their individual ledger accounts are grouped together under Sundry

Creditors, a component of Current Liabilities. For example, an unpaid amount due to a supplier for trading goods is included here until it is settled. It represents a trade obligation arising from normal business operations.

Step 2: Duties and taxes Duties and Taxes includes amounts due to government authorities, such as tax collected or deducted by the business but not yet deposited. Separate tax ledgers enable the accounting system to accumulate and report each amount payable. These balances represent obligations to the relevant authorities, rather than amounts payable to suppliers for ordinary credit purchases.

Step 3: Provisions Provisions are amounts set aside for known liabilities whose exact amount or timing is uncertain and must be estimated. For example, a provision for taxation is created for an expected tax liability. Such provision ledgers are grouped under Provisions within Current Liabilities when the obligation is current. Creating the provision recognises the liability in the accounts even though its final payment has not yet been made.

Step 4: Conclusion Three components of the Current Liabilities group are Sundry Creditors, Duties and Taxes, and Provisions.

Quick Tip to Solve: Recall the three standard subgroups: suppliers owed, taxes payable, and estimated liabilities provided for.

OR

11(b). Explain the meaning of the terms 'Query' and 'Join' as a tool of SQL. [3 marks]

Solution:

Concept:

- SQL (Structured Query Language) is used to communicate with a relational database. Data is stored as records (rows) and fields (columns) in related tables.
- A query specifies the information required, while a join allows related data from different tables to be combined using a common field or matching condition.

Step 1: Meaning of Query A query is a request to a database for specified information. In SQL, a retrieval query selects the required fields and records from one or more tables according to stated conditions. The database processes the request and returns the matching data as a result set. For example, an accountant may query the Debtors table to display the names and balances of customers whose outstanding balance exceeds Rs 10,000. The fields required are specified by SELECT, the source table by FROM, and the condition by WHERE.

Step 2: Meaning of Join A join is an SQL operation that combines related records from two or more tables into one query result on the basis of a common field or a specified matching condition. For example, a Customers table may contain CustomerID and CustomerName, while an Invoices table contains CustomerID, InvoiceNo and Amount. Joining these tables on CustomerID enables the result to display each matching customer's name with the corresponding invoice number and amount. Thus, details stored separately can be reported together without repeatedly storing the customer name in

every invoice record.

Step 3: Conclusion A Query requests specified information from a database; a Join combines related records from different tables so that the required information can be viewed together.

Quick Tip to Solve: Remember Query as the request for information and Join as the link between related tables through a common field.

12. State the steps to construct Bank-Reconciliation statement using Tally. [5 marks]

Solution:

Concept:

- Bank reconciliation compares the bank ledger maintained in the company's books with the bank statement for the same date. Timing differences arise when a cheque is entered in the books before the bank clears it.
- In Tally, the voucher date records the transaction in the books, while the Bank Date records the date on which it appears in the bank statement. Unreconciled entries are identified by the absence of a Bank Date.

Step 1: Open the bank ledger Open the required company in Tally and ensure that all bank receipts and payments up to the reconciliation date have been recorded. From Gateway of Tally, select Display, then Account Books, then Cash/Bank Book(s). Select the required bank ledger and press Enter. Select the month or period to display the bank transactions. The same ledger can also be opened through Ledger under Account Books.

Step 2: Select the reconciliation period In the bank ledger display, use F2: Period to specify the period for which reconciliation is required. Press F5: Reconcile to open the Bank Reconciliation screen. Use the bank statement for the corresponding bank account and period, so that the ledger and statement are being compared on a common basis.

Step 3: Match the transactions and enter Bank Dates Compare each receipt and payment with the bank statement, checking the amount and cheque or instrument reference. For each matching transaction, enter in the Bank Date column the actual date on which the bank credited or debited it, as shown in the statement. Do not substitute the voucher date for the clearance date merely because the transaction has been recorded in the books.

Step 4: Identify and record the outstanding differences Leave the Bank Date blank for cheques issued but not yet presented and for cheques deposited but not yet collected. These remain unreconciled until they appear in the bank statement. If bank charges, interest, direct deposits or other genuine transactions appear in the statement but have not been entered in the books, first record the appropriate vouchers, then reconcile them using their Bank Dates. Correct any recording errors after checking the supporting records.

Step 5: Accept and review the reconciliation Accept the entries with Ctrl+A. Review the reconciliation showing the balance as per the company's books, the amounts not yet reflected in the bank and the balance as per the bank. Verify that the reconciled bank balance agrees with the bank statement at the selected date. Save the reconciliation and print it, if required, using Alt+P. The remaining uncleared

instruments should be followed up in the next period.

Step 6: Conclusion Thus, open the bank ledger, select the period, press F5: Reconcile, enter the statement's Bank Dates against matched transactions, and accept and verify the resulting Bank Reconciliation Statement.

Quick Tip to Solve: Enter a Bank Date only when the transaction appears in the bank statement; keep uncleared cheques blank so that Tally retains them as outstanding.