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(√) 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 <u>**0-80**</u> 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	**Q. What is meant by over subscription of shares?** **Ans.** Oversubscription of shares means that the company receives applications for more than the number of shares offered to the public for subscription. **OR** **Q. What is meant by 'par value' of a share?** **Ans**. Par value is the nominal value or the face value of the share.	1 mark OR 1 mark
2	5	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 <table><tr><td>Date</td><td>Particulars</td><td>Dr. (₹)</td><td>Cr. (₹)</td></tr><tr><td>2019 Apr 1</td><td>General reserve A/c Dr. 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>3,00,000</td><td> 1,25,000 1,00,000 75,000</td></tr><tr><td>"</td><td>A's Capital A/c Dr. B's Capital A/c Dr. C's Capital A/c Dr. 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)</td><td>2,00,000 1,60,000 1,20,000</td><td> 4,80,000</td></tr></table> .	**½ x 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.**	

			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**
4	**1**	**3**	**Q. How are general donations treated while preparing financial statements of a not-for-profit organisation?** **Ans.** General donations are treated as revenue receipts. **(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)** **OR** **Q. What is meant by 'life membership fee'?** **Ans.** Life membership fee is the membership fee paid by some members as a lump sum amount instead of a periodic subscription.	**1 mark** **OR** **1 mark**

5	3	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?** **Ans.** It is decided mutually among the old partners and the new partner. **OR** **Q. At the time of retirement, how is the new profit sharing ratio among the remaining partners calculated?** **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.	**1 mark** **OR** **1 mark**
6	-	-	**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.** **Ans.** Order of payment: 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.	**1 mark**

7	8	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.**	
			Ans.	
			Year / Profit (Loss) (₹)	
			2013-14 50,000	
			2014-15 = 40,000+10,000 = 50,000	
			2015-16 75,000	**1 mark**
			2016-17 (25,000)	
			2017-18 50,000	
			2,00,000	
			Average profits = ₹2,00,000/5= ₹40,000	**1 mark**
			Goodwill= Average Profits x Number of years purchase	
			= ₹40,000 x 3	
			= ₹1,20,000	**1 mark = 1+1+1 = 3 marks**

8	9	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 Dr. 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. (₹)
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 deed ………………..Showing your working clearly, pass an adjustment entry to rectify the above error.

Ans. **Journal**

Date	Particulars		Dr. (₹)	Cr. (₹)
2019 Mar 31	B's Capital A/c	Dr.	20,000	-
	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. (₹)	Net effect 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

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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 **Add** transferred from Building Fund 3,60,000	14,40,000 $\boxed{1}$	10% Building Fund Investments	$\boxed{½}$ 4,80,000
Building Fund 4,80,000 **Add** donations 6,00,000 **Add** interest on Building Fund Investments 48,000 11,28,000 **Less** expenditure on construction transferred to Capital fund 3,60,000	7,68,000 $\boxed{1}$	Building	$\boxed{½}$ 3,60,000

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. To D's capital A/c	30,000 -	- 30,000

½ mark

	(Being cash brought in by D as his capital)		
	A's Capital A/c Dr.	2,500	-
	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))		

1 mark

Calculation of new profit sharing ratio

A = 3/6 – 3/16 = 15/48

B = 2/6 – 1/16 = 13/48

C = 1/6

D = ¼

New ratio =15:13:8:12

So, new capitals of A, B, C are:

A ₹1,20,000 x 15/48 = ₹37,500

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

1½ marks

Calculation of cash brought in or paid off

	A(₹)	B(₹)	C(₹)
Existing capitals	40,000	35,000	30,000
Adjusted capitals	37,500	32,500	20,000
Cash withdrawn	2,500	2,500	10,000

= ½ +1+ 1 ½ = 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

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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			2016		
July 1	To Bank A/c	10,600	June 30	By C's Capital A/c	70,600
2017			2017		
Mar 31	To Balance c/d	64,500	Mar 31	By Interest	4,500
		75,100			75,100
2017			2017		
June 30	To Bank A/c	26,000	Apr 1	By Balance b/d	64,500
2018			June 30	By Interest	1,500
Mar 31	To Balance c/d	43,000	2018		
			Mar 31	By Interest	3,000
		69,000			69,000
2018			2018		
June 30	To Bank A/c	24,000	Apr 1	By Balance b/d	43,000
2019	To Balance c/d	21,500	June 30	By Interest	1,000
Mar 31			2019		
			Mar 31	By Interest	1,500
		45,500			45,500
2019			2019		
June 30	To Bank A/c	22,000	Apr 1	By Balance b/d	21,500
			June 30	By Interest	500
		22,000			22,000

