

Strictly Confidential: (For Internal and Restricted use only)
Senior School Certificate Examination July 2019
Marking Scheme
ACCOUNTANCY (055)
(67/1/1, 67/1/2, 67/1/3)

General Instructions: -

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. **Evaluation is a 10-12 days mission for all of us. Hence, it is necessary that you put in your best efforts in this process.**
2. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and marks be awarded to them.**
3. The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
4. Evaluators will mark(\surd) wherever answer is correct. For wrong answer 'X' be marked. Evaluators will not put right kind of mark while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
5. If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
6. If a question does not have any parts, marks must be awarded in the left hand margin and encircled. This may also be followed strictly.
7. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
8. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
9. A full scale of marks **0-80** has to be used. Please do not hesitate to award full marks if the answer deserves it.
10. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 20 / 25 answer books per day.
11. Ensure that you do not make the following common types of errors committed by the Examiner in the past:-
 - Leaving answer or part thereof unassessed in an answer book.

- Giving more marks for an answer than assigned to it.
 - Wrong transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totaling on the title page.
 - Wrong totaling of marks of the two columns on the title page.
 - Wrong grand total.
 - Marks in words and figures not tallying.
 - Wrong transfer of marks from the answer book to online award list.
 - Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.)
 - Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
12. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as (X) and awarded zero (0)Marks.
13. Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
14. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
15. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
16. The Board permits candidates to obtain photocopy of the Answer Book on request in an RTI application and also separately as a part of the re-evaluation process on payment of the processing charges.

ACCOUNTANCY

67 /1 /1	67 /1 /2	67 /1 /3	Marking Scheme 2018-19 Accountancy (055) Delhi Compartment 67/1/1 Expected Answers/ Value Points	MARKS
1	4	6	<p>Q. What is meant by over subscription of shares?</p> <p>Ans. Oversubscription of shares means that the company receives applications for more than the number of shares offered to the public for subscription.</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by ‘par value’ of a share?</p> <p>Ans. Par value is the nominal value or the face value of the share.</p>	1 mark OR 1 mark
2	5	5	<p>Q. A, B and C were partners sharing profits in the ratio of 5 : 4 : 3. They decided to change their profit sharing ratio to 2 : 2 : 1 w.e.f. 1st April, 2019. On that date, there was a balance of ₹3,00,000 in General Reserve and a debit balance of ₹4,80,000 in the Profit and Loss Account. Pass necessary journal entries for the above on account of change in the profit sharing ratio.</p>	

Ans.**Journal**

Date	Particulars	Dr. (₹)	Cr. (₹)
2019 Apr 1	General reserve A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being general reserve distributed among the partners in the old ratio)	Dr. 3,00,000	1,25,000 1,00,000 75,000
"	A's Capital A/c B's Capital A/c C's Capital A/c To Profit and Loss A/c (Being debit balance of Profit and Loss account debited to the old partners in the old profit sharing ratio)	Dr. Dr. Dr. 2,00,000 1,60,000 1,20,000	4,80,000

 $\frac{1}{2} \times 2$

=

1 mark

3 2 4 Q. Raj and Seema started a partnership firm on 1st July, 2018. They agreed that Seema was entitled to a commission of 10% of the net profit after charging Raj's salary of ₹2,500 per quarter and Seema's commission. The net profit before charging Raj's salary and Seema's commission for the year ended 31st March, 2019 was ₹2,27,500. Calculate Seema's commission.

			<p>Ans. Net Profit before salary and commission = ₹2,27,500</p> <p>Less Raj's salary ₹2,500 x 3 = ₹7,500</p> <p>Net profit after Raj's salary but before Seema's commission = ₹2,20,000</p> <p>Seema's commission = 10/110 of ₹2,20,000</p> <p style="text-align: center;">= ₹20,000</p>	1 mark
4	1	3	<p>Q. How are general donations treated while preparing financial statements of a not-for-profit organisation?</p> <p>Ans. General donations are treated as revenue receipts.</p> <p>(Note: If an examinee has given the treatment of general donations as shown in receipts side of Receipts and Payments Account and Income side of Income and Expenditure Account, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by 'life membership fee'?</p> <p>Ans. Life membership fee is the membership fee paid by some members as a lump sum amount instead of a periodic subscription.</p>	<p>1 mark</p> <p style="text-align: center;">OR</p> <p>1 mark</p>

5	3	2	<p>Q. At the time of admission of a partner, who decides the share of profit of the new partner out of the firm's profit?</p> <p>Ans. It is decided mutually among the old partners and the new partner.</p> <p style="text-align: center;">OR</p> <p>Q. At the time of retirement, how is the new profit sharing ratio among the remaining partners calculated?</p> <p>Ans. The new share of each of the remaining partner is calculated as his/ her own share in the firm plus the share acquired from the retiring partner.</p>	<p>1 mark</p> <p style="text-align: center;">OR</p> <p>1 mark</p>
6	-	-	<p>Q. A and B are partners in a firm sharing profits in the ratio of 3 : 2. Mrs. B has given a loan of ₹40,000 to the firm and A has also given a loan of ₹80,000 to the firm. The firm was dissolved and its assets realised ₹60,000. State the order of payment of Mrs. B's loan and A's loan assuming that there was no other third party liability of the firm.</p> <p>Ans. Order of payment:</p> <p>First, the third party loan i.e. Mrs. B's loan will be paid. Then Partner's loan i.e. A's loan will be paid.</p>	<p>1 mark</p>

7	8	<p>8 Q. Hari and Krishan were partners sharing profits and losses in the ratio of 2 : 1. They admitted Shyam as a partner for 1/5th share in the profits. Calculate Goodwill of the firm after adjusting the following: The profit of 2014 – 15 was calculated after charging ₹10,000 for abnormal loss of goods by fire.</p> <p>Ans.</p> <table border="1" data-bbox="272 485 812 1186"> <thead> <tr> <th data-bbox="272 485 341 520">Year</th> <th data-bbox="505 485 716 520">Profit (Loss) (₹)</th> </tr> </thead> <tbody> <tr> <td data-bbox="272 596 386 632">2013-14</td> <td data-bbox="724 596 812 632">50,000</td> </tr> <tr> <td data-bbox="272 705 386 741">2014-15</td> <td data-bbox="451 705 812 741">= 40,000+10,000 = 50,000</td> </tr> <tr> <td data-bbox="272 814 386 850">2015-16</td> <td data-bbox="724 814 812 850">75,000</td> </tr> <tr> <td data-bbox="272 924 386 959">2016-17</td> <td data-bbox="708 924 812 959">(25,000)</td> </tr> <tr> <td data-bbox="272 1033 386 1068">2017-18</td> <td data-bbox="708 1033 797 1068"><u>50,000</u></td> </tr> <tr> <td></td> <td data-bbox="678 1142 797 1178"><u>2,00,000</u></td> </tr> </tbody> </table> <p data-bbox="272 1310 792 1346">Average profits = ₹2,00,000/5= ₹40,000</p> <p data-bbox="272 1478 992 1514">Goodwill= Average Profits x Number of years purchase</p> <p data-bbox="386 1587 565 1623">= ₹40,000 x 3</p> <p data-bbox="386 1696 545 1732">= ₹1,20,000</p>	Year	Profit (Loss) (₹)	2013-14	50,000	2014-15	= 40,000+10,000 = 50,000	2015-16	75,000	2016-17	(25,000)	2017-18	<u>50,000</u>		<u>2,00,000</u>	<p>1 mark</p> <p>1 mark</p> <p>1 mark</p> <p>=</p> <p>1+1+1</p> <p>=</p> <p>3 marks</p>
Year	Profit (Loss) (₹)																
2013-14	50,000																
2014-15	= 40,000+10,000 = 50,000																
2015-16	75,000																
2016-17	(25,000)																
2017-18	<u>50,000</u>																
	<u>2,00,000</u>																

Q. A, B and C were partners in a firm. On 1st April, 2018, their capitals stood at ₹4,00,000, ₹3,00,000 and ₹2,00,000 respectively. As per the provisions of the partnership deedShowing your working clearly, pass an adjustment entry to rectify the above error.

Ans. Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
2019	B's Capital A/c Dr.	20,000	-
Mar 31	C's Capital A/c Dr.	30,000	-
	To A's Capital A/c	-	50,000
	(Being omission of interest on Capital and salary, now rectified)		

1 ½ marks

Table showing Past Adjustments:

Partners	Interest on Capital (Cr.) (₹)	Salary (Cr.) (₹)	Profits (Dr.) (₹)	Net effect	
				Dr. (₹)	Cr. (₹)
A	40,000	60,000	50,000	-	50,000
B	30,000	-	50,000	20,000	-
C	20,000	-	50,000	30,000	-
	90,000	60,000	1,50,000	50,000	50,000

1 ½ marks

=

3 marks

9 7 10 Q. Present the following items in the Balance Sheet of Queen's Club as at 31st March, 2019.... Expenditure on construction of building ₹3,60,000. The

construction work is in progress and has not yet been completed.

Ans.

**Balance Sheet of Queen's Club
As on 31st March 2019 (An extract)**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund 10,80,000		10% Building Fund	½
Add transferred from		Investments	4,80,000
Building Fund <u>3,60,000</u>	14,40,000		½
	1	Building	3,60,000
Building Fund 4,80,000			
Add donations 6,00,000			
Add interest on Building Fund			
Investments <u>48,000</u>			
11,28,000			
Less expenditure on			
construction transferred			
to Capital fund <u>3,60,000</u>	7,68,000		
	1		

3 marks

10 - - Q. A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1. D was admitted into the firm..... Calculate the new capitals of A, B and C and record the necessary journal entries for the above transactions.

Ans.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
	Cash/ Bank A/c Dr.	30,000	-
	To D's capital A/c	-	30,000

½ mark

			(Being cash brought in by D as his capital)					
			A's Capital A/c	Dr.	2,500	-	1 mark	
			B's Capital A/c	Dr.	2,500	-		
			C's Capital A/c	Dr.	10,000	-		
			To Cash/ Bank A/c		-	15,000		
			(Being cash withdrawn by partners to adjust the capitals in the new ratio))					
			<u>Calculation of new profit sharing ratio</u>					
			A = $3/6 - 3/16 = 15/48$					
			B = $2/6 - 1/16 = 13/48$					
			C = $1/6$					
			D = $1/4$					
			New ratio = 15:13:8:12					
			<u>So, new capitals of A, B, C are:</u>					
			A ₹1,20,000 x $15/48 = ₹37,500$					1½ marks
			B ₹1,20,000 x $13/48 = ₹32,500$					
			C ₹1,20,000 x $1/6 = ₹20,000$					
			D ₹1,20,000 x $1/4 = ₹30,000$					
			<u>Calculation of cash brought in or paid off</u>					
				A(₹)	B(₹)	C(₹)		
			Existing capitals	40,000	35,000	30,000	=	
			Adjusted capitals	<u>37,500</u>	<u>32,500</u>	<u>20,000</u>	$1/2 + 1 + 1$	
			Cash withdrawn	<u>2,500</u>	<u>2,500</u>	<u>10,000</u>	$1/2$	
							=	
							3marks	
11	-	-	Q. Ravi and Mukesh were partners in a firm sharing profits and losses					

equally..... Pass necessary journal entries for the above transactions in the books of the firm.

Ans.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
(i)	Ravi's Capital A/c Dr. To Realisation A/c (Being 40% of the total stock taken over by Ravi at 20% discount)	19,200 -	- 19,200
(ii)	No Entry		
(iii)	Cash A/c Dr. To Realisation A/c (Being stock sold for cash)	22,500 -	- 22,500
(iv)	Realisation A/c Dr. To Cash A/c (Being creditors paid in cash at a discount of 10%)	45,000 -	- 45,000

1 x 4

=

4 marks

12 - - Q. A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. C died on..... Prepare C's Executor's Account till the amount is finally paid.

		Ans.								
		Dr.				C's Executors Account		Cr.		
		Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)			
		2016 July 1	To Bank A/c	10,600	2016 June 30	By C's Capital A/c	70,600			
		2017 Mar 31	To Balance c/d	64,500	2017 Mar 31	By Interest	4,500			
				75,100			75,100			
		2017 June 30	To Bank A/c	26,000	2017 Apr 1	By Balance b/d	64,500			
		2018 Mar 31	To Balance c/d	43,000	2018 June 30	By Interest	1,500			
				69,000	2018 Mar 31	By Interest	3,000			
				69,000			69,000			
		2018 June 30	To Bank A/c	24,000	2018 Apr 1	By Balance b/d	43,000			
		2019 Mar 31	To Balance c/d	21,500	2018 June 30	By Interest	1,000			
				45,500	2019 Mar 31	By Interest	1,500			
				45,500			45,500			
		2019 June 30	To Bank A/c	22,000	2019 Apr 1	By Balance b/d	21,500			
				22,000	2019 June 30	By Interest	500			
				22,000			22,000			
13	14	-	Q. On 1st April, 2016, Ganesh Ltd. acquired assets of ₹6,00,000 and took over liabilities of ₹70,000 of Sohan Ltd..... Ignoring entries relating to writing off loss on issue of debentures and interest paid on debentures, pass the necessary journal entries to record the issue and redemption of debentures.							

1 x 4

=

4 marks

Ans.		Journal			
Date	Particulars		Dr. (₹)	Cr. (₹)	
2016	Assets A/c	Dr.	6,00,000	-	
Apr 1	Goodwill A/c	Dr.	1,30,000	-	
	To Liabilities A/c			70,000	
	To Sohan Ltd. A/c			6,60,000	
	(Being assets and liabilities acquired of Sohan Ltd.)				1 mark
2016	Sohan Ltd A/c	Dr.	6,60,000	-	
Apr 1	Loss on issue of debentures A/c	Dr.	30,000	-	
	To 12% debentures A/c			6,00,000	
	To Securities Premium Reserve A/c			60,000	
	To Premium on redemption of Debentures A/c			30,000	
	(Being debentures issued at a premium redeemable at a premium)				1 mark
2018	Surplus i.e. balance in Statement of Profit ad Loss	Dr.	1,50,000		
Mar 31	To Debenture Redemption Reserve A/c			1,50,000	
	(Being Debenture Redemption Reserve created out of profits)				½ mark
2018	10% Debenture Redemption Investments A/c	Dr.	90,000		
Apr.1	To Bank A/c			90,000	
	(Being Debenture Redemption Investments purchased)				½ mark
2019	Bank A/c	Dr.	8,100		
Mar 31	TDS Collected/ Deposited A/c	Dr.	900		
	To Interest on Debenture Redemption Investments A/c			9,000	
	(Being Interest received on Debenture)				½ mark

			Redemption Investments)					
		2019 Mar.31	Bank A/c To 10% Debenture Redemption Investments A/c (Being Debenture Redemption Investments sold)	Dr. 90,000	90,000	90,000	½ mark	
		“	12% Debentures A/c Premium on redemption of Debentures A/c Dr. To Debenture holders A/c (Being amount payable to debenture holders on redemption)	Dr. 6,00,000 30,000	6,30,000	6,30,000	½ mark	
		“	Debenture holders A/c To Bank A/c (Being Debentures redeemed)	Dr. 6,30,000	6,30,000	6,30,000	½ mark	
		“	Interest on Debenture Redemption Investments To Statement of Profit and Loss (Being Interest on Debenture Redemption Investments transferred to Statement of Profit and Loss)	Dr. 9,000	9,000	- 9,000	½ mark	
		“	Debenture Redemption Reserve A/c To General Reserve A/c (Being Debenture Redemption Reserve transferred to general reserve)	Dr. 1,50,000	1,50,000	1,50,000	½ mark = 6 marks	
14	13	15	Q. X and Y are partners sharing profits in the ratio of 3 : 2. Their partnership deed providedComplete the Profit and Loss Appropriation Account for the year ended 31st March, 2019, Partners' Capital Accounts and Current Accounts.					

Ans.

Dr. Profit and Loss Appropriation A/c for the year ended 31st March 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
<u>To Interest on Capital</u>		By Profit and Loss A/c- Net	2,82,860
X's Current A/c 18,000 .. <input type="text" value="1/2"/>		Profit b/d.. <input type="text" value="1/2"/>	
Y's Current A/c 24,000 .. <input type="text" value="1/2"/>	42,000	<u>By Interest on Drawings</u>	
<u>To Salary</u>		X's Current A/c 600	
Y's Current A/c	<input type="text" value="1/2"/> .42,000	Y's Current A/c 540 .. <input type="text" value="1/2"/>	1,140
<u>To Profit transferred to:</u>			
X's Current A/c 1,20,000			
Y's Current A/c 80,000 .. <input type="text" value="1/2"/>	2,00,000		
	2,84,000		2,84,000

3 marks

Dr. Partners' Capital Accounts Cr.

Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To balance c/d	1,80,000	2,40,000	By balance b/d	1,80,000	2,40,000
	1,80,000	2,40,000		1,80,000	2,40,000

1 mark

Dr. Partners' Current Accounts Cr.

Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To Bank A/c (Drawings)	10,000	9,000	By balance b/d	78,000	69,000
To Interest on drawings $\frac{1}{2}$	600	540	By Interest on Capital	18,000	24,000
To balance c/d $\frac{1}{2}$	2,05,400	2,05,460	By Salary $\frac{1}{2}$	-	42,000
			By P/L Appropriation A/c- Profit $\frac{1}{2}$	1,20,000	80,000
	2,16,000	2,15,000		2,16,000	2,15,000

2 marks

=

3+1+2

=

6 marks

OR

OR

Q. X and Y are partners in a firm sharing profits and losses in the ratio of 2 : 1. Complete the Profit and Loss Appropriation A/c of X and Y for the year ended 31st March, 2019.

Dr. Profit and Loss Appropriation A/c for the year ended 31st March 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on Capital		By Profit and Loss A/c- Net Profit b/d	1. 3,00,000
X's Current A/c 45,000. $\frac{1}{2}$		By Interest on Drawings	
Y's Current A/c 27,000. $\frac{1}{2}$	$\frac{1}{2}$ 72,000	X's Current A/c 3,600 $\frac{1}{2}$	$\frac{1}{2}$
To Salary		Y's Current A/c 4,320 $\frac{1}{2}$	7,920
X's Current A/c	$\frac{1}{2}$ 48,000		
To General Reserve	15,000		
To Profit transferred to:			
X's Current A/c 1,15,280. $\frac{1}{2}$			
Y's Current A/c 57,640. $\frac{1}{2}$	$\frac{1}{2}$ 1,72,920		
	3,07,920		3,07,920

6 marks

15 - 14

Q. From the following Receipts and Payments Account and additional information of Modern Health Club, prepare Income and Expenditure Account for the year ended 31st March, 2019 and the Balance Sheet as at 31st March, 2019.

Ans.

Dr. Income and Expenditure A/c for the year ended March 31, 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To depreciation on books	2,000	By Subscriptions 60,000	
To loss on sale of furniture	1,000	(+) Advance for current year	4,000
To salaries	30,000	(-) Advance for next year	(5,000)
To rent	18,300	(-) o/s for last year	(3,000)
To repairs	4,700	(+) o/s for current yr <u>4,000</u>	60,000
To surplus	15,000	By donations	2,000
		By interest on investments	9,000
	71,000		71,000

3 marks

Balance Sheet of Modern Health Club as on 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions received in advance	5,000	Cash	1,000
Capital Fund 2,14,500		Investments	1,80,000
Add Life membership fee 7,000		Outstanding Subscriptions	4,000
Add Surplus <u>15,000</u>	2,36,500	Books	26,500
		Building	30,000

**1 ½
marks**

	2,41,500		2,41,500

Working Notes:

Balance Sheet of Modern Health Club as on 31st March 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions received in advance	4,000	Cash	17,000
Capital Fund	2,14,500	Investments	1,80,000
		Outstanding Subscriptions	3,000
		Books	12,500
		Furniture	6,000
	2,18,500		2,18,500

1 ½
marks
=
3+ 1 ½ +
1 ½
=
6 marks

16 17 16 **Q. Lisa, Monika and Nisha were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1...Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm on Monika's retirement.**

Ans.

Dr. Revaluation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery	1,20,000	By Land and Building	2,40,000
To Provision for doubtful debts	20,000		
To Profit transferred to:			
Lisa's Capital A/c 40,000			
Monika's Capital A/c 40,000			
Nisha's Capital A/c <u>20,000</u>	1,00,000		
	2,40,000		2,40,000

$\frac{1}{2} \times 4$
=
2 marks

Dr. Partners Capital Accounts Cr.

Particulars	Lisa (₹)	Monika (₹)	Nisha (₹)	Particulars	Lisa (₹)	Monika (₹)	Nisha (₹)
To Stock A/c	-	5,00,000	-	By balance b/d	14,00,000	14,00,000	3,60,000
To Monika's Capital A/c	80,000	-	40,000	By Revaluation A/c	40,000	40,000	20,000
To Monika's loan A/c	-	10,60,000	-	By Lisa's Capital A/c	-	80,000	-
To balance c/d	18,00,000		9,00,000	By Nisha's	-	40,000	-

1 x 3
=
3 marks

				Capital A/c By Current A/c	4,40,000		5,60,000
	18,80,000	15,60,000	9,40,000		18,80,000	15,60,000	9,40,000

Balance Sheet of the reconstituted firm as on 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Trade Creditors	1,60,000	Land and Building	12,40,000
Bills Payable	2,44,000	Machinery	10,80,000
Employees Provident Fund	76,000	Stock	5,00,000
Monika's Loan	10,60,000	Debtors 4,00,000 Less Provision for doubtful debts <u>20,000</u>	3,80,000
Capitals		Bank	40,000
Lisa 18,00,000		Lisa's Current A/c	4,40,000
Nisha <u>9,00,000</u>	27,00,000	Nisha's Current A/c	5,60,000
	44,20,000		42,40,000

1½ x 2
=
3 marks

=
2+3+3
=
8 marks

OR
OR

OR

Q. On 31st March, 2019 the Balance Sheet of Madan and Mohan who share profits and losses in the ratio of 3 : 2Prepare Revaluation Account, Capital Accounts of the Partners and the Balance Sheet of the new firm.

Ans.

Dr.

Revaluation A/c

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Workmen's compensation claim	5,000	By Bank /bad debts recovered	2,000
To Stock	3,000	By Patents	2,000
		By Loss transferred to:	
		Madan's Capital A/c 2,400	
		Mohan's Capital A/c <u>1,600</u>	4,000
	8,000		8,000

$\frac{1}{2} \times 4$
=
2 marks

Dr.

Partners Capital Accounts

Cr.

Particulars	Madan (₹)	Mohan (₹)	Gopal (₹)	Particulars	Madan (₹)	Mohan (₹)	Gopal (₹)
To Revaluation A/c	2,400	1,600	-	By Balance b/d	60,000	40,000	-
To Balance c/d	63,600	52,400	23,200	By Premium for goodwill A/c	-	10,000	-
				By General Reserve A/c	6,000	4,000	-

1 x 3
=
3 marks

				By Bank A/c			23,200
	66,000	54,000	23,200		66,000	54,000	23,200

Note: If the goodwill premium brought by the partner has been credited to his account first and then credited to his capital accounts in the sacrificing ratio, full credit be given.

Balance Sheet of the reconstituted firm as on 31st March 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Cash at bank	45,200
Employees Provident Fund	22,000	Debtors 65,000	
Workmen's compensation claim	5,000	Less Provision for doubtful debts <u>5,000</u>	60,000
Capitals:		Stock	30,000
Madan 63,600		Patents	59,000
Mohan 52,400			
Gopal <u>23,200</u>	1,39,200		
	1,94,200		1,94,200

1½ x 2
=
3 marks
=
2+3+3
=
8 marks

17 16 17 **Q. Rathee Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each. The shares were issued at a premium of 60%. Pass necessary journal entries for the above transactions in the books of Rathee Ltd.**

Ans.

In the books of Rathee Ltd.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)	
	Bank A/c Dr. To Equity Share Application and Allotment A/c (Being application money received)	11,50,000	11,50,000	1 mark
	Equity Share Application and Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c To Calls in Advance A/c To Bank A/c (Being application money transferred to share capital, securities premium reserve, calls and the balance refunded)	11,50,000	2,00,000 4,00,000 4,82,000 68,000	1½ marks
	Equity Share First and Final call A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being First call money due)	10,00,000	8,00,000 2,00,000	1 mark
	Bank A/c Dr. Calls in arrears A/c Dr. Calls in advance A/c Dr. To Equity Share First and Final call A/c (Being first call money received)	5,11,600 6,400 4,82,000	10,00,000	1 ½ marks
	or Bank A/c Dr. Calls in advance A/c Dr. To Equity Share First and Final call A/c (Being first call money received)	5,11,600 4,82,000	9,93,600	
	Equity Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c/ Equity Share first and final call A/c (Being Bali's shares forfeited for non payment of first and	10,000 2,000	5,600 6,400	1 mark

	final call)		
	Bank A/c To Equity Share Capital A/c To Securities Premium Reserve A/c (Being Bali's shares reissued for ₹15 per share fully paid)	Dr. 	15,000 10,000 5,000
	Share Forfeiture A/c To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	Dr. 	5,600 5,600

1 mark

1 mark

=

8 marks

OR

Q. 'Venus Ltd' was registered with an authorised capital of ₹40,00,000 divided into 4,00,000 equity shares of 10 each. 70,000 of these shares were issued as fully paid.....Pass necessary journal entries for the above transactions in the books of 'Venus Ltd'.

OR

In the books of Venus Ltd.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
	Building A/c To M/s Star Ltd. (Being building purchased from M/s Star Ltd.)	Dr. 	7,00,000 7,00,000
	M/s Star Ltd. To Equity Share Capital A/c (Being 70,000 shares issued as fully paid to Star Ltd. for payment of building purchased)	Dr. 	7,00,000 7,00,000

½ mark

	Bank A/c To Equity Share Application A/c (Being application money received on 2,00,000 shares)	Dr.	6,00,000	6,00,000	½ mark
	Equity Share Application A/c To Equity Share Capital A/c (Being application money transferred to share capital)	Dr.	6,00,000	6,00,000	½ mark
	Equity Share Allotment A/c To Equity Share Capital A/c (Being Allotment money due on 2,00,000 shares)	Dr.	4,00,000	4,00,000	½ mark
	Bank A/c To Equity Share Allotment A/c (Being allotment money received)	Dr.	3,80,000	3,80,000	½ mark
	or				
	Bank A/c Calls in arrears A/c To Equity Share Allotment A/c (Being allotment money received)	Dr. Dr.	3,80,000 20,000	4,00,000	½ mark
	Equity Share First call A/c To Equity Share Capital A/c (Being First call money due on 2,00,000 shares)	Dr.	4,00,000	4,00,000	
	Bank A/c To Equity Share First call A/c (Being first call money received)	Dr.	3,20,000	3,20,000	½ mark
	or				

	Bank A/c	Dr.	3,20,000		1 mark
	Calls in arrears A/c	Dr.	80,000		
	To Equity Share First call A/c			4,00,000	
	(Being first call money received)				
	Equity Share Second and Final call A/c	Dr.	6,00,000		1 mark
	To Equity Share Capital A/c			6,00,000	
	(Being First call money due on 2,00,000 shares)				
	Bank A/c	Dr.	3,00,000		½ mark
	To Equity Share Second and Final call A/c			3,00,000	
	(Being first call money received)				
	or				
	Bank A/c	Dr.	3,00,000		1 mark
	Calls in arrears A/c	Dr.	3,00,000		
	To Equity Share Second and Final call A/c			6,00,000	
	(Being first call money received)				
	Equity Share Capital A/c	Dr.	1,00,000		1 mark
	To Share Forfeiture A/c			30,000	
	To Equity Share Allotment A/c			20,000	
	To Equity Share first call A/c			20,000	
	To Equity Share Second and Final call A/c			30,000	
	(Being shares forfeited)				
	or				
	Equity Share Capital A/c	Dr.	1,00,000		1 mark
	To Share Forfeiture A/c			30,000	
	To Calls in Arrears A/c			70,000	
	(Being shares forfeited)				

			Bank A/c	Dr.	1,20,000				
			To Equity Share Capital A/c			1,00,000			
			To Securities Premium Reserve A/c			20,000			
			(Being shares reissued for ₹12 per share fully paid)						
			Share Forfeiture A/c	Dr.	30,000				
			To Capital Reserve A/c			30,000			
			(Being balance in Share forfeiture account transferred to capital reserve)						
			.						
								½ mark	
								½ mark	
								=	
								8 marks	
			PART B						
			OPTION 1						
			Analysis of Financial Statements						
18	-	-	Q. Give any two examples of cash flows from operating activities.						
			Ans. Any two examples:						
			(i) Cash Sales						½ x 2
			(ii) Cash Purchases						=
			(iii) Salary paid						1 mark
			(or any other correct example)						

19	-	-	<p>Q. What is meant by ‘Financing Activities’ for preparing Cash Flow Statement?</p> <p>Ans. Financing activities are the activities that result in change in capital or borrowings of the enterprise.</p>	1 mark
20	21	22	<p>Q. From the given information, calculate the following ratios:</p> <p>(i) Operating Ratio</p> <p>(ii) Inventory Turnover Ratio</p> <p>Ans.</p> <p>(i) Operating ratio = $\frac{\text{Cost of Revenue from operations} + \text{Operating expenses}}{\text{Net Revenue from operations}} \times 100$</p> <p>Cash Revenue from operations = ₹10,00,000</p> <p>Credit Revenue from operations = ₹12,00,000</p> <p>Therefore, Total Revenue from operations = ₹22,00,000</p> <p>Operating expenses = 10% of ₹22,00,000 = ₹2,20,000</p> <p>Gross profit = 40% of ₹22,00,000</p>	2 marks

$$= ₹8,80,000$$

So, Cost of Revenue from operations = ₹13,20,000

$$\text{Operating ratio} = \frac{₹13,20,000 + ₹2,20,000}{₹22,00,000} \times 100$$

$$= 70\%$$

(ii) Inventory Turnover ratio = $\frac{\text{Cost of Revenue from operations}}{\text{Average Inventory}}$

$$= ₹13,20,000 / ₹1,60,000$$

$$= 8.25 \text{ times}$$

2 marks

=

2+2

=

4 marks

OR

OR

Q. (A) Net profit after interest and tax of M Ltd. was ₹1,00,000. Its Current Assets were ₹4,00,000 and Current Liabilities were ₹2,00,000. Tax rate was 50%. Its Total Assets were ₹10,00,000 and 10% Long term debt was ₹4,00,000. Calculate Return on Investment.

(B) Rate of Gross profit on Revenue from operations of a company is 25%. Its Gross profit is ₹5,00,000. Its Shareholders' Funds are ₹25,00,000; Non-current Liabilities are ₹8,00,000 and Non-current Assets are ₹23,00,000.

Calculate its Working Capital Turnover Ratio.