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1 x 4 = 4 marks

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.**	

Ans. **Journal**

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

				Redemption Investments)			
			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 (Being Debentures redeemed)	6,30,000	6,30,000	½ 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)	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
			.				
14	13	15	**Q. X and Y are partners sharing profits in the ratio of 3 : 2. Their partnership deed provided ……………………Complete 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 (₹)
To Interest on Capital X's Current A/c **18,000**..1/2 Y's Current A/c **24,000**..1/2	**42,000**	By Profit and Loss A/c- Net Profit b/d..1/2	**2,82,860**
To Salary Y's Current A/c	½..**42,000**	By Interest on Drawings X's Current A/c **600** Y's Current A/c **540**.. 1/2	**1,140**
To Profit transferred to: X's Current A/c 1,20,000 Y's Current A/c **80,000** ..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** ½	**600**	**540**	By Interest on Capital	18,000	24,000
			By **Salary** ½	-	**42,000**
To **balance c/d** ½	**2,05,400**	**2,05,460**	By **P/L Appropriation A/c- Profit** ½	**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 X's Current A/c **45,000**..1/2 Y's Current A/c **27,000**..1/2	½..**72,000**	By Profit and Loss A/c- Net Profit b/d	1..**3,00,000**
To Salary X's Current A/c	½..**48,000**	By Interest on Drawings X's Current A/c **3,600** 1/2 Y's Current A/c **4,320** 1/2	1/2 **7,920**
To General Reserve	15,000		
To Profit transferred to: X's Current A/c **1,15,280**..1/2 Y's Current A/c **57,640** ..1/2	½**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	
		(+) Advance for current year	
To loss on sale of furniture	1,000	4,000	
		(-) Advance for next year	
To salaries	30,000	(5,000)	
		(-) o/s for last year (3,000)	
To rent	18,300	(+) o/s for current yr 4,000	60,000
To repairs	4,700	By donations	2,000
To surplus	15,000	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 15,000	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
		Investments	1,80,000
Capital Fund	2,14,500		
		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 20,000	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
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 20,000	3,80,000
Capitals Lisa 18,00,000 Nisha 9,00,000	27,00,000	Bank	40,000
		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 : 2 ………………….Prepare 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 1,600	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	
			Less Provision for		
Workmen's compensation claim		5,000	doubtful debts	5,000	60,000
Capitals:			Stock		30,000
Madan	63,600				
Mohan	52,400		Patents		59,000
Gopal	23,200	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) **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 6,400 4,82,000 5,11,600 4,82,000	 10,00,000 9,93,600	**1 ½ marks**
	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 Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being Bali's shares reissued for ₹15 per share fully paid)	15,000	 10,000 5,000	1 mark
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	5,600	 5,600	1 mark = 8 marks

OR

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'.

In the books of Venus Ltd.

Journal

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

	Particulars	Dr. (₹)	Cr. (₹)	Marks
	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. Calls in arrears A/c Dr. 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** **½ mark**
	Equity Share First call A/c Dr. To Equity Share Capital A/c (Being First call money due on 2,00,000 shares)	4,00,000	4,00,000	
	Bank A/c Dr. To Equity Share First call A/c (Being first call money received) **or**	3,20,000	3,20,000	**½ mark**

				Particulars		Dr. Amount	Cr. Amount	Marks
				Bank A/c	Dr.	3,20,000		
				Calls in arrears A/c	Dr.	80,000		
				To Equity Share First call A/c			4,00,000	
				(Being first call money received				**1 mark**
				Equity Share Second and Final call A/c	Dr.	6,00,000		
				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		
				To Equity Share Second and Final call A/c			3,00,000	
				(Being first call money received)				**½ 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			6,00,000	
				(Being first call money received				**1 mark**
				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)				
				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)				**1 mark**

	Bank A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being shares reissued for ₹12 per share fully paid)	1,20,000	 1,00,000 20,000	
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	30,000	 30,000	**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 (ii) Cash Purchases (iii) Salary paid **(or any other correct example)**	**½ x 2** = **1 mark**

19	**-**	**-**	**Q. What is meant by 'Financing Activities' for preparing Cash Flow Statement?** **Ans.** Financing activities are the activities that result in change in capital or borrowings of the enterprise.	**1 mark**
20	**21**	**22**	**Q. From the given information, calculate the following ratios:** **(i) Operating Ratio** **(ii) Inventory Turnover Ratio** **Ans.** (i) Operating ratio = $\frac{\text{Cost of Revenue from operations + Operating expenses}}{\text{Net Revenue from operations}}$ x 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	**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%**

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

= ₹13,20,000/₹1,60,000

=**8.25 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.