Ans.

$$\text{(A) Return on Investment} = \frac{\text{Profit before interest and tax}}{\text{Capital employed}} \times 100$$

$$\begin{aligned} \text{Profit before interest and tax} &= ₹1,00,000 + ₹1,00,000 + ₹40,000 \\ &= ₹2,40,000 \end{aligned}$$

2 marks

$$\text{Capital employed} = ₹8,00,000$$

$$\begin{aligned} \text{Therefore, Return on Investment} &= ₹2,40,000 / ₹8,00,000 \times 100 \\ &= 30\% \end{aligned}$$

(B) Working Capital Turnover ratio = Revenue from operations / Working Capital

$$\text{Gross Profit} = ₹5,00,000$$

$$\text{So, Revenue from operations} = ₹20,00,000$$

2 marks

Working Capital = Shareholders Funds + Non Current Liabilities – Non Current Assets

$$= ₹25,00,000 + ₹8,00,000 - ₹23,00,000$$

$$= ₹10,00,000$$

$$\text{Working Capital Turnover ratio} = ₹20,00,000 / ₹10,00,000 = 2 \text{ times}$$

=

2+2

=

4 marks

21	-	-	<p>Q. Under which sub-headings will the following items be placed in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013?</p> <p>Ans.</p> <table border="1" data-bbox="272 428 1380 1428"> <thead> <tr> <th data-bbox="272 428 393 480"></th> <th data-bbox="393 428 963 480">Item</th> <th data-bbox="963 428 1380 480">Sub Head</th> </tr> </thead> <tbody> <tr> <td data-bbox="272 480 393 594">(i)</td> <td data-bbox="393 480 963 594">Prepaid Expenses</td> <td data-bbox="963 480 1380 594">Other Current Assets</td> </tr> <tr> <td data-bbox="272 594 393 707">(ii)</td> <td data-bbox="393 594 963 707">Loose Tools</td> <td data-bbox="963 594 1380 707">Inventories</td> </tr> <tr> <td data-bbox="272 707 393 821">(iii)</td> <td data-bbox="393 707 963 821">Loans repayable on demand</td> <td data-bbox="963 707 1380 821">Short Term borrowings</td> </tr> <tr> <td data-bbox="272 821 393 934">(iv)</td> <td data-bbox="393 821 963 934">Provision for employees benefit</td> <td data-bbox="963 821 1380 934">Long term provisions</td> </tr> <tr> <td data-bbox="272 934 393 1089">(v)</td> <td data-bbox="393 934 963 1089">Negative balance in Statement of Profit and Loss</td> <td data-bbox="963 934 1380 1089">Reserves and Surplus</td> </tr> <tr> <td data-bbox="272 1089 393 1203">(vi)</td> <td data-bbox="393 1089 963 1203">Bank Overdraft</td> <td data-bbox="963 1089 1380 1203">Short Term borrowings</td> </tr> <tr> <td data-bbox="272 1203 393 1316">(vii)</td> <td data-bbox="393 1203 963 1316">Bills Receivable</td> <td data-bbox="963 1203 1380 1316">Trade Receivables</td> </tr> <tr> <td data-bbox="272 1316 393 1428">(viii)</td> <td data-bbox="393 1316 963 1428">Trade Marks</td> <td data-bbox="963 1316 1380 1428">Fixed assets- Intangible</td> </tr> </tbody> </table>		Item	Sub Head	(i)	Prepaid Expenses	Other Current Assets	(ii)	Loose Tools	Inventories	(iii)	Loans repayable on demand	Short Term borrowings	(iv)	Provision for employees benefit	Long term provisions	(v)	Negative balance in Statement of Profit and Loss	Reserves and Surplus	(vi)	Bank Overdraft	Short Term borrowings	(vii)	Bills Receivable	Trade Receivables	(viii)	Trade Marks	Fixed assets- Intangible	<p>$\frac{1}{2} \times 8$</p> <p>=</p> <p>4 marks</p>
	Item	Sub Head																													
(i)	Prepaid Expenses	Other Current Assets																													
(ii)	Loose Tools	Inventories																													
(iii)	Loans repayable on demand	Short Term borrowings																													
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(vii)	Bills Receivable	Trade Receivables																													
(viii)	Trade Marks	Fixed assets- Intangible																													
22	20	21	<p>Q. Prepare a Common-Size Statement of Profit and Loss of ‘Hari Darshan Ltd.’ from the following information:</p> <p>Ans.</p> <p style="text-align: center;">In the books of ‘Hari Darshan Ltd.’</p> <p style="text-align: center;">Common Size Statement of Profit and Loss</p>																												

for the years ended 31st March 2018 and 31st March 2019

Particulars	Absolute amount		Percentage of Revenue from operations	
	2017-18 (₹)	2018-19 (₹)	2017-18 (%)	2017-18 (%)
Revenue from operations	10,00,000	20,00,000	100	100
Add Other income	50,000	60,000	5	3
Total Revenue	10,50,000	20,60,000	105	103
Less Expenses:				
Purchase of stock in trade	4,20,000	7,70,000	42	38.5
Changes in inventories	80,000	1,20,000	8	6
Other expenses	30,000	52,000	3	2.6
Total Expenses	5,30,000	9,42,000	53	47.1
Profit before Tax	5,20,000	11,18,000	52	55.9
Less Tax @50%	2,60,000	5,59,000	26	27.95
Profit after Tax	2,60,000	5,59,000	26	27.95

½

½

½

½

½

½

½

½

=

½ x 8

=

4marks

OR

OR

Q. Following information is extracted from the Statement of Profit and Loss of Delko Ltd. for the year ended 31st March, 2019:

**In the books of Delko Ltd.
Comparative Statement of Profit and Loss
for the years ended 31st March 2018 and 31st March 2019**

Particulars	2017-18 (₹)	2018-19 (₹)	Absolute Increase/ Decrease (₹)	Percentage Increase/ Decrease (%)
Revenue from operations	45,00,000	60,00,000	15,00,000	33.33
Less				
Employee benefit expenses	22,50,000	30,00,000	7,50,000	33.33
Depreciation	6,00,000	7,50,000	1,50,000	25
Other expenses	10,00,000	15,50,000	5,50,000	55
Total Expenses	38,50,000	53,00,000	14,50,000	37.66
Profit before Tax	6,50,000	7,00,000	50,000	7.69
Less Tax @50%	3,25,000	3,50,000	25,000	7.69
Profit after Tax	3,25,000	3,50,000	25,000	7.69

½

½

½

½

½

½

½

½

=

½ x 8
=
4 marks

23 23 23 **Q. Following is the Balance Sheet of X Ltd. as at 31st March, 2018..... Prepare a Cash Flow Statement.**

Ans. Cash Flow Statement of X Ltd. for the year ended 31st March 2018

Particulars	Amount (₹)	Amount (₹)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit before Tax	5,00,000	
Add depreciation on Machinery	1,40,000	
Interest on 12% Debentures	60,000	
Goodwill written off	1,00,000	
Less Profit on sale of machinery	<u>(10,000)</u>	
<i>Operating profit before Working Capital changes</i>	7,90,000	
Less Increase in Inventories	<u>(1,30,000)</u>	
<i>Cash generated from operations</i>	6,60,000	
Less Tax paid	<u>(1,65,000)</u>	
Cash Inflows from Operating activities		4,95,000
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Sale of Machinery	50,000	
Purchase of Machinery	(6,80,000)	
Purchase of Investments	<u>(1,00,000)</u>	
Cash used in Investing activities		(7,30,000)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		

1 ½
marks

1 mark

Issue of Shares	2,00,000	
Issue of 12% Debentures	1,00,000	
Bank overdraft repaid	(5,000)	
Interest paid on 12% Debentures	<u>(60,000)</u>	
Cash Inflows from Financing activities		<u>2,35,000</u>
Net increase in Cash and Cash equivalents		--
<i>Add Opening balance of Cash and Cash equivalents</i>		
Current Investments	1,70,000	
Cash and Cash equivalents	<u>40,000</u>	<u>2,10,000</u>
<i>Closing balance of Cash and Cash equivalents</i>		
Current Investments	1,40,000	
Cash and Cash equivalents	<u>70,000</u>	<u>2,10,000</u>

1 ½ marks

½ mark

Working Notes:

Calculation of Net Profit before Tax:

	(₹)
Net profit	3,00,000
Add Provision for Tax	<u>2,00,000</u>
	<u>5,00,000</u>

½ mark

Dr. Machinery A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To balance b/d	20,00,000	By Cash (sale)	50,000
To Profit on sale	10,000	By Accumulated depreciation	40,000

½ mark

20		<p>Q. Explain ‘Sequential’ and ‘Mnemonic’ codes.</p> <p>Ans.</p> <p><u>Sequential codes</u></p> <p>These are codes in which code numbers and/or letters are assigned in a consecutive order. These codes are applied primarily to source documents such as cheques, invoices etc. This facilitates document searches. This process enables either identification of missing codes (numbers) relating to a particular document or a relevant document can be traced.</p> <p><u>Mnemonic codes</u></p> <p>These codes consist of alphabets or abbreviations as symbols to codify a piece of information. SJ for sales journal, HQ for Headquarters are examples of mnemonic codes.</p> <p style="text-align: center;">OR</p> <p>Q. State the element which is considered while calculating ‘earning’ for current payroll period.</p> <p>Ans. Elements which is considered while calculating ‘Earning’ for the current payroll period are:</p> <p>(i) Basic Pay (BP): It is the pay in the pay scale plus grade pay but does not include special pay.</p> <p>(ii) Grade pay (GP): It is the pay to be added to the basic pay according to the designation of the employee and applicable pay band of pay.</p> <p>(iii) Dearness pay (DP): It is that portion of dearness allowance which has been declared and deemed to have been merged with basic pay.</p> <p>(iv) Dearness allowance (DA): It is a compensation for erosion in the purchasing</p>	<p>2 marks</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p> <p>OR</p> <p>4 marks</p>

		<p>power of wage earner due to price rise. It is granted by the government periodically as a percentage of (basic pay+ dearness pay, if applicable).</p> <p>(v) House rent allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation.</p> <p>(vi) Transport allowance (TRA): It is an amount paid to facilitate commuting to the place of work i.e. Delhi, Bhopal, Haridwar etc.</p> <p>(vii) Any other earning: It may include any other allowance not included in the above but declared from time to time such as education allowance, medical allowance, washing allowance etc.</p>	
21		<p>Q. State the features of a good accounting software.</p> <p>Ans. <u>Following are the features of accounting software: (Any four)</u></p> <p>(i) Does all basic accounting functions.</p> <p>(ii) Manages your stores.</p> <p>(iii) Does job costing.</p> <p>(iv) Manages payroll.</p> <p>(v) Get many MIS (Management Information System)</p> <p>(vi) Filing of tax returns.</p> <p>(vii) Maintaining budgets.</p> <p>(viii) Calculation of pending amount of interest.</p> <p>(ix) Manages and synchronises data over different locations.</p> <p style="text-align: center;">OR</p>	<p style="text-align: center;">1 x 4 = 4 marks</p> <p style="text-align: center;">OR</p>

SET 2

Marking Scheme 2018-19			MARKS	
67	67	67		
/1	/1	/1		
/1	/2	/3		
	1	<p>Q. How are general donations treated while preparing financial statements of a not-for-profit organisation?</p> <p>Ans. General donations are treated as revenue receipts.</p> <p>(Note: If an examinee has given the treatment of general donations as shown in receipts side of Receipts and Payments Account and Income side of Income and Expenditure Account, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by ‘life membership fee’?</p> <p>Ans. Life membership fee is the membership fee paid by some members as a lump sum amount instead of a periodic subscription.</p>	1 mark	
			OR	
			1 mark	

2		<p>Q. Raj and Seema started a partnership firm on 1st July, 2018. They agreed that Seema was entitled to a commission of 10% of the net profit after charging Raj's salary of ₹2,500 per quarter and Seema's commission. The net profit before charging Raj's salary and Seema's commission for the year ended 31st March, 2019 was ₹2,27,500. Calculate Seema's commission.</p> <p>Ans. Net Profit before salary and commission = ₹2,27,500</p> <p>Less Raj's salary ₹2,500 x 3 = ₹7,500</p> <p>Net profit after Raj's salary but before Seema's commission = ₹2,20,000</p> <p>Seema's commission = 10/110 of ₹2,20,000</p> <p style="text-align: center;">= ₹20,000</p>	1 mark
3		<p>Q. At the time of admission of a partner, who decides the share of profit of the new partner out of the firm's profit?</p> <p>Ans. It is decided mutually among the old partners and the new partner.</p> <p style="text-align: center;">OR</p> <p>Q. At the time of retirement, how is the new profit sharing ratio among the remaining partners calculated?</p> <p>Ans. The new share of each of the remaining partner is calculated as his/ her own</p>	1 mark OR

		share in the firm plus the share acquired from the retiring partner.	1 mark							
4	<p>Q. What is meant by over subscription of shares?</p> <p>Ans. Oversubscription of shares means that the company receives applications for more than the number of shares offered to the public for subscription.</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by ‘par value’ of a share?</p> <p>Ans. Par value is the nominal value or the face value of the share.</p>	<p>1 mark</p> <p style="text-align: center;">OR</p> <p>1 mark</p>								
5	<p>Q. A, B and C were partners sharing profits in the ratio of 5 : 4 : 3. They decided to change their profit sharing ratio to 2 : 2 : 1 w.e.f. 1st April, 2019. On that date, there was a balance of ₹3,00,000 in General Reserve and a debit balance of ₹4,80,000 in the Profit and Loss Account. Pass necessary journal entries for the above on account of change in the profit sharing ratio.</p> <p>Ans. Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 60%;">Particulars</th> <th style="width: 15%;">Dr. (₹)</th> <th style="width: 15%;">Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td>2019 Apr 1</td> <td>General reserve A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being general reserve distributed among the partners in the old ratio)</td> <td style="text-align: center;">Dr. 3,00,000</td> <td style="text-align: center;"> 1,25,000 1,00,000 75,000</td> </tr> </tbody> </table>	Date	Particulars	Dr. (₹)	Cr. (₹)	2019 Apr 1	General reserve A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being general reserve distributed among the partners in the old ratio)	Dr. 3,00,000	 1,25,000 1,00,000 75,000	<p>½ x 2</p>
Date	Particulars	Dr. (₹)	Cr. (₹)							
2019 Apr 1	General reserve A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being general reserve distributed among the partners in the old ratio)	Dr. 3,00,000	 1,25,000 1,00,000 75,000							

		<p>Add donations 6,00,000</p> <p>Add interest on Building Fund</p> <p>Investments <u>48,000</u></p> <p>11,28,000</p> <p>Less expenditure on construction transferred to Capital fund <u>3,60,000</u></p> <p>7,68,000</p> <p style="text-align: right;">1</p>			3 marks													
8	<p>Q. Hari and Krishan were partners sharing profits and losses in the ratio of 2 : 1. They admitted Shyam as a partner for 1/5th share in the profits. Calculate Goodwill of the firm after adjusting the following: The profit of 2014 – 15 was calculated after charging ₹10,000 for abnormal loss of goods by fire.</p> <p>Ans.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Profit (Loss) (₹)</th> </tr> </thead> <tbody> <tr> <td>2013-14</td> <td>50,000</td> </tr> <tr> <td>2014-15</td> <td>= 40,000+10,000 = 50,000</td> </tr> <tr> <td>2015-16</td> <td>75,000</td> </tr> <tr> <td>2016-17</td> <td>(25,000)</td> </tr> <tr> <td>2017-18</td> <td><u>50,000</u></td> </tr> <tr> <td></td> <td><u>2,00,000</u></td> </tr> </tbody> </table> <p>Average profits = ₹2,00,000/5= ₹40,000</p>	Year	Profit (Loss) (₹)	2013-14	50,000	2014-15	= 40,000+10,000 = 50,000	2015-16	75,000	2016-17	(25,000)	2017-18	<u>50,000</u>		<u>2,00,000</u>			<p>1 mark</p> <p>1 mark</p>
Year	Profit (Loss) (₹)																	
2013-14	50,000																	
2014-15	= 40,000+10,000 = 50,000																	
2015-16	75,000																	
2016-17	(25,000)																	
2017-18	<u>50,000</u>																	
	<u>2,00,000</u>																	

Goodwill= Average Profits x Number of years purchase

$$= ₹40,000 \times 3$$

$$= ₹1,20,000$$

1 mark
=
1+1+1
=
3 marks

9

Q. A and B are partners in a firm sharing Profit for the year ended 31st March, 2019 ₹2,78,000 was distributed without providing for interest on capital and partners' salary. Showing your working clearly, pass the necessary adjustment entry for the above omissions.

Ans. Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
2019 Mar 31	A's Current A/c To B's Current A/c (Being omission of interest on Capital and salary, now rectified)	11,200	11,200

1 ½
marks

Table showing Past Adjustments:

Partners	Interest on Capital (Cr.)	Salary (Cr.)	Profits (Dr.)	Net effect	
				Dr. (₹)	Cr. (₹)

1 ½

	(₹)	(₹)	(₹)		
A	90,000	50,000	1,51,200	11,200	-
B	40,000	36,000	64,800	-	11,200
	1,30,000	86,000	2,16,000	11,200	11,200

marks

=

3 marks

OR

OR

Q. A, B and C were partners in a firm. On 1st April, 2018, their capitals stood at ₹4,00,000, ₹3,00,000 and ₹2,00,000 respectively. As per the provisions of the partnership deedShowing your working clearly, pass an adjustment entry to rectify the above error.

Ans. Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
2019	B's Capital A/c	Dr. 20,000	-
Mar 31	C's Capital A/c	Dr. 30,000	-
	To A's Capital A/c	-	50,000
	(Being omission of interest on Capital and salary, now rectified)		

1 ½
marks

Table showing Past Adjustments:

Partners	Interest on Capital (Cr.) (₹)	Salary (Cr.) (₹)	Profits (Dr.) (₹)	Net effect	
				Dr. (₹)	Cr. (₹)

A	40,000	60,000	50,000	-	50,000
B	30,000	-	50,000	20,000	-
C	20,000	-	50,000	30,000	-
	90,000	60,000	1,50,000	50,000	50,000

1 ½
marks
=
3 marks

10

Q. P, Q and R were partners in a firm sharing profits and losses equally. S was admitted as a new partner for ¼ share in the profits. The total capital of the new firm as agreed between P, Q, R and S was ₹2,00,000 and S brought in cash equivalent to 1/4th of this amount as his capital. The capitals of P, Q and R were also to be adjusted in their profit sharing ratio by bringing in or paying off cash as the case may be. The capitals of P, Q and R after doing adjustments related to revaluation of assets and reassessment of liabilities were ₹40,000; ₹50,000 and ₹60,000 respectively. Calculate the new capital of P, Q and R and pass necessary journal entries for the above transactions in the books of the firm.

Ans.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
	Cash/ Bank A/c Dr. To S's capital A/c (Being cash brought in by S)	50,000 -	- 50,000
	Cash/ Bank A/c Dr. To P's capital A/c (Being cash brought in by P)	10,000	- 10,000
	R's Capital A/c Dr. To Cash/ Bank A/c	10,000 -	- 10,000

1 x 3
=
3marks

			(Being cash withdrawn by R																						
		<p>Calculation of cash brought in or paid off</p> <table border="1"> <thead> <tr> <th></th> <th>P(₹)</th> <th>Q(₹)</th> <th>R(₹)</th> </tr> </thead> <tbody> <tr> <td>Existing capitals</td> <td>40,000</td> <td>50,000</td> <td>60,000</td> </tr> <tr> <td>Adjusted capitals</td> <td><u>50,000</u></td> <td><u>50,000</u></td> <td><u>50,000</u></td> </tr> <tr> <td>Cash withdrawn/ brought in</td> <td><u>10,000</u></td> <td><u>--</u></td> <td><u>(10,000)</u></td> </tr> </tbody> </table>						P(₹)	Q(₹)	R(₹)	Existing capitals	40,000	50,000	60,000	Adjusted capitals	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	Cash withdrawn/ brought in	<u>10,000</u>	<u>--</u>	<u>(10,000)</u>			
	P(₹)	Q(₹)	R(₹)																						
Existing capitals	40,000	50,000	60,000																						
Adjusted capitals	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>																						
Cash withdrawn/ brought in	<u>10,000</u>	<u>--</u>	<u>(10,000)</u>																						
11	<p>Q. Singh and Jain were partners in a firm sharing profits and losses in the ratio of 3 : 7.....Pass necessary journal entries for the above transactions in the books of the firm.</p> <p>Ans. Journal</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Dr. (₹)</th> <th>Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Singh's Capital A/c Dr. To Realisation A/c (Being 50% of the total stock taken over by Singh at 10% discount)</td> <td>40,500 -</td> <td>- 40,500</td> </tr> <tr> <td>(ii)</td> <td>No Entry</td> <td></td> <td></td> </tr> <tr> <td>(iii)</td> <td>Cash A/c Dr. To Realisation A/c (Being stock sold for cash)</td> <td>24,300 -</td> <td>- 24,300</td> </tr> <tr> <td>(iv)</td> <td>Realisation A/c Dr.</td> <td>76,000</td> <td>-</td> </tr> </tbody> </table>					Date	Particulars	Dr. (₹)	Cr. (₹)	(i)	Singh's Capital A/c Dr. To Realisation A/c (Being 50% of the total stock taken over by Singh at 10% discount)	40,500 -	- 40,500	(ii)	No Entry			(iii)	Cash A/c Dr. To Realisation A/c (Being stock sold for cash)	24,300 -	- 24,300	(iv)	Realisation A/c Dr.	76,000	-
Date	Particulars	Dr. (₹)	Cr. (₹)																						
(i)	Singh's Capital A/c Dr. To Realisation A/c (Being 50% of the total stock taken over by Singh at 10% discount)	40,500 -	- 40,500																						
(ii)	No Entry																								
(iii)	Cash A/c Dr. To Realisation A/c (Being stock sold for cash)	24,300 -	- 24,300																						
(iv)	Realisation A/c Dr.	76,000	-																						

1 x 4

=

4 marks

	To Bank A/c (Being creditors paid in cash at a discount of 5%)	-	76,000
--	---	---	--------

12

Q. X, Y and Z were partners in a firm sharing profits in the ratio of 3 : 3 : 4. Z died on 31st March, 2016. The amount payable to Z's executor K was ₹1,09,000. ₹19,000 were paid to K immediately and the balance was paid in three equal yearly instalments starting from 31st March, 2017 with interest @ 12% p.a. The firm closes its books on 31st March every year.

Prepare K's account till he is finally paid.

Ans.

Dr. K's Account Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2016 Mar 31	To Bank A/c	19,000	2016 Mar 31	By Z's Capital A/c	1,09,000
Mar 31	To Balance c/d	90,000			
		1,09,000			1,09,000
2017 Mar 31	To Bank A/c	40,800	2016 Apr 1	By Balance b/d	90,000
Mar 31	To Balance c/d	60,000	2017 Mar 31	By Interest	10,800
		1,00,800			1,00,800
2018 Mar 31	To Bank A/c	37,200	2017 Apr 1	By Balance b/d	60,000
Mar 31	To Balance c/d	30,000	2018 Mar 31	By Interest	7,200
		67,200			67,200
2019 Mar 31	To Bank A/c	33,600	2018 Apr 1	By Balance b/d	30,000
			2019		

1 x 4

=

4 marks

			Mar 31	By Interest	3,600
		33,600			33,600

13

Q. X and Y are partners sharing profits in the ratio of 3 : 2. Their partnership deed providedComplete the Profit and Loss Appropriation Account for the year ended 31st March, 2019, Partners' Capital Accounts and Current Accounts.

Ans.

Dr. Profit and Loss Appropriation A/c for the year ended 31st March 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
<u>To Interest on Capital</u>		By Profit and Loss A/c- Net	2,82,860
X's Current A/c 18,000 .. <input type="text" value="1/2"/>		Profit b/d.. <input type="text" value="1/2"/>	
Y's Current A/c 24,000 .. <input type="text" value="1/2"/>	42,000	<u>By Interest on Drawings</u>	
<u>To Salary</u>		X's Current A/c 600	
Y's Current A/c	<input type="text" value="1/2"/> .. 42,000	Y's Current A/c 540 .. <input type="text" value="1/2"/>	1,140
<u>To Profit transferred to:</u>			
X's Current A/c 1,20,000			
Y's Current A/c 80,000 .. <input type="text" value="1/2"/>	2,00,000		
	2,84,000		2,84,000

3 marks

Dr. Partners' Capital Accounts Cr.

Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To balance c/d	1,80,000	2,40,000	By balance b/d	1,80,000	2,40,000
	1,80,000	2,40,000		1,80,000	2,40,000

1 mark

Dr. Partners' Current Accounts Cr.

Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To Bank A/c (Drawings)	10,000	9,000	By balance b/d	78,000	69,000
To Interest on drawings $\frac{1}{2}$	600	540	By Interest on Capital	18,000	24,000
To balance c/d $\frac{1}{2}$	2,05,400	2,05,460	By Salary $\frac{1}{2}$	-	42,000
			By P/L Appropriation A/c- Profit $\frac{1}{2}$	1,20,000	80,000
	2,16,000	2,15,000		2,16,000	2,15,000

2 marks

OR

Q. X and Y are partners in a firm sharing profits and losses in the ratio of 2 : 1. Complete the Profit and Loss Appropriation A/c of X and Y for the year ended 31st March, 2019.

Dr. Profit and Loss Appropriation A/c for the year ended 31st March 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)

=

3+1+2

=

6 marks

OR

To Interest on Capital		By Profit and Loss A/c- Net Profit b/d	1. 3,00,000	
X's Current A/c 45,000. $\frac{1}{2}$				
Y's Current A/c 27,000. $\frac{1}{2}$	$\frac{1}{2}$. 72,000			
To Salary		By Interest on Drawings		
X's Current A/c	$\frac{1}{2}$. 48,000	X's Current A/c 3,600 $\frac{1}{2}$		$\frac{1}{2}$
		Y's Current A/c 4,320 $\frac{1}{2}$		7,920
To General Reserve	15,000			
To Profit transferred to:				
X's Current A/c 1,15,280. $\frac{1}{2}$				
Y's Current A/c 57,640. $\frac{1}{2}$	$\frac{1}{2}$ 1,72,920			
	3,07,920			3,07,920

6 marks

14

Q. On 1st April, 2016, Ganesh Ltd. acquired assets of ₹6,00,000 and took over liabilities of ₹70,000 of Sohan Ltd..... Ignoring entries relating to writing off loss on issue of debentures and interest paid on debentures, pass the necessary journal entries to record the issue and redemption of debentures.

Ans.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
2016	Assets A/c Dr.	6,00,000	-
Apr 1	Goodwill A/c Dr.	1,30,000	-
	To Liabilities A/c		70,000
	To Sohan Ltd. A/c		6,60,000
	(Being assets and liabilities acquired of Sohan Ltd.)		
2016	Sohan Ltd A/c Dr.	6,60,000	-
Apr 1	Loss on issue of debentures A/c Dr.	30,000	-
	To 12% debentures A/c		6,00,000

1 mark

1 mark

			To Securities Premium Reserve A/c To Premium on redemption of Debentures A/c (Being debentures issued at a premium redeemable at a premium)		60,000 30,000		
2018 Mar 31			Surplus i.e. balance in Statement of Profit ad Loss Dr. To Debenture Redemption Reserve A/c (Being Debenture Redemption Reserve created out of profits)	1,50,000	1,50,000		½ mark
2018 Apr.1			10% Debenture Redemption Investments A/c Dr. To Bank A/c (Being Debenture Redemption Investments purchased)	90,000	90,000		½ mark
2019 Mar 31			Bank A/c Dr. TDS Collected/ Deposited A/c Dr. To Interest on Debenture Redemption Investments A/c (Being Interest received on Debenture Redemption Investments)	8,100 900	9,000		½ mark
2019 Mar.31			Bank A/c Dr. To 10% Debenture Redemption Investments A/c (Being Debenture Redemption Investments sold)	90,000	90,000		½ mark
“			12% Debentures A/c Dr. Premium on redemption of Debentures A/c Dr. To Debenture holders A/c (Being amount payable to debenture holders on redemption)	6,00,000 30,000	6,30,000		½ mark
“			Debenture holders A/c Dr. To Bank A/c	6,30,000	6,30,000		½ mark

			(Being Debentures redeemed)																																								
		“	Interest on Debenture Redemption Investments Dr. To Statement of Profit and Loss (Being Interest on Debenture Redemption Investments transferred to Statement of Profit and Loss)	9,000	-	9,000	½ mark																																				
		“	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (Being Debenture Redemption Reserve transferred to general reserve)	1,50,000		1,50,000	½ mark = 6 marks																																				
		.																																									
15	<p>Q. Following is the Receipts and Payments Account of Bharti Club for the year ended 31st March, 2019.....Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2019 and its Balance Sheet as at 31st March, 2019.</p> <p>Ans.</p> <p>Dr. Income and Expenditure A/c for the year ended March 31, 2019 Cr.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>To salaries</td> <td>25,000</td> <td>By Subscriptions</td> <td>70,500</td> </tr> <tr> <td>To travelling expenses</td> <td>4,000</td> <td>Add Advance for current year</td> <td>2,000</td> </tr> <tr> <td>To stationery consumed</td> <td>3,000</td> <td>Less Advance for next year</td> <td>(3,500)</td> </tr> <tr> <td>To rent</td> <td>32,000</td> <td>Less o/s for last year</td> <td>(3,400)</td> </tr> <tr> <td>To surplus</td> <td>13,150</td> <td>Add o/s for current year</td> <td><u>4,300</u></td> </tr> <tr> <td></td> <td></td> <td>By donations</td> <td>5,000</td> </tr> <tr> <td></td> <td></td> <td>By interest on investments</td> <td>2,250</td> </tr> <tr> <td></td> <td>77,150</td> <td></td> <td>77,150</td> </tr> </tbody> </table>						Particulars	Amount (₹)	Particulars	Amount (₹)	To salaries	25,000	By Subscriptions	70,500	To travelling expenses	4,000	Add Advance for current year	2,000	To stationery consumed	3,000	Less Advance for next year	(3,500)	To rent	32,000	Less o/s for last year	(3,400)	To surplus	13,150	Add o/s for current year	<u>4,300</u>			By donations	5,000			By interest on investments	2,250		77,150		77,150	3 marks
Particulars	Amount (₹)	Particulars	Amount (₹)																																								
To salaries	25,000	By Subscriptions	70,500																																								
To travelling expenses	4,000	Add Advance for current year	2,000																																								
To stationery consumed	3,000	Less Advance for next year	(3,500)																																								
To rent	32,000	Less o/s for last year	(3,400)																																								
To surplus	13,150	Add o/s for current year	<u>4,300</u>																																								
		By donations	5,000																																								
		By interest on investments	2,250																																								
	77,150		77,150																																								

Balance Sheet of Modern Health Club as on 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions received in advance	3,500	Cash	30,000
Capital Fund 44,900		9% Investments	25,000
Add Life membership fee 10,000		Outstanding Subscriptions	4,300
Add Surplus <u>13,150</u>	68,050	Books	12,000
		Accrued interest on 9% Investments	250
	71,550		71,550

**1 ½
marks**

Working Notes:

Balance Sheet of Modern Health Club as on 31st March 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions received in advance	2,000	Cash	10,500
Capital Fund	44,900	9% Investments	25,000
		Outstanding Subscriptions	3,400
		Books	8,000
	46,900		46,900

**1 ½
marks**

=
3+ 1 ½ +
1 ½
=

6 marks

16

Q. Rathee Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each. The shares were issued at a premium of 60%. Pass necessary journal entries for the above transactions in the books of Rathee Ltd.

Ans.