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

			Profit before interest and tax =₹1,00,000 + ₹1,00,000 + ₹40,000 = ₹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**	**2 marks** **2 marks** = **2+2** = **4 marks**

21	-	-	**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?** **Ans.**	½ x 8 = 4 marks

	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

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22	20	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	½
Add Other income	50,000	60,000	5	3	½
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	½
Changes in inventories	80,000	1,20,000	8	6	½
Other expenses	30,000	52,000	3	2.6	½
Total Expenses	5,30,000	9,42,000	53	47.1	
Profit before Tax	5,20,000	11,18,000	52	55.9	½
Less Tax @50%	2,60,000	5,59,000	26	27.95	½
Profit after Tax	2,60,000	5,59,000	26	27.95	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	½
Less					
Employee benefit expenses	22,50,000	30,00,000	7,50,000	33.33	½
Depreciation	6,00,000	7,50,000	1,50,000	25	½
Other expenses	10,00,000	15,50,000	5,50,000	55	½
Total Expenses	38,50,000	53,00,000	14,50,000	37.66	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

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			.	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 (₹)
CASH FLOWS FROM OPERATING ACTIVITIES		
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)	
Operating profit before Working Capital changes	7,90,000	
Less Increase in Inventories	(1,30,000)	
Cash generated from operations	6,60,000	
Less Tax paid	(1,65,000)	
Cash Inflows from Operating activities		4,95,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Machinery	50,000	
Purchase of Machinery	(6,80,000)	
Purchase of Investments	(1,00,000)	
Cash used in Investing activities		(7,30,000)
CASH FLOWS FROM FINANCING ACTIVITIES		

Marks: **1 ½ marks** (operating activities); **1 mark** (investing activities)

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	(60,000)		
Cash Inflows from Financing activities		2,35,000	
Net increase in Cash and Cash equivalents		--	
Add Opening balance of Cash and Cash equivalents			
Current Investments	1,70,000		
Cash and Cash equivalents	40,000	2,10,000	**½ mark**
Closing balance of Cash and Cash equivalents			
Current Investments	1,40,000		
Cash and Cash equivalents	70,000	2,10,000	

Working Notes:

Calculation of Net Profit before Tax:

	(₹)	
Net profit	3,00,000	
Add Provision for Tax	2,00,000	**½ mark**
	5,00,000	

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

			To Bank (purchase) 6,80,000 By balance c/d 26,00,000 Total 26,90,000 / 26,90,000	

To Bank (purchase)	6,80,000	By balance c/d	26,00,000
	26,90,000		26,90,000

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

½ mark

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

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6 marks

PART B

OPTION II

Computerised Accounting

18	**19**	**18**	**Q. Name the data element in accounting transaction.** 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.	**1 mark**
19	**18**	**19**	**Q. What is meant by 'Primary Key'?** **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.	**1 mark**

20			**Q. Explain 'Sequential' and 'Mnemonic' codes.** **Ans.** Sequential codes 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.	**2 marks**
			Mnemonic codes 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.	**2 marks** = **2+2** = **4 marks**
			OR	**OR**
			Q. State the element which is considered while calculating 'earning' for current payroll period. **Ans.** Elements which is considered while calculating 'Earning' for the current payroll period are: (i) Basic Pay (BP): It is the pay in the pay scale plus grade pay but does not include special pay. (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. (iii) Dearness pay (DP): It is that portion of dearness allowance which has been declared and deemed to have been merged with basic pay. (iv) Dearness allowance (DA): It is a compensation for erosion in the purchasing	**4 marks**