In the books of Rathee Ltd.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
	Bank A/c Dr. To Equity Share Application and Allotment A/c (Being application money received)	11,50,000	11,50,000
	Equity Share Application and Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c To Calls in Advance A/c To Bank A/c (Being application money transferred to share capital, securities premium reserve, calls and the balance refunded)	11,50,000	2,00,000 4,00,000 4,82,000 68,000
	Equity Share First and Final call A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being First call money due)	10,00,000	8,00,000 2,00,000
	Bank A/c Dr. Calls in arrears A/c Dr. Calls in advance A/c Dr. To Equity Share First and Final call A/c (Being first call money received)	5,11,600 6,400 4,82,000	10,00,000

or

1 mark

1½ marks

1 mark

1½ marks

Bank A/c	Dr.	5,11,600	
Calls in advance A/c	Dr.	4,82,000	
To Equity Share First and Final call A/c			9,93,600
(Being first call money received)			
Equity Share Capital A/c	Dr.	10,000	
Securities Premium Reserve A/c	Dr.	2,000	
To Share Forfeiture A/c			5,600
To Calls in Arrears A/c/ Equity Share first and final call A/c			6,400
(Being Bali's shares forfeited for non payment of first and final call)			
Bank A/c	Dr.	15,000	
To Equity Share Capital A/c			10,000
To Securities Premium Reserve A/c			5,000
(Being Bali's shares reissued for ₹15 per share fully paid)			
Share Forfeiture A/c	Dr.	5,600	
To Capital Reserve A/c			5,600
(Being balance in Share forfeiture account transferred to capital reserve)			

1 mark

1 mark

1 mark

=

8 marks

OR

Q. 'Venus Ltd' was registered with an authorised capital of ₹40,00,000 divided into 4,00,000 equity shares of 10 each. 70,000 of these shares were issued as fully paid.....Pass necessary journal entries for the above transactions in the books of 'Venus Ltd'.

Ans.

In the books of Venus Ltd.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
	Building A/c	Dr.	7,00,000
	To M/s Star Ltd.		7,00,000

½ mark

	(Being building purchased from M/s Star Ltd.)			
	M/s Star Ltd. Dr. To Equity Share Capital A/c (Being 70,000 shares issued as fully paid to Star Ltd. for payment of building purchased)	7,00,000	7,00,000	½ mark
	Bank A/c Dr. To Equity Share Application A/c (Being application money received on 2,00,000 shares)	6,00,000	6,00,000	½ mark
	Equity Share Application A/c Dr. To Equity Share Capital A/c (Being application money transferred to share capital)	6,00,000	6,00,000	½ mark
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Being Allotment money due on 2,00,000 shares)	4,00,000	4,00,000	½ mark
	Bank A/c Dr. To Equity Share Allotment A/c (Being allotment money received) or Bank A/c Dr. 3,80,000 Calls in arrears A/c Dr. 20,000 To Equity Share Allotment A/c (Being allotment money received)	3,80,000 3,80,000 20,000	3,80,000 4,00,000	½ mark
	Equity Share First call A/c Dr. To Equity Share Capital A/c	4,00,000	4,00,000	

			(Being First call money due on 2,00,000 shares)			½ mark
			Bank A/c To Equity Share First call A/c (Being first call money received)	Dr. 3,20,000	3,20,000	1 mark
			or			
			Bank A/c Calls in arrears A/c To Equity Share First call A/c (Being first call money received)	Dr. Dr. 3,20,000 80,000	4,00,000	
			Equity Share Second and Final call A/c To Equity Share Capital A/c (Being First call money due on 2,00,000 shares)	Dr. 6,00,000	6,00,000	½ mark
			Bank A/c To Equity Share Second and Final call A/c (Being first call money received)	Dr. 3,00,000	3,00,000	
			or			
			Bank A/c Calls in arrears A/c To Equity Share Second and Final call A/c (Being first call money received)	Dr. Dr. 3,00,000 3,00,000	6,00,000	1 mark
			Equity Share Capital A/c To Share Forfeiture A/c To Equity Share Allotment A/c To Equity Share first call A/c To Equity Share Second and Final call A/c	Dr. 1,00,000	30,000 20,000 20,000 30,000	

Lisa's Capital A/c	40,000			
Monika's Capital A/c	40,000			
Nisha's Capital A/c	<u>20,000</u>	1,00,000		
		2,40,000		2,40,000

Dr.				Partners Capital Accounts				Cr.			
Particulars	Lisa (₹)	Monika (₹)	Nisha (₹)	Particulars	Lisa (₹)	Monika (₹)	Nisha (₹)				
To Stock A/c	-	5,00,000	-	By balance b/d	14,00,000	14,00,000	3,60,000				
To Monika's Capital A/c	80,000	-	40,000	By Revaluation A/c	40,000	40,000	20,000				
To Monika's loan A/c	-	10,60,000	-	By Lisa's Capital A/c	-	80,000	-				
To balance c/d	18,00,000		9,00,000	By Nisha's Capital A/c	-	40,000	-				
				By Current A/c	4,40,000		5,60,000				
	18,80,000	15,60,000	9,40,000		18,80,000	15,60,000	9,40,000				

1 x 3
=
3 marks

Balance Sheet of the reconstituted firm as on 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Trade Creditors	1,60,000	Land and Building	12,40,000
Bills Payable	2,44,000	Machinery	10,80,000

Employees Provident Fund	76,000	Stock	5,00,000
Monika's Loan	10,60,000	Debtors 4,00,000	
Capitals		Less Provision for doubtful debts <u>20,000</u>	3,80,000
Lisa 18,00,000		Bank	40,000
Nisha <u>9,00,000</u>	27,00,000	Lisa's Current A/c	4,40,000
		Nisha's Current A/c	5,60,000
	44,20,000		42,40,000

1½ x 2
=
3 marks

=
2+3+3
=

8 marks

OR

OR

Q. On 31st March, 2019 the Balance Sheet of Madan and Mohan who share profits and losses in the ratio of 3 : 2Prepare Revaluation Account, Capital Accounts of the Partners and the Balance Sheet of the new firm.

Ans.

Dr. Revaluation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Workmen's compensation claim	5,000	By Bank /bad debts recovered	2,000
To Stock	3,000	By Patents	2,000

½ x 4

		By Loss transferred to:	
		Madan's Capital A/c 2,400	
		Mohan's Capital A/c <u>1,600</u>	4,000
	8,000		8,000

=
2 marks

Dr. Partners Capital Accounts Cr.

Particulars	Madan (₹)	Mohan (₹)	Gopal (₹)	Particulars	Madan (₹)	Mohan (₹)	Gopal (₹)
To Revaluation A/c	2,400	1,600	-	By Balance b/d	60,000	40,000	-
To Balance c/d	63,600	52,400	23,200	By Premium for goodwill A/c	-	10,000	-
				By General Reserve A/c	6,000	4,000	-
				By Bank A/c			23,200
	66,000	54,000	23,200		66,000	54,000	23,200

1 x 3
=
3 marks

Note: If the goodwill premium brought by the partner has been credited to his account first and then credited to his capital accounts in the sacrificing ratio, full credit be given.

Balance Sheet of the reconstituted firm as on 31st March 2018

Liabilities	Amount	Assets	Amount
-------------	--------	--------	--------

	(₹)		(₹)	
Creditors	28,000	Cash at bank	45,200	1½ x 2
Employees Provident Fund	22,000	Debtors 65,000		=
Workmen's compensation claim	5,000	Less Provision for doubtful debts <u>5,000</u>	60,000	3 marks
Capitals:		Stock	30,000	=
Madan 63,600		Patents	59,000	2+3+3
Mohan 52,400				=
Gopal <u>23,200</u>	1,39,200			8 marks
	1,94,200		1,94,200	

PART B
OPTION 1
Analysis of Financial Statements

18 **Q. What is meant by investing activities for preparing Cash flow Statement?**
Ans. Investing activities (as per AS-3) are the acquisition and disposal of long term assets and other investments not included in cash equivalents. **1 mark**

19 **Q. State the primary objective of preparing Cash Flow Statement.**
Ans. The primary objective of preparing 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 mark**

20 **Q. Prepare a Common-Size Statement of Profit and Loss of 'Hari Darshan Ltd.' from the following information:**

Ans. **In the books of 'Hari Darshan Ltd.'**

Common Size Statement of Profit and Loss

for the years ended 31st March 2018 and 31st March 2019

Particulars	Absolute amount		Percentage of Revenue from operations	
	2017-18 (₹)	2018-19 (₹)	2017-18 (%)	2017-18 (%)
Revenue from operations	10,00,000	20,00,000	100	100
Add Other income	50,000	60,000	5	3
Total Revenue	10,50,000	20,60,000	105	103
Less Expenses:				
Purchase of stock in trade	4,20,000	7,70,000	42	38.5
Changes in inventories	80,000	1,20,000	8	6
Other expenses	30,000	52,000	3	2.6
Total Expenses	5,30,000	9,42,000	53	47.1
Profit before Tax	5,20,000	11,18,000	52	55.9
Less Tax @50%	2,60,000	5,59,000	26	27.95
Profit after Tax	2,60,000	5,59,000	26	27.95

½

½

½

½

½

½

½

½

=

½ x 8

=

4marks

OR

OR

Q. Following information is extracted from the Statement of Profit and Loss of Delko Ltd. for the year ended 31st March, 2019:

Ans.

**In the books of Delko Ltd.
Comparative Statement of Profit and Loss
for the years ended 31st March 2018 and 31st March 2019**

Particulars	2017-18 (₹)	2018-19 (₹)	Absolute Increase/ Decrease (₹)	Percentage Increase/ Decrease (%)
Revenue from operations	45,00,000	60,00,000	15,00,000	33.33
Less				
Employee benefit expenses	22,50,000	30,00,000	7,50,000	33.33
Depreciation	6,00,000	7,50,000	1,50,000	25
Other expenses	10,00,000	15,50,000	5,50,000	55
Total Expenses	38,50,000	53,00,000	14,50,000	37.66
Profit before Tax	6,50,000	7,00,000	50,000	7.69
Less Tax @50%	3,25,000	3,50,000	25,000	7.69
Profit after Tax	3,25,000	3,50,000	25,000	7.69

½

½

½

½

½

½

½

½

=

			$\frac{1}{2} \times 8$ = 4 marks
21	<p>Q. From the given information, calculate the following ratios:</p> <p>(i) Operating Ratio</p> <p>(ii) Inventory Turnover Ratio</p> <p>Ans.</p> <p>(i) Operating ratio = $\frac{\text{Cost of Revenue from operations} + \text{Operating expenses}}{\text{Net Revenue from operations}} \times 100$</p> <p>Cash Revenue from operations = ₹10,00,000</p> <p>Credit Revenue from operations = ₹12,00,000</p> <p>Therefore, Total Revenue from operations = ₹22,00,000</p> <p>Operating expenses = 10% of ₹22,00,000 = ₹2,20,000</p> <p>Gross profit = 40% of ₹22,00,000</p> <p style="padding-left: 40px;">= ₹8,80,000</p> <p>So, Cost of Revenue from operations = ₹13,20,000</p>	<p>2 marks</p> <p>2 marks</p> <p>=</p>	

$$\text{Operating ratio} = \frac{\text{₹}13,20,000 + \text{₹}2,20,000}{\text{₹}22,00,000} \times 100$$

$$= 70\%$$

(ii) Inventory Turnover ratio = $\frac{\text{Cost of Revenue from operations}}{\text{Average Inventory}}$

$$= \frac{\text{₹}13,20,000}{\text{₹}1,60,000}$$

$$= 8.25 \text{ times}$$

OR

Q. (A) Net profit after interest and tax of M Ltd. was ₹1,00,000. Its Current Assets were ₹4,00,000 and Current Liabilities were ₹2,00,000. Tax rate was 50%. Its Total Assets were ₹10,00,000 and 10% Long term debt was ₹4,00,000. Calculate Return on Investment.

(B) Rate of Gross profit on Revenue from operations of a company is 25%. Its Gross profit is ₹5,00,000. Its Shareholders' Funds are ₹25,00,000; Non-current Liabilities are ₹8,00,000 and Non-current Assets are ₹23,00,000.

Calculate its Working Capital Turnover Ratio.

Ans.

(A) Return on Investment = $\frac{\text{Profit before interest and tax} \times 100}{\text{Capital employed}}$

$$\text{Profit before interest and tax} = \text{₹}1,00,000 + \text{₹}1,00,000 + \text{₹}40,000$$

$$= \text{₹}2,40,000$$

2+2
=
4 marks

OR

2 marks

		<p>Capital employed = ₹8,00,000</p> <p>Therefore, Return on Investment = ₹2,40,000/₹8,00,000 x 100</p> <p style="text-align: center;">= 30%</p> <p>(B) Working Capital Turnover ratio = Revenue from operations/ Working Capital</p> <p>Gross Profit = ₹5,00,000</p> <p>So, Revenue from operations = ₹20,00,000</p> <p>Working Capital = Shareholders Funds + Non Current Liabilities – Non Current Assets</p> <p style="text-align: center;">= ₹25,00,000 + ₹8,00,000 - ₹23,00,000</p> <p style="text-align: center;">= ₹10,00,000</p> <p>Working Capital Turnover ratio = ₹20,00,000/ ₹10,00,000 = 2 times</p>	<p style="text-align: right;">2 marks</p> <p style="text-align: right;">=</p> <p style="text-align: right;">2+2</p> <p style="text-align: right;">=</p> <p style="text-align: right;">4 marks</p>
22		<p>Q. Under which sub-headings the following items will be placed in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013?</p>	

Ans.

	Item	Sub Head
(i)	Patents	Fixed assets- Intangible
(ii)	Unpaid dividend	Other Current liabilities
(iii)	Calls in advance	Other Current liabilities
(iv)	Cheques in hand	Cash and Cash Equivalents
(v)	Bills Payable	Trade Payables
(vi)	Office Equipments	Fixed assets- Tangible
(vii)	General Reserve	Reserves and Surplus
(viii)	Public Deposits	Long Term borrowings

½ x 4

=

4 marks

23

Q. Following is the Balance Sheet of X Ltd. as at 31st March, 2018..... Prepare a Cash Flow Statement.

Ans. Cash Flow Statement of X Ltd. for the year ended 31st March 2018

Particulars	Amount (₹)	Amount (₹)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit before Tax	5,00,000	
Add depreciation on Machinery	1,40,000	
Interest on 12% Debentures	60,000	
Goodwill written off	1,00,000	
Less Profit on sale of machinery	(10,000)	

<i>Operating profit before Working Capital changes</i>	7,90,000		1 ½ marks
Less Increase in Inventories	<u>(1,30,000)</u>		
<i>Cash generated from operations</i>	6,60,000		
Less Tax paid	<u>(1,65,000)</u>		
Cash Inflows from Operating activities		4,95,000	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Sale of Machinery	50,000		
Purchase of Machinery	<u>(6,80,000)</u>		1 mark
Purchase of Investments	<u>(1,00,000)</u>		
Cash used in Investing activities		(7,30,000)	
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issue of Shares	2,00,000		
Issue of 12% Debentures	1,00,000		1 ½ marks
Bank overdraft repaid	<u>(5,000)</u>		
Interest paid on 12% Debentures	<u>(60,000)</u>		
Cash Inflows from Financing activities		<u>2,35,000</u>	
Net increase in Cash and Cash equivalents		--	
<i>Add Opening balance of Cash and Cash equivalents</i>			
Current Investments	1,70,000		
Cash and Cash equivalents	<u>40,000</u>	<u>2,10,000</u>	½ mark
<i>Closing balance of Cash and Cash equivalents</i>			
Current Investments	1,40,000		
Cash and Cash equivalents	<u>70,000</u>	<u>2,10,000</u>	

Working Notes:

Calculation of Net Profit before Tax:

	(₹)
Net profit	3,00,000
Add Provision for Tax	<u>2,00,000</u>
	<u>5,00,000</u>

½ mark

Dr. Machinery A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To balance b/d	20,00,000	By Cash (sale)	50,000
To Profit on sale	10,000	By Accumulated depreciation	40,000
To Bank (purchase)	6,80,000	By balance c/d	26,00,000
	26,90,000		26,90,000

½ mark

Dr. Accumulated depreciation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	40,000	By balance b/d	1,00,000
To balance c/d	2,00,000	By depreciation	1,40,000

½ mark

		presented and is not tempered. Data vault password cannot be broken. Some software uses data encryption method.	= 2+2 = 4 marks
		<p>Q. 21. Explain ‘Sequential’ and ‘Mnemonic’ codes.</p> <p>Ans.</p> <p><u>Sequential codes</u></p> <p>These are codes in which code numbers and/or letters are assigned in a consecutive order. These codes are applied primarily to source documents such as cheques, invoices etc. This facilitates document searches. This process enables either identification of missing codes (numbers) relating to a particular document or a relevant document can be traced.</p> <p><u>Mnemonic codes</u></p> <p>These codes consist of alphabets or abbreviations as symbols to codify a piece of information. SJ for sales journal, HQ for Headquarters are examples of mnemonic codes.</p> <p style="text-align: center;">OR</p> <p>Q. State the element which is considered while calculating ‘earning’ for current payroll period.</p> <p>Ans. Elements which is considered while calculating ‘Earning’ for the current payroll period are:</p> <p>(i) Basic Pay (BP): It is the pay in the pay scale plus grade pay but does not include special pay.</p> <p>(ii) Grade pay (GP): It is the pay to be added to the basic pay according to the designation of the employee and applicable pay band of pay.</p>	<p>2 marks</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p> <p>OR</p> <p>4 marks</p>

		<p>(iii) Dearness pay (DP): It is that portion of dearness allowance which has been declared and deemed to have been merged with basic pay.</p> <p>(iv) Dearness allowance (DA): It is a compensation for erosion in the purchasing power of wage earner due to price rise. It is granted by the government periodically as a percentage of (basic pay+ dearness pay, if applicable).</p> <p>(v) House rent allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation.</p> <p>(vi) Transport allowance (TRA): It is an amount paid to facilitate commuting to the place of work i.e. Delhi, Bhopal, Haridwar etc.</p> <p>(vii) Any other earning: It may include any other allowance not included in the above but declared from time to time such as education allowance, medical allowance, washing allowance etc.</p>	
		<p>Q. 22. State the features of a good accounting software.</p> <p>Ans. <u>Following are the features of accounting software: (Any four)</u></p> <p>(i) Does all basic accounting functions.</p> <p>(ii) Manages your stores.</p> <p>(iii) Does job costing.</p> <p>(iv) Manages payroll.</p> <p>(v) Get many MIS (Management Information System)</p> <p>(vi) Filing of tax returns.</p> <p>(vii) Maintaining budgets.</p> <p>(viii) Calculation of pending amount of interest.</p> <p>(ix) Manages and synchronises data over different locations.</p>	<p>1 x 4 = 4 marks</p>

		<p style="text-align: center;">OR</p> <p>Q. State the steps involved in installation of a computerised accounting system.</p> <p>Ans. For installation of computerised accounting system the following steps are required:</p> <p>(i) Insert CD in the system.</p> <p>(ii) After inserting CD select the option in following steps;</p> <p style="padding-left: 40px;">a) Select any (C:or E:or D:)from My computer icon on the desktop double click on install.exe .</p> <p style="text-align: center;">OR</p> <p style="padding-left: 40px;">a) Select start>run>type the file name E:\install.exe</p>	<p style="text-align: center;">OR</p> <p style="text-align: center;">4 marks</p>
		<p>Q. 23 What is meant..... three benefits.</p> <p>Ans :</p> <p>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.</p> <p><u>Conditional formatting</u> is often applied to worksheets to find:</p> <ul style="list-style-type: none"> • Data that is above or below a certain value. Duplicate data values. • Cells containing specific text. Data that is above or below average. • Data that falls in the top ten or bottom ten values. <p><u>Benefits of using conditional formatting:</u></p> <p>i) Helps in answering questions which are important for taking decisions.</p> <p>ii) Guides with help of using visuals.</p> <p>iii) Helps in understanding distribution and variation of critical data.</p>	<p style="text-align: center;">6 marks</p>

SET 3

Marking Scheme 2018-19			MARKS
67	67	67	
/1	/1	/1	
/1	/2	/3	
Accountancy (055)			
Delhi- 67/1/3			
Expected Answers/ Value Points			
		<p>1 Q. B and C were partners in a firm sharing profits and losses in the ratio of 11:9. B had given a loan of ₹80,000 to the firm and the firm also took a loan of ₹1,60,000 from Mrs. C. On 31st March, 2019 the firm was dissolved and its assets realised ₹1,20,000. Assuming that the firm did not have any other third party liability, state the order of payment of B's loan and Mrs. C's loan.</p> <p>Ans. Order of payment:</p> <p>First, the third party loan i.e. Mrs. C's loan will be paid.</p> <p>Then Partner's loan i.e. B's loan will be paid.</p>	1 mark
		<p>2 Q. At the time of admission of a partner, who decides the share of profit of the new partner out of the firm's profit?</p> <p>Ans. It is decided mutually among the old partners and the new partner.</p> <p style="text-align: center;">OR</p>	1 mark

		<p>Q. At the time of retirement, how is the new profit sharing ratio among the remaining partners calculated?</p> <p>Ans. The new share of each of the remaining partner is calculated as his/ her own share in the firm plus the share acquired from the retiring partner.</p>	<p>OR</p> <p>1 mark</p>
	3	<p>Q. How are general donations treated while preparing financial statements of a not-for-profit organisation?</p> <p>Ans. General donations are treated as revenue receipts.</p> <p>(Note: If an examinee has given the treatment of general donations as shown in receipts side of Receipts and Payments Account and Income side of Income and Expenditure Account, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by ‘life membership fee’?</p> <p>Ans. Life membership fee is the membership fee paid by some members as a lump sum amount instead of a periodic subscription.</p>	<p>1 mark</p> <p>OR</p> <p>1 mark</p>
	4	<p>Q. Raj and Seema started a partnership firm on 1st July, 2018. They agreed that Seema was entitled to a commission of 10% of the net profit after charging Raj’s salary of ₹2,500 per quarter and Seema’s commission. The net profit before charging Raj’s salary and Seema’s commission for the year ended 31st March,</p>	

2019 was ₹2,27,500. Calculate Seema's commission.

Ans. Net Profit before salary and commission = ₹2,27,500

Less Raj's salary ₹2,500 x 3 = ₹7,500

Net profit after Raj's salary but before Seema's commission = ₹2,20,000

Seema's commission = 10/110 of ₹2,20,000

= ₹20,000

1 mark

5 Q. A, B and C were partners sharing profits in the ratio of 5 : 4 : 3. They decided to change their profit sharing ratio to 2 : 2 : 1 w.e.f. 1st April, 2019. On that date, there was a balance of ₹3,00,000 in General Reserve and a debit balance of ₹4,80,000 in the Profit and Loss Account. Pass necessary journal entries for the above on account of change in the profit sharing ratio.

Ans. Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
2019	General reserve A/c Dr.	3,00,000	
Apr 1	To A's Capital A/c		1,25,000
	To B's Capital A/c		1,00,000
	To C's Capital A/c		75,000
	(Being general reserve distributed among the partners in the old ratio)		
"	A's Capital A/c Dr.	2,00,000	
	B's Capital A/c Dr.	1,60,000	
	C's Capital A/c Dr.	1,20,000	

½ x 2

=

			<p>To Profit and Loss A/c (Being debit balance of Profit and Loss account debited to the old partners in the old profit sharing ratio)</p>		4,80,000	1 mark								
		6	<p>Q. What is meant by over subscription of shares?</p> <p>Ans. Oversubscription of shares means that the company receives applications for more than the number of shares offered to the public for subscription.</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by ‘par value’ of a share?</p> <p>Ans. Par value is the nominal value or the face value of the share.</p>			<p>1 mark</p> <p style="text-align: center;">OR</p> <p>1 mark</p>								
		7	<p>Q. Anita, Geeta, Sunita and Lata were partners in a firm. They admitted Kavita as a new partner forCalculate the new capitals of Anita, Geeta, Sunita and Lata and pass necessary journal entries for the above transactions in the books of the firm.</p> <p>Ans.</p> <p style="text-align: center;">Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 55%;">Particulars</th> <th style="width: 15%;">Dr. (₹)</th> <th style="width: 20%;">Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Cash/ Bank A/c Dr.</td> <td style="text-align: center;">80,000</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>	Date	Particulars	Dr. (₹)	Cr. (₹)		Cash/ Bank A/c Dr.	80,000	-			
Date	Particulars	Dr. (₹)	Cr. (₹)											
	Cash/ Bank A/c Dr.	80,000	-											

			To Kavita's capital A/c (Being cash brought in by Kavita)	-	80,000	1 x 3 = 3 marks																				
			Cash/ Bank A/c Dr. To Sunita's capital A/c (Being cash brought in by Sunita)	5,000	- 5,000																					
			Geeta's Capital A/c Dr. To Cash/ Bank A/c (Being cash withdrawn by Geeta)	5,000	- 5,000																					
		<p><u>Calculation of cash brought in or paid off</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 15%;">Anita(₹)</th> <th style="width: 15%;">Geeta(₹)</th> <th style="width: 15%;">Sunita(₹)</th> <th style="width: 15%;">Lata(₹)</th> </tr> </thead> <tbody> <tr> <td>Existing capitals</td> <td style="text-align: right;">80,000</td> <td style="text-align: right;">85,000</td> <td style="text-align: right;">75,000</td> <td style="text-align: right;">80,000</td> </tr> <tr> <td>Adjusted capitals</td> <td style="text-align: right;"><u>80,000</u></td> <td style="text-align: right;"><u>80,000</u></td> <td style="text-align: right;"><u>80,000</u></td> <td style="text-align: right;"><u>80,000</u></td> </tr> <tr> <td>Cash withdrawn/ brought in</td> <td style="text-align: right;"><u>--</u></td> <td style="text-align: right;"><u>(5,000)</u></td> <td style="text-align: right;"><u>5,000</u></td> <td style="text-align: right;"><u>--</u></td> </tr> </tbody> </table>						Anita(₹)	Geeta(₹)	Sunita(₹)	Lata(₹)	Existing capitals	80,000	85,000	75,000	80,000	Adjusted capitals	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	Cash withdrawn/ brought in	<u>--</u>	<u>(5,000)</u>	<u>5,000</u>	<u>--</u>
	Anita(₹)	Geeta(₹)	Sunita(₹)	Lata(₹)																						
Existing capitals	80,000	85,000	75,000	80,000																						
Adjusted capitals	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>																						
Cash withdrawn/ brought in	<u>--</u>	<u>(5,000)</u>	<u>5,000</u>	<u>--</u>																						
8	<p>Q. Hari and Krishan were partners sharing profits and losses in the ratio of 2 : 1. They admitted Shyam as a partner for 1/5th share in the profits. Calculate Goodwill of the firm after adjusting the following: The profit of 2014 – 15 was calculated after charging ₹10,000 for abnormal loss of goods by fire.</p> <p>Ans.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%; text-align: left;">Year</th> <th style="width: 80%; text-align: left;">Profit (Loss) (₹)</th> </tr> </thead> <tbody> <tr> <td>2013-14</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>2014-15</td> <td style="text-align: right;">= 40,000+10,000 = 50,000</td> </tr> </tbody> </table>					Year	Profit (Loss) (₹)	2013-14	50,000	2014-15	= 40,000+10,000 = 50,000															
Year	Profit (Loss) (₹)																									
2013-14	50,000																									
2014-15	= 40,000+10,000 = 50,000																									

now rectified)

Table showing Past Adjustments:

Partners	Interest on Capital (Cr.) (₹)	Salary (Cr.) (₹)	Profits (Dr.) (₹)	Net effect	
				Dr. (₹)	Cr. (₹)
A	90,000	50,000	1,51,200	11,200	-
B	40,000	36,000	64,800	-	11,200
	1,30,000	86,000	2,16,000	11,200	11,200

1 ½
marks

=

3 marks

OR

OR

Q. A, B and C were partners in a firm. On 1st April, 2018, their capitals stood at ₹4,00,000, ₹3,00,000 and ₹2,00,000 respectively. As per the provisions of the partnership deedShowing your working clearly, pass an adjustment entry to rectify the above error.

Ans.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
------	-------------	---------	---------

2019	B's Capital A/c	Dr.	20,000	-
Mar 31	C's Capital A/c	Dr.	30,000	-
	To A's Capital A/c		-	50,000
	(Being omission of interest on Capital and salary, now rectified)			

1 ½ marks

Table showing Past Adjustments:

Partners	Interest on Capital (Cr.) (₹)	Salary (Cr.) (₹)	Profits (Dr.) (₹)	Net effect	
				Dr. (₹)	Cr. (₹)
A	40,000	60,000	50,000	-	50,000
B	30,000	-	50,000	20,000	-
C	20,000	-	50,000	30,000	-
	90,000	60,000	1,50,000	50,000	50,000

1 ½ marks

=

3 marks

10 Q. Present the following items in the Balance Sheet of Queen's Club as at 31st March, 2019.... Expenditure on construction of building ₹3,60,000. The construction work is in progress and has not yet been completed.

Ans.

**Balance Sheet of Queen's Club
As on 31st March 2019 (An extract)**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund	10,80,000	10% Building Fund	1/2
Add transferred from		Investments	4,80,000
Building Fund	<u>3,60,000</u>		
	14,40,000		

			1		1/2				
		Building Fund	4,80,000		Building	3,60,000			
		Add donations	6,00,000						
		Add interest on Building Fund							
		Investments	<u>48,000</u>						
			11,28,000						
		Less expenditure on construction transferred to Capital fund	<u>3,60,000</u>	7,68,000					
				1					3 marks

		11	<p>Q. Amrit and Preet were partners in a firm sharing profits and losses in the ratio of 5:3. On 31st March, 2019 their firm was dissolved. On the date of dissolution their Balance Sheet showed stock of ₹2,00,000 and creditors of ₹1,20,000. After transferring assets (other than cash in hand and cash at bank) and third party liabilities to realisation account the following transactions took place.</p>						
		Ans.	Journal						
			Date	Particulars	Dr. (₹)	Cr. (₹)			
			(i)	Amrit's Capital A/c Dr. To Realisation A/c (Being 40% of the total stock taken over by Amrit at 10% less than the book value)	72,000	-	-	72,000	
			(ii)	No Entry					=
			(iii)	Realisation A/c Dr. To Bank A/c (Being creditors paid in cash at a discount of	65,000	-	-	65,000	4 marks

	5,000)		
(iv)	Cash A/c To Realisation A/c (Being stock sold for cash)	Dr. 	90,000 - 90,000

- 12 Q. E, F and G were partners in a firm. On 31st March, 2015 G died. After doing all necessary adjustments the capital account of G showed a net balance of ₹1,40,000. ₹50,000 was immediately paid to G's executor H and starting from 31st March, 2016, the balance was paid to him in three equal yearly instalments with interest @ 12% p.a. The firm closes its books on 31st March every year. Prepare H's account till he is finally paid.

Ans.

Dr.		H's Account		Cr.	
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2015 Mar 31	To Bank A/c	50,000	2015 Mar 31	By G's Capital A/c	1,40,000
Mar 31	To Balance c/d	90,000			
		1,40,000			1,40,000
2016 Mar 31	To Bank A/c	40,800	2015 Apr 1	By Balance b/d	90,000
Mar 31	To Balance c/d	60,000	2016 Mar 31	By Interest	10,800
		1,00,800			1,00,800
2017 Mar 31	To Bank A/c	37,200	2016 Apr 1	By Balance b/d	60,000
Mar 31	To Balance c/d	30,000	2017 Mar 31	By Interest	7,200
		67,200			67,200
2018 Mar 31	To Bank A/c	33,600	2017 Apr 1	By Balance b/d	30,000

1 x 4
=
4 marks

			2018 Mar 31	By Interest	3,600
		33,600			33,600

13 Q. On 1st April, 2016 X Ltd. issued 1000; 9% debentures of ₹100 each at a premium ofexcluding the entries for writing off loss on issue of debentures and interest on debentures, pass necessary journal entries for the above transactions in the books of X Ltd.

Ans.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
2016 Apr 1	Bank A/c Dr. To 9% Debenture Application and allotment A/c (Being 1,000, 9% Debentures of 100 each issued at 5% premium)	1,05,000	- 1,05,000
2016 Apr 1	9% Debenture Application and allotment A/c Dr. Loss on issue of debentures A/c Dr. To 9% debentures A/c To Securities Premium Reserve A/c To Premium on redemption of Debentures A/c (Being debentures issued at a premium redeemable at a premium)	1,05,000 8,000	- - 1,00,000 5,000 8,000
2018 Mar 31	Surplus i.e. balance in Statement of Profit & Loss Dr. To Debenture Redemption Reserve A/c (Being Debenture Redemption Reserve created out of profits)	25,000	25,000
2018 Apr.1	8% Debenture Redemption Investments A/c Dr. To Bank A/c (Being Debenture Redemption Investments purchased)	15,000	15,000
2019	Bank A/c Dr.	1,200	

1 mark

1 mark

½ mark

½ mark

			Mar 31	To Interest on Debenture Redemption Investments A/c (Being Interest received on Debenture Redemption Investments)		1,200		$\frac{1}{2}$ mark	
			2019 Mar.31	Bank A/c Dr. To 8% Debenture Redemption Investments A/c (Being Debenture Redemption Investments sold)	15,000	15,000		$\frac{1}{2}$ mark	
			“	9% Debentures A/c Dr. Premium on redemption of Debentures A/c Dr. To Debenture holders A/c (Being amount payable to debenture holders on redemption)	1,00,000 8,000	1,08,000		$\frac{1}{2}$ mark	
			“	Debenture holders A/c Dr. To Bank A/c (Being Debentures redeemed)	1,08,000	1,08,000		$\frac{1}{2}$ mark	
			“	Interest on Debenture Redemption Investments Dr. To Statement of Profit and Loss (Being Interest on Debenture Redemption Investments transferred to Statement of Profit and Loss)	1,200	- 1,200		$\frac{1}{2}$ mark	
			“	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (Being Debenture Redemption Reserve transferred to general reserve)	25,000	25,000		$\frac{1}{2}$ mark = 6 marks	
			.						
		14	Q. From the following Receipts and Payments Account and additional information of Modern Health Club, prepare Income and Expenditure Account for the year ended 31st March, 2019 and the Balance Sheet as at 31st March, 2019.						
			Ans.						

Dr. Income and Expenditure A/c for the year ended March 31, 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To depreciation on books	2,000	By Subscriptions 60,000	
To loss on sale of furniture	1,000	(+) Advance for current year	4,000
To salaries	30,000	(-) Advance for next year	(5,000)
To rent	18,300	(-) o/s for last year (3,000)	
To repairs	4,700	(+) o/s for current yr <u>4,000</u>	60,000
To surplus	15,000	By donations	2,000
		By interest on investments	9,000
	71,000		71,000

3 marks

Balance Sheet of Modern Health Club as on 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions received in advance	5,000	Cash	1,000

Capital Fund	2,14,500		Investments	1,80,000
Add Life membership fee	7,000		Outstanding Subscriptions	4,000
Add Surplus	<u>15,000</u>	2,36,500	Books	26,500
			Building	30,000
		2,41,500		2,41,500

1 ½ marks

Working Notes:

Balance Sheet of Modern Health Club as on 31st March 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions received in advance	4,000	Cash	17,000
Capital Fund	2,14,500	Investments	1,80,000
		Outstanding Subscriptions	3,000
		Books	12,500
		Furniture	6,000
	2,18,500		2,18,500

1 ½ marks

=
3+ 1 ½ + 1 ½
=
6 marks

15 Q. X and Y are partners sharing profits in the ratio of 3 : 2. Their partnership deed providedComplete the Profit and Loss Appropriation Account for the year ended 31st March, 2019, Partners' Capital Accounts and Current Accounts.

Ans.

Dr. Profit and Loss Appropriation A/c for the year ended 31st March 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
<u>To Interest on Capital</u>		By Profit and Loss A/c- Net Profit b/d.. $\frac{1}{2}$	2,82,860
X's Current A/c 18,000 .. $\frac{1}{2}$		<u>By Interest on Drawings</u>	
Y's Current A/c 24,000 .. $\frac{1}{2}$	42,000	X's Current A/c 600	
<u>To Salary</u>		Y's Current A/c 540 .. $\frac{1}{2}$	1,140
Y's Current A/c	$\frac{1}{2}$.. 42,000		
<u>To Profit transferred to:</u>			
X's Current A/c 1,20,000			
Y's Current A/c 80,000 .. $\frac{1}{2}$	2,00,000		
	2,84,000		2,84,000

3 marks

Dr. Partners' Capital Accounts Cr.

Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To balance c/d	1,80,000	2,40,000	By balance b/d	1,80,000	2,40,000
	1,80,000	2,40,000		1,80,000	2,40,000

1 mark

Dr. Partners' Current Accounts Cr.

Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To Bank A/c	10,000	9,000	By balance b/d	78,000	69,000
(Drawings)					
To Interest on			By Interest on	18,000	24,000

drawings $\frac{1}{2}$	600	540	Capital		
To balance c/d $\frac{1}{2}$	2,05,400	2,05,460	By Salary $\frac{1}{2}$	-	42,000
			By P/L		
			Appropriation	1,20,000	80,000
			A/c- Profit $\frac{1}{2}$		
	2,16,000	2,15,000		2,16,000	2,15,000

2 marks

=
3+1+2

=

6 marks

OR

Q. X and Y are partners in a firm sharing profits and losses in the ratio of 2 : 1. Complete the Profit and Loss Appropriation A/c of X and Y for the year ended 31st March, 2019.

OR

Ans.

Dr. Profit and Loss Appropriation A/c for the year ended 31st March 2019 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on Capital		By Profit and Loss A/c- Net Profit b/d	1. 3,00,000
X's Current A/c 45,000. $\frac{1}{2}$		By Interest on Drawings	
Y's Current A/c 27,000. $\frac{1}{2}$	$\frac{1}{2}$. 72,000	X's Current A/c 3,600 $\frac{1}{2}$	$\frac{1}{2}$
To Salary		Y's Current A/c 4,320 $\frac{1}{2}$	7,920
X's Current A/c	$\frac{1}{2}$. 48,000		
To General Reserve	15,000		
To Profit transferred to:			
X's Current A/c 1,15,280. $\frac{1}{2}$			
Y's Current A/c 57,640. $\frac{1}{2}$	$\frac{1}{2}$. 1,72,920		
	3,07,920		3,07,920

6 marks

16 Q. Lisa, Monika and Nisha were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1...Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm on Monika's retirement.

Ans.

Dr. Revaluation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery	1,20,000	By Land and Building	2,40,000
To Provision for doubtful debts	20,000		
To Profit transferred to:			
Lisa's Capital A/c 40,000			
Monika's Capital A/c 40,000			
Nisha's Capital A/c <u>20,000</u>	1,00,000		
	2,40,000		2,40,000

½ x 4
=
2 marks

Dr. Partners Capital Accounts Cr.

Particulars	Lisa (₹)	Monika (₹)	Nisha (₹)	Particulars	Lisa (₹)	Monika (₹)	Nisha (₹)
To Stock A/c	-	5,00,000	-	By balance b/d	14,00,000	14,00,000	3,60,000
To Monika's Capital A/c	80,000	-	40,000	By Revaluation A/c	40,000	40,000	20,000

1 x 3
=

To Monika's loan A/c	-	10,60,000	-	By Lisa's Capital A/c	-	80,000	-
To balance c/d	18,00,000		9,00,000	By Nisha's Capital A/c	-	40,000	-
				By Current A/c	4,40,000		5,60,000
	18,80,000	15,60,000	9,40,000		18,80,000	15,60,000	9,40,000

3 marks

Balance Sheet of the reconstituted firm as on 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Trade Creditors	1,60,000	Land and Building	12,40,000
Bills Payable	2,44,000	Machinery	10,80,000
Employees Provident Fund	76,000	Stock	5,00,000
Monika's Loan	10,60,000	Debtors 4,00,000 Less Provision for doubtful debts <u>20,000</u>	3,80,000
Capitals		Bank	40,000
Lisa 18,00,000		Lisa's Current A/c	4,40,000
Nisha <u>9,00,000</u>	27,00,000	Nisha's Current A/c	5,60,000
	44,20,000		42,40,000

**1½ x 2
=
3 marks**

**=
2+3+3
=
8 marks**

OR

OR

Q. On 31st March, 2019 the Balance Sheet of Madan and Mohan who share

profits and losses in the ratio of 3 : 2Prepare Revaluation Account, Capital Accounts of the Partners and the Balance Sheet of the new firm.

Ans.

Dr. Revaluation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Workmen's compensation claim	5,000	By Bank /bad debts recovered	2,000
To Stock	3,000	By Patents	2,000
		By Loss transferred to:	
		Madan's Capital A/c 2,400	
		Mohan's Capital A/c <u>1,600</u>	4,000
	8,000		8,000

½ x 4
=
2 marks

Dr. Partners Capital Accounts Cr.

Particulars	Madan (₹)	Mohan (₹)	Gopal (₹)	Particulars	Madan (₹)	Mohan (₹)	Gopal (₹)
To Revaluation A/c	2,400	1,600	-	By Balance b/d	60,000	40,000	-
To Balance c/d	63,600	52,400	23,200	By Premium for goodwill A/c	-	10,000	-
				By General Reserve A/c	6,000	4,000	-

1 x 3
=
3 marks

				By Bank A/c			23,200
	66,000	54,000	23,200		66,000	54,000	23,200

Note: If the goodwill premium brought by the partner has been credited to his account first and then credited to his capital accounts in the sacrificing ratio, full credit be given.

Balance Sheet of the reconstituted firm as on 31st March 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Cash at bank	45,200
Employees Provident Fund	22,000	Debtors 65,000	
Workmen's compensation claim	5,000	Less Provision for doubtful debts <u>5,000</u>	60,000
Capitals:		Stock	30,000
Madan 63,600		Patents	59,000
Mohan 52,400			
Gopal <u>23,200</u>	1,39,200		
	1,94,200		1,94,200

1½ x 2
=
3 marks
=
2+3+3
=
8 marks

17 Q. Rathee Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each. The shares were issued at a premium of 60%. Pass necessary journal entries for the above transactions in the books of Rathee Ltd.

Ans.

In the books of Rathee Ltd.

Journal

Date	Particulars	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr. 11,50,000	
	To Equity Share Application and Allotment A/c		11,50,000

1 mark

	(Being application money received)				
	Equity Share Application and Allotment A/c Dr.	11,50,000			
	To Equity Share Capital A/c			2,00,000	
	To Securities Premium Reserve A/c			4,00,000	
	To Calls in Advance A/c			4,82,000	
	To Bank A/c			68,000	
	(Being application money transferred to share capital, securities premium reserve, calls and the balance refunded)				
	Equity Share First and Final call A/c Dr.	10,00,000			
	To Equity Share Capital A/c			8,00,000	
	To Securities Premium Reserve A/c			2,00,000	
	(Being First call money due)				
	Bank A/c Dr.	5,11,600			
	Calls in arrears A/c Dr.	6,400			
	Calls in advance A/c Dr.	4,82,000			
	To Equity Share First and Final call A/c			10,00,000	
	(Being first call money received)				
	or				
	Bank A/c Dr.	5,11,600			
	Calls in advance A/c Dr.	4,82,000			
	To Equity Share First and Final call A/c			9,93,600	
	(Being first call money received)				
	Equity Share Capital A/c Dr.	10,000			
	Securities Premium Reserve A/c Dr.	2,000			
	To Share Forfeiture A/c			5,600	
	To Calls in Arrears A/c/ Equity Share first and final call A/c			6,400	
	(Being Bali's shares forfeited for non payment of first and final call)				
	Bank A/c Dr.	15,000			
	To Equity Share Capital A/c			10,000	
	To Securities Premium Reserve A/c			5,000	

1½ marks

1 mark

1½ marks

1 mark

	(Being Bali's shares reissued for ₹15 per share fully paid)			1 mark																								
	Share Forfeiture A/c To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	Dr. 	5,600 	5,600	1 mark = 8 marks																							
OR																												
OR																												
<p>Q. 'Venus Ltd' was registered with an authorised capital of ₹40,00,000 divided into 4,00,000 equity shares of 10 each. 70,000 of these shares were issued as fully paid.....Pass necessary journal entries for the above transactions in the books of 'Venus Ltd'.</p> <p>Ans.</p> <p style="text-align: center;">In the books of Venus Ltd.</p> <p style="text-align: center;">Journal</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Dr. (₹)</th> <th>Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Building A/c To M/s Star Ltd. (Being building purchased from M/s Star Ltd.)</td> <td>Dr. </td> <td>7,00,000 </td> <td>7,00,000</td> </tr> <tr> <td></td> <td>M/s Star Ltd. To Equity Share Capital A/c (Being 70,000 shares issued as fully paid to Star Ltd. for payment of building purchased)</td> <td>Dr. </td> <td>7,00,000 </td> <td>7,00,000</td> </tr> <tr> <td></td> <td>Bank A/c To Equity Share Application A/c (Being application money received on 2,00,000 shares)</td> <td>Dr. </td> <td>6,00,000 </td> <td>6,00,000</td> </tr> <tr> <td></td> <td>Equity Share Application A/c</td> <td>Dr.</td> <td>6,00,000</td> <td></td> </tr> </tbody> </table>					Date	Particulars	Dr. (₹)	Cr. (₹)		Building A/c To M/s Star Ltd. (Being building purchased from M/s Star Ltd.)	Dr. 	7,00,000 	7,00,000		M/s Star Ltd. To Equity Share Capital A/c (Being 70,000 shares issued as fully paid to Star Ltd. for payment of building purchased)	Dr. 	7,00,000 	7,00,000		Bank A/c To Equity Share Application A/c (Being application money received on 2,00,000 shares)	Dr. 	6,00,000 	6,00,000		Equity Share Application A/c	Dr.	6,00,000	
Date	Particulars	Dr. (₹)	Cr. (₹)																									
	Building A/c To M/s Star Ltd. (Being building purchased from M/s Star Ltd.)	Dr. 	7,00,000 	7,00,000																								
	M/s Star Ltd. To Equity Share Capital A/c (Being 70,000 shares issued as fully paid to Star Ltd. for payment of building purchased)	Dr. 	7,00,000 	7,00,000																								
	Bank A/c To Equity Share Application A/c (Being application money received on 2,00,000 shares)	Dr. 	6,00,000 	6,00,000																								
	Equity Share Application A/c	Dr.	6,00,000																									
				½ mark																								
				½ mark																								
				½ mark																								