			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). (v) House rent allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation. (vi) Transport allowance (TRA): It is an amount paid to facilitate commuting to the place of work i.e. Delhi, Bhopal, Haridwar etc. (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.	
21			**Q. State the features of a good accounting software**. **Ans.** Following are the features of accounting software: (**Any four**) (i) Does all basic accounting functions. (ii) Manages your stores. (iii) Does job costing. (iv) Manages payroll. (v) Get many MIS (Management Information System) (vi) Filing of tax returns. (vii) Maintaining budgets. (viii) Calculation of pending amount of interest. (ix) Manages and synchronises data over different locations. **OR**	**1 x 4** **=** **4 marks** **OR**

			Q. State the steps involved in installation of a computerised accounting system. **Ans.** For installation of computerised accounting system the following steps are required: (i) Insert CD in the system. (ii) After inserting CD select the option in following steps; a) Select any (C:or E:or D:)from My computer icon on the desktop double click on install.exe . OR a) Select start>run>type the file name E:\install.exe	**4 marks**
22			**Q. Explain the terms 'Password Security' and 'Data Vault'.** **Ans.** <u>Password Security</u> It is a widely accepted security control to access the data.. Only an authorized person can access the data. Any user who does not know the password cannot retrieve information from the system. It ensures data integrity. It uses a binary encoding format of storage and offers access to the database. <u>Data vault</u> Software provides additional security for the imputed data and this feature is referred to as data vault. Data vault ensures that original information is presented and is not tempered. Data vault password cannot be broken. Some software uses data encryption method.	**2 marks** **2 marks** **=** **2+2** **=** **4 marks**
23			**Q. Name the table which is an interactive way to quickly summarize large amounts of data. State its five advantages.**	

			Ans. 'Pivot Table' Advantages of Pivot Table are: (i) User friendly (ii) Focus on results (iii) Multiple summarisations of data. (iv) Filtering, sorting, grouping etc. make it possible to focus on information. (v) Presenting concise, attractive and annotated online or printed reports. Analysis of related tables is facilitated (with suitable explanation)	**1 mark** **1 x 5** **=** **5 marks** **=** **1+5** **=** **6 marks**

SET 2

67 /1 /1	67 /1 /2	67 /1 /3	Marking Scheme 2018-19 Accountancy (055) Delhi- 67/1/2 Expected Answers/ Value Points	MARKS
	1		**Q. How are general donations treated while preparing financial statements of a not-for-profit organisation?**	
			Ans. General donations are treated as revenue receipts.	**1 mark**
			(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)	
			OR	**OR**
			Q. What is meant by 'life membership fee'?	
			Ans. Life membership fee is the membership fee paid by some members as a lump sum amount instead of a periodic subscription.	**1 mark**

	2		**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.** **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**
	3		**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?** **Ans.** It is decided mutually among the old partners and the new partner. **OR** **Q. At the time of retirement, how is the new profit sharing ratio among the remaining partners calculated?** **Ans**. The new share of each of the remaining partner is calculated as his/ her own	**1 mark** **OR**

			share in the firm plus the share acquired from the retiring partner.	**1 mark**
	4		**Q. What is meant by over subscription of shares?** **Ans.** Oversubscription of shares means that the company receives applications for more than the number of shares offered to the public for subscription. **OR** **Q. What is meant by 'par value' of a share?** **Ans**. Par value is the nominal value or the face value of the share.	**1 mark** **OR** **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**	**½ x 2**

Date	Particulars	Dr. (₹)	Cr. (₹)
2019 Apr 1	General reserve A/c Dr. 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)	3,00,000	 1,25,000 1,00,000 75,000

"	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	
	To Profit and Loss A/c		4,80,000
	(Being debit balance of Profit and Loss account debited to the old partners in the old profit sharing ratio)		

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1 mark

.

6

Q. Khan and Gupta were partners in a firm sharing profits and losses in the ratio of 1 : 3. Mrs. Khan gave a loan of ₹1,00,000 to the firm. Gupta also gave a loan of ₹1,50,000 to the firm besides his capital. On 1st April, 2019 the firm was dissolved and its assets realised ₹1,40,000. Assuming that there was no third party liability of the firm, state the order of payment of Mrs. Khan's loan and Gupta's loan.

Ans. Order of payment:

First, the third party loan i.e. Mrs. Khan's loan will be paid.
Then Partner's loan i.e. Gupta's loan will be paid.