			To Equity Share Capital A/c (Being application money transferred to share capital)		6,00,000	½ mark
			Equity Share Allotment A/c To Equity Share Capital A/c (Being Allotment money due on 2,00,000 shares)	Dr. 4,00,000	4,00,000	½ mark
			Bank A/c To Equity Share Allotment A/c (Being allotment money received)	Dr. 3,80,000	3,80,000	½ mark
			or Bank A/c Calls in arrears A/c To Equity Share Allotment A/c (Being allotment money received)	Dr. Dr. 3,80,000 20,000	4,00,000	
			Equity Share First call A/c To Equity Share Capital A/c (Being First call money due on 2,00,000 shares)	Dr. 4,00,000	4,00,000	½ mark
			Bank A/c To Equity Share First call A/c (Being first call money received)	Dr. 3,20,000	3,20,000	1 mark
			or Bank A/c Calls in arrears A/c To Equity Share First call A/c (Being first call money received)	Dr. Dr. 3,20,000 80,000	4,00,000	
			Equity Share Second and Final call A/c To Equity Share Capital A/c	Dr. 6,00,000	6,00,000	½

			(Being First call money due on 2,00,000 shares)			mark
			Bank A/c Dr. 3,00,000 To Equity Share Second and Final call A/c (Being first call money received)		3,00,000	1 mark
			or			
			Bank A/c Dr. 3,00,000 Calls in arrears A/c Dr. 3,00,000 To Equity Share Second and Final call A/c (Being first call money received)		6,00,000	
			Equity Share Capital A/c Dr. 1,00,000 To Share Forfeiture A/c 30,000 To Equity Share Allotment A/c 20,000 To Equity Share first call A/c 20,000 To Equity Share Second and Final call A/c 30,000 (Being shares forfeited)			1 mark
			or			
			Equity Share Capital A/c Dr. 1,00,000 To Share Forfeiture A/c 30,000 To Calls in Arrears A/c 70,000 (Being shares forfeited)			
			Bank A/c Dr. 1,20,000 To Equity Share Capital A/c 1,00,000 To Securities Premium Reserve A/c 20,000 (Being shares reissued for ₹12 per share fully paid)			½ mark
			Share Forfeiture A/c Dr. 30,000			

			<p>To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)</p>		30,000	<p>½ mark = 8 marks</p>																
			<p>PART B OPTION 1 Analysis of Financial Statements</p>																			
		18	<p>Q. What is meant by Cash Flow Statement?</p> <p>Ans. Cash Flow Statement is a statement showing inflows and outflows of cash and cash equivalents during a particular period.</p>				1 mark															
		19	<p>Q. Cashier of Y Ltd withdrew 2,00,000 from the bank. Will this transaction result into inflow, outflow or no flow of cash? Give reason in support of your answer.</p> <p>Ans. No flow of cash as there is no change in cash and cash equivalents.</p>				1 mark															
		20	<p>Q. Under which sub-headings will the following items be presented in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013?</p> <p>Ans.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 55%;">Item</th> <th style="width: 40%;">Sub Head</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>General Reserve</td> <td>Reserves and Surplus</td> </tr> <tr> <td>(ii)</td> <td>Bank drafts in hand</td> <td>Cash and Cash Equivalents</td> </tr> <tr> <td>(iii)</td> <td>9% loan from a financial institution</td> <td>Long Term borrowings</td> </tr> <tr> <td>(iv)</td> <td>Furniture</td> <td>Fixed assets- Tangible</td> </tr> </tbody> </table>					Item	Sub Head	(i)	General Reserve	Reserves and Surplus	(ii)	Bank drafts in hand	Cash and Cash Equivalents	(iii)	9% loan from a financial institution	Long Term borrowings	(iv)	Furniture	Fixed assets- Tangible	
	Item	Sub Head																				
(i)	General Reserve	Reserves and Surplus																				
(ii)	Bank drafts in hand	Cash and Cash Equivalents																				
(iii)	9% loan from a financial institution	Long Term borrowings																				
(iv)	Furniture	Fixed assets- Tangible																				

(v)	Debenture Redemption Reserve	Reserves and Surplus
(vi)	Trade Marks	Fixed assets- Intangible
(vii)	Sundry Creditors	Trade Payables
(viii)	Bills Receivables	Trade Receivables

1 x 3

=

4 marks

21 Q. Prepare a Common-Size Statement of Profit and Loss of 'Hari Darshan Ltd.' from the following information:

Ans.

In the books of 'Hari Darshan Ltd.'

Common Size Statement of Profit and Loss

for the years ended 31st March 2018 and 31st March 2019

Particulars	Absolute amount		Percentage of Revenue from operations	
	2017-18 (₹)	2018-19 (₹)	2017-18 (%)	2017-18 (%)
Revenue from operations	10,00,000	20,00,000	100	100
Add Other income	50,000	60,000	5	3
Total Revenue	10,50,000	20,60,000	105	103
Less Expenses:				
Purchase of stock in trade	4,20,000	7,70,000	42	38.5
Changes in inventories	80,000	1,20,000	8	6
Other expenses	30,000	52,000	3	2.6

½

½

½

½

½

½

Total Expenses	5,30,000	9,42,000	53	47.1
Profit before Tax	5,20,000	11,18,000	52	55.9
Less Tax @50%	2,60,000	5,59,000	26	27.95
Profit after Tax	2,60,000	5,59,000	26	27.95

$\frac{1}{2}$
 $\frac{1}{2}$
 =
 $\frac{1}{2} \times 8$
 =
4marks
OR

OR

Q. Following information is extracted from the Statement of Profit and Loss of Delko Ltd. for the year ended 31st March, 2019:

In the books of Delko Ltd.

**Comparative Statement of Profit and Loss
for the years ended 31st March 2018 and 31st March 2019**

Particulars	2017-18 (₹)	2018-19 (₹)	Absolute Increase/ Decrease (₹)	Percentage Increase/ Decrease (%)
Revenue from operations	45,00,000	60,00,000	15,00,000	33.33
Less				
Employee benefit expenses	22,50,000	30,00,000	7,50,000	33.33
Depreciation	6,00,000	7,50,000	1,50,000	25
Other expenses	10,00,000	15,50,000	5,50,000	55
Total Expenses	38,50,000	53,00,000	14,50,000	37.66

$\frac{1}{2}$

$\frac{1}{2}$

$\frac{1}{2}$

$\frac{1}{2}$

$\frac{1}{2}$

						½
Profit before Tax	6,50,000	7,00,000	50,000	7.69		½
Less Tax @50%	3,25,000	3,50,000	25,000	7.69		½
Profit after Tax	3,25,000	3,50,000	25,000	7.69		=
						½ x 8
						=
						4 marks

22 Q. From the given information, calculate the following ratios:

(i) Operating Ratio

(ii) Inventory Turnover Ratio

Ans.

(i) Operating ratio = $\frac{\text{Cost of Revenue from operations} + \text{Operating expenses}}{\text{Net Revenue from operations}} \times 100$

Cash Revenue from operations = ₹10,00,000

Credit Revenue from operations = ₹12,00,000

Therefore, Total Revenue from operations = ₹22,00,000

Operating expenses = 10% of ₹22,00,000 = ₹2,20,000

Gross profit = 40% of ₹22,00,000

= ₹8,80,000

So, Cost of Revenue from operations = ₹13,20,000

$$\text{Operating ratio} = \frac{\text{₹}13,20,000 + \text{₹}2,20,000}{\text{₹}22,00,000} \times 100$$

$$= 70\%$$

2 marks
+
2 marks
=
4marks

(ii) Inventory Turnover ratio = $\frac{\text{Cost of Revenue from operations}}{\text{Average Inventory}}$

$$= \frac{\text{₹}13,20,000}{\text{₹}1,60,000}$$

= **8.25 times**

OR

Q. (A) Net profit after interest and tax of M Ltd. was ₹1,00,000. Its Current Assets were ₹4,00,000 and Current Liabilities were ₹2,00,000. Tax rate was 50%. Its Total Assets were ₹10,00,000 and 10% Long term debt was ₹4,00,000. Calculate Return on Investment.

(B) Rate of Gross profit on Revenue from operations of a company is 25%. Its Gross profit is ₹5,00,000. Its Shareholders' Funds are ₹25,00,000; Non-current Liabilities are ₹8,00,000 and Non-current Assets are ₹23,00,000.

Calculate its Working Capital Turnover Ratio.

Ans.

(A) Return on Investment = $\frac{\text{Profit before interest and tax} \times 100}{\text{Capital employed}}$

$$\text{Profit before interest and tax} = \text{₹}1,00,000 + \text{₹}1,00,000 + \text{₹}40,000$$

$$= \text{₹}2,40,000$$

Capital employed = ₹8,00,000

Therefore, Return on Investment = ₹2,40,000/₹8,00,000 x 100

= 30%

(B) Working Capital Turnover ratio = Revenue from operations/ Working Capital

Gross Profit = ₹5,00,000

So, Revenue from operations = ₹20,00,000

Working Capital = Shareholders Funds + Non Current Liabilities – Non Current Assets

= ₹25,00,000 + ₹8,00,000 - ₹23,00,000

= ₹10,00,000

Working Capital Turnover ratio = ₹20,00,000/ ₹10,00,000 = 2 times

23 Q. Following is the Balance Sheet of X Ltd. as at 31st March, 2018..... Prepare a Cash Flow Statement.

Ans. Cash Flow Statement of X Ltd. for the year ended 31st March 2018

Particulars	Amount (₹)	Amount (₹)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net Profit before Tax	5,00,000		
Add depreciation on Machinery	1,40,000		
Interest on 12% Debentures	60,000		
Goodwill written off	1,00,000		
Less Profit on sale of machinery	<u>(10,000)</u>		
<i>Operating profit before Working Capital changes</i>	7,90,000		1 ½
Less Increase in Inventories	<u>(1,30,000)</u>		marks
<i>Cash generated from operations</i>	6,60,000		
Less Tax paid	<u>(1,65,000)</u>		
Cash Inflows from Operating activities		4,95,000	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Sale of Machinery	50,000		
Purchase of Machinery	(6,80,000)		1 mark
Purchase of Investments	<u>(1,00,000)</u>		
Cash used in Investing activities		(7,30,000)	
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issue of Shares	2,00,000		
Issue of 12% Debentures	1,00,000		1 ½
Bank overdraft repaid	(5,000)		marks
Interest paid on 12% Debentures	<u>(60,000)</u>		
Cash Inflows from Financing activities		<u>2,35,000</u>	

Net increase in Cash and Cash equivalents		--
<i>Add Opening balance of Cash and Cash equivalents</i>		
Current Investments	1,70,000	
Cash and Cash equivalents	<u>40,000</u>	<u>2,10,000</u>
<i>Closing balance of Cash and Cash equivalents</i>		
Current Investments	1,40,000	
Cash and Cash equivalents	<u>70,000</u>	<u>2,10,000</u>

½ mark

Working Notes:

Calculation of Net Profit before Tax:

	(₹)
Net profit	3,00,000
Add Provision for Tax	<u>2,00,000</u>
	<u>5,00,000</u>

½ mark

Dr. **Machinery A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To balance b/d	20,00,000	By Cash (sale)	50,000
To Profit on sale	10,000	By Accumulated depreciation	40,000
To Bank (purchase)	6,80,000	By balance c/d	26,00,000
	<u>26,90,000</u>		<u>26,90,000</u>

½ mark

Dr. **Accumulated depreciation A/c** **Cr.**

			<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>To Machinery A/c</td> <td>40,000</td> <td>By balance b/d</td> <td>1,00,000</td> </tr> <tr> <td>To balance c/d</td> <td>2,00,000</td> <td>By depreciation</td> <td>1,40,000</td> </tr> <tr> <td></td> <td>2,40,000</td> <td></td> <td>2,40,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Particulars	Amount (₹)	To Machinery A/c	40,000	By balance b/d	1,00,000	To balance c/d	2,00,000	By depreciation	1,40,000		2,40,000		2,40,000	<p>½ mark</p> <p>=</p> <p>6 marks</p>
Particulars	Amount (₹)	Particulars	Amount (₹)																	
To Machinery A/c	40,000	By balance b/d	1,00,000																	
To balance c/d	2,00,000	By depreciation	1,40,000																	
	2,40,000		2,40,000																	
			PART B OPTION II Computerised Accounting																	
		<p>18 Q. Name the data element in accounting transaction.</p> <p>Ans. A data element is the smallest named unit of data in the information system. In accounting, a transaction consists of four data elements, such as name of the account, accounting code, date of transaction and amount.</p>		<p>1 mark</p>																
		<p>19 Q. What is meant by ‘Primary Key’?</p> <p>Ans. Primary key is a key in the relational database that is unique for each record. It consists of minimum possible one or more than one attributes of a table such as telephone number with area code.</p>		<p>1 mark</p>																
		<p>20 Q. State the features of a good accounting software.</p> <p>Ans. Following are the features of accounting software: (Any four)</p> <p>(i) Does all basic accounting functions.</p>																		

	<p>(ii) Manages your stores.</p> <p>(iii) Does job costing.</p> <p>(iv) Manages payroll.</p> <p>(v) Get many MIS (Management Information System)</p> <p>(vi) Filing of tax returns.</p> <p>(vii) Maintaining budgets.</p> <p>(viii) Calculation of pending amount of interest.</p> <p>(ix) Manages and synchronises data over different locations.</p> <p style="text-align: center;">OR</p> <p>Q. State the steps involved in installation of a computerised accounting system.</p> <p>Ans. For installation of computerised accounting system the following steps are required:</p> <p>(i) Insert CD in the system.</p> <p>(ii) After inserting CD select the option in following steps;</p> <p style="padding-left: 40px;">a) Select any (C:or E:or D:)from My computer icon on the desktop double click on install.exe .</p> <p style="text-align: center;">OR</p> <p style="padding-left: 40px;">a) Select start>run>type the file name E:\install.exe</p>	<p style="text-align: center;">1 x 4 = 4 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">4 marks</p>
21	<p>Q. Explain the terms ‘Password Security’ and ‘Data Vault’.</p> <p>Ans. <u>Password Security</u></p>	

		<p style="text-align: center;">OR</p> <p>Q. State the element which is considered while calculating ‘earning’ for current payroll period.</p> <p>Ans. Elements which is considered while calculating ‘Earning’ for the current payroll period are:</p> <p>(i) Basic Pay (BP): It is the pay in the pay scale plus grade pay but does not include special pay.</p> <p>(ii) Grade pay (GP): It is the pay to be added to the basic pay according to the designation of the employee and applicable pay band of pay.</p> <p>(iii) Dearness pay (DP): It is that portion of dearness allowance which has been declared and deemed to have been merged with basic pay.</p> <p>(iv) Dearness allowance (DA): It is a compensation for erosion in the purchasing power of wage earner due to price rise. It is granted by the government periodically as a percentage of (basic pay+ dearness pay, if applicable).</p> <p>(v) House rent allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation.</p> <p>(vi) Transport allowance (TRA): It is an amount paid to facilitate commuting to the place of work i.e. Delhi, Bhopal, Haridwar etc.</p> <p>(vii) Any other earning: It may include any other allowance not included in the above but declared from time to time such as education allowance, medical allowance, washing allowance etc.</p>	<p style="text-align: center;">OR</p> <p style="text-align: center;">4 marks</p>
	<p>23</p>	<p>Q. Identify the error that appears when there are invalid numeric values in a formula or function. How can this error be rectified? Explain.</p> <p>Ans. The error is #NUM! Error.</p> <p>The steps to correct it:</p> <p>1.Optionally, click the cell that displays the error, click the button that appears and then click Show calculation steps .</p> <p>2.Review the following causes and solutions:</p>	<p style="text-align: center;">4 marks</p>

		<ul style="list-style-type: none">• Using an unacceptable argument in the function that requires a numeric argument.• Make sure that the arguments used in the function are numbers.• Using a worksheet function that iterates, such as IRR or RATE, and the function cannot find the result.• Use a different starting value for the worksheet function. <p>3. Then click the Microsoft button >Excel option and then click the formulas category.</p>	6 marks
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