1 mark

7

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 **Add** transferred from Building Fund 3,60,000	14,40,000 $\boxed{1}$	10% Building Fund Investments	$\boxed{½}$ 4,80,000
Building Fund 4,80,000		Building	$\boxed{½}$ 3,60,000

			Add donations 6,00,000 **Add** interest on Building Fund Investments 48,000 11,28,000 **Less** expenditure on construction transferred to Capital fund 3,60,000	7,68,000 $\boxed{1}$			3 marks
	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.** **Ans.** 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 50,000 2,00,000 Average profits = ₹2,00,000/5= ₹40,000				1 mark 1 mark

			Goodwill= Average Profits x Number of years purchase = ₹40,000 x 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 Dr. 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 deed ………………..Showing your working clearly, pass an adjustment entry to rectify the above error.

Ans. **Journal**

Date	Particulars		Dr. (₹)	Cr. (₹)
2019 Mar 31	B's Capital A/c	Dr.	20,000	-
	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 To S's capital A/c (Being cash brought in by S)	Dr.	50,000 -	- 50,000
	Cash/ Bank A/c To P's capital A/c (Being cash brought in by P)	Dr.	10,000	- 10,000
	R's Capital A/c To Cash/ Bank A/c	Dr.	10,000 -	- 10,000

1 x 3 = 3marks

	(Being cash withdrawn by R		

Calculation of cash brought in or paid off

	P(₹)	Q(₹)	R(₹)
Existing capitals	40,000	50,000	60,000
Adjusted capitals	50,000	50,000	50,000
Cash withdrawn/ brought in	10,000	--	(10,000)

11 **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.**

Ans. **Journal**

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

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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

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13 **Q. X and Y are partners sharing profits in the ratio of 3 : 2. Their partnership deed provided ……………………Complete 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 (₹)
To Interest on Capital			By Profit and Loss A/c- Net Profit b/d..1/2		**2,82,860**
X's Current A/c	**18,000**..1/2		By Interest on Drawings		
Y's Current A/c	**24,000**..1/2	**42,000**	X's Current A/c	**600**	
To Salary			Y's Current A/c	**540**.. 1/2	**1,140**
Y's Current A/c		½..**42,000**			
To Profit transferred to:					
X's Current A/c	1,20,000				
Y's Current A/c	**80,000** ..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** ½	**600**	**540**	By Interest on Capital	18,000	24,000
			By **Salary** ½	-	**42,000**
To **balance c/d** ½	**2,05,400**	**2,05,460**	By **P/L Appropriation A/c- Profit** ½	**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 (₹)

Particulars	₹	Particulars	₹
To Interest on Capital X's Current A/c **45,000**..1/2 Y's Current A/c **27,000**..1/2	½..**72,000**	By Profit and Loss A/c- Net Profit b/d	1..**3,00,000**
To Salary X's Current A/c	½..**48,000**	By Interest on Drawings X's Current A/c **3,600** 1/2 Y's Current A/c **4,320** 1/2	1/2 **7,920**
To General Reserve	15,000		
To Profit transferred to: X's Current A/c**1,15,280**..1/2 Y's Current A/c **57,640** ..1/2	½**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 Apr 1	Assets A/c Goodwill A/c To Liabilities A/c To Sohan Ltd. A/c (Being assets and liabilities acquired of Sohan Ltd.)	Dr. Dr.	6,00,000 1,30,000	- - 70,000 6,60,000
2016 Apr 1	Sohan Ltd A/c Loss on issue of debentures A/c To 12% debentures A/c	Dr. Dr.	6,60,000 30,000	- - 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

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15

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.

Ans.

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

Particulars	Amount (₹)	Particulars	Amount (₹)
To salaries	25,000	By Subscriptions 70,500 **Add** Advance for current year 2,000 **Less** Advance for next year (3,500) **Less** o/s for last year (3,400) **Add** o/s for current year 4,300	69,900
To travelling expenses	4,000		
To stationery consumed	3,000		
To rent	32,000		
To surplus	13,150	By donations	5,000
		By interest on investments	2,250
	77,150		77,150

3 marks

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 **Add** Life membership fee 10,000 **Add** Surplus 13,150	68,050	9% Investments	25,000
		Outstanding Subscriptions	4,300
		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. (₹)	Marks
	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) **or**	5,11,600 6,400 4,82,000	 10,00,000	**1 ½ marks**

	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 final call)	10,000 2,000	 5,600 6,400	**1 mark**
	Bank A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being Bali's shares reissued for ₹15 per share fully paid)	15,000	 10,000 5,000	**1 mark**
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	5,600	 5,600	

1 mark = 8 marks

OR

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. To M/s Star Ltd.	7,00,000	 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. Calls in arrears A/c Dr. 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	

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

			(Being shares forfeited) **or** Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c (Being shares forfeited)	 1,00,000	 30,000 70,000	**1 mark**
			Bank A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being shares reissued for ₹12 per share fully paid)	1,20,000	 1,00,000 20,000	**½ mark**
			Share Forfeiture A/c Dr. To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	30,000	 30,000	**½ mark** = **8 marks**

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17

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:			

½ x 4 = 2 marks

Lisa's Capital A/c 40,000			
Monika's Capital A/c 40,000			
Nisha's Capital A/c 20,000	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	1½ x 2 = 3 marks
Monika's Loan	10,60,000	Debtors 4,00,000 Less Provision for doubtful debts 20,000	3,80,000	
Capitals Lisa 18,00,000 Nisha 9,00,000	27,00,000	Bank	40,000	
		Lisa's Current A/c	4,40,000	
		Nisha's Current A/c	5,60,000	
	44,20,000		42,40,000	= 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 : 2 ………………….Prepare 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 1,600	4,000	= 2 marks
	8,000		8,000	

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
Employees Provident Fund	22,000	Debtors 65,000	
		Less Provision for	
Workmen's compensation claim	5,000	doubtful debts 5,000	60,000
Capitals:		Stock	30,000
Madan 63,600			
Mohan 52,400		Patents	59,000
Gopal 23,200	1,39,200		
	1,94,200		1,94,200

1½ x 2 = 3 marks = 2+3+3 = 8 marks

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		Marks
	2017-18 (₹)	**2018-19 (₹)**	**2017-18 (%)**	**2017-18 (%)**	
Revenue from operations	10,00,000	20,00,000	100	100	½
Add Other income	50,000	60,000	5	3	½
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	½
Changes in inventories	80,000	1,20,000	8	6	½
Other expenses	30,000	52,000	3	2.6	½
Total Expenses	5,30,000	9,42,000	53	47.1	
Profit before Tax	5,20,000	11,18,000	52	55.9	½
Less Tax @50%	2,60,000	5,59,000	26	27.95	½
Profit after Tax	2,60,000	5,59,000	26	27.95	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	½
Less					
Employee benefit expenses	22,50,000	30,00,000	7,50,000	33.33	½
Depreciation	6,00,000	7,50,000	1,50,000	25	½
Other expenses	10,00,000	15,50,000	5,50,000	55	½
Total Expenses	38,50,000	53,00,000	14,50,000	37.66	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

=

			.	**½ x 8 = 4 marks**
	21		**Q. From the given information, calculate the following ratios:** **(i) Operating Ratio** **(ii) Inventory Turnover Ratio** **Ans.** (i) Operating ratio = $\frac{\text{Cost of Revenue from operations + Operating expenses}}{\text{Net Revenue from operations}}$ x 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	**2 marks** **2 marks =**

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

2+2 = 4 marks

= **70%**

OR

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

= ₹13,20,000/₹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 = $\dfrac{\text{Profit before interest and tax}}{\text{Capital employed}} \times 100$

Profit before interest and tax =₹1,00,000 + ₹1,00,000 + ₹40,000

2 marks

= ₹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**	**2 marks** **=** **2+2** **=** **4 marks**
	22		**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?**	

			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 (₹)
CASH FLOWS FROM OPERATING ACTIVITIES		
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)	

			Operating profit before Working Capital changes	7,90,000		1 ½
			Less Increase in Inventories	(1,30,000)		marks
			Cash generated from operations	6,60,000		
			Less Tax paid	(1,65,000)		
			Cash Inflows from Operating activities		4,95,000	
			CASH FLOWS FROM INVESTING ACTIVITIES			
			Sale of Machinery	50,000		
			Purchase of Machinery	(6,80,000)		**1 mark**
			Purchase of Investments	(1,00,000)		
			Cash used in Investing activities		(7,30,000)	
			CASH FLOWS FROM FINANCING ACTIVITIES			
			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	(60,000)		
			Cash Inflows from Financing activities		2,35,000	
			Net increase in Cash and Cash equivalents		--	
			Add Opening balance of Cash and Cash equivalents			
			Current Investments	1,70,000		
			Cash and Cash equivalents	40,000	2,10,000	**½ mark**
			Closing balance of Cash and Cash equivalents			
			Current Investments	1,40,000		
			Cash and Cash equivalents	70,000	2,10,000	

Working Notes:

Calculation of Net Profit before Tax:

	(₹)
Net profit	3,00,000
Add Provision for Tax	2,00,000
	5,00,000

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

	2,40,000		2,40,000

				= **6 marks**
			PART B **OPTION II** **Computerised Accounting**	
			Q. 18. What is meant by 'Primary Key'? **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.	**1 mark**
			Q. 19. Name the data element in accounting transaction. 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	**1 mark**
			Q. 20. Explain the terms 'Password Security' and 'Data Vault'. **Ans.** <u>Password Security</u> It is a widely accepted security control to access the data.. Only an authorized person can access the data. Any user who does not know the password cannot retrieve information from the system. It ensures data integrity. It uses a binary encoding format of storage and offers access to the database.	**2 marks**
			<u>Data vault</u> Software provides additional security for the imputed data and this feature is referred to as data vault. Data vault ensures that original information is	**2 marks**

			presented and is not tempered. Data vault password cannot be broken. Some software uses data encryption method.	= **2+2** = **4 marks**
			Q. 21. Explain 'Sequential' and 'Mnemonic' codes. **Ans.** <u>Sequential codes</u> 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. <u>Mnemonic codes</u> 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. **OR** **Q. State the element which is considered while calculating 'earning' for current payroll period.** **Ans.** Elements which is considered while calculating 'Earning' for the current payroll period are: (i) Basic Pay (BP): It is the pay in the pay scale plus grade pay but does not include special pay. (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.	**2 marks** **2 marks** = **2+2** = **4 marks** **OR** **4 marks**

			(iii) Dearness pay (DP): It is that portion of dearness allowance which has been declared and deemed to have been merged with basic pay. (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). (v) House rent allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation. (vi) Transport allowance (TRA): It is an amount paid to facilitate commuting to the place of work i.e. Delhi, Bhopal, Haridwar etc. (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.	
			Q. 22. State the features of a good accounting software. **Ans.** Following are the features of accounting software: (**Any four**) (i) Does all basic accounting functions. (ii) Manages your stores. (iii) Does job costing. (iv) Manages payroll. (v) Get many MIS (Management Information System) (vi) Filing of tax returns. (vii) Maintaining budgets. (viii) Calculation of pending amount of interest. (ix) Manages and synchronises data over different locations.	**1 x 4 = 4 marks**

			OR **Q. State the steps involved in installation of a computerised accounting system.** **Ans.** For installation of computerised accounting system the following steps are required: (i) Insert CD in the system. (ii) After inserting CD select the option in following steps; a) Select any (C:or E:or D:)from My computer icon on the desktop double click on install.exe . OR a) Select start>run>type the file name E:\install.exe	**OR** **4 marks**
			Q. 23 What is meant... three benefits. **Ans :** A format change, such as background cell shading or font colour that is applied to a cell when a specified condition for the data in the cell is true. **Conditional formatting** is often applied to worksheets to find: • 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. **Benefits of using conditional formatting**: i) Helps in answering questions which are important for taking decisions. ii) Guides with help of using visuals. iii) Helps in understanding distribution and variation of critical data.	**6 marks**

SET 3

67 /1 /1	67 /1 /2	67 /1 /3	**Marking Scheme 2018-19** **Accountancy (055)** **Delhi- 67/1/3** **Expected Answers/ Value Points**	**MARKS**
		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.** **Ans.** Order of payment: First, the third party loan i.e. Mrs. C's loan will be paid. Then Partner's loan i.e. B's loan will be paid.	**1 mark**
		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?** **Ans.** It is decided mutually among the old partners and the new partner. **OR**	**1 mark**

			Q. At the time of retirement, how is the new profit sharing ratio among the remaining partners calculated? **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.	**OR** **1 mark**
		3	**Q. How are general donations treated while preparing financial statements of a not-for-profit organisation?** **Ans.** General donations are treated as revenue receipts. **(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)** **OR** **Q. What is meant by 'life membership fee'?** **Ans.** Life membership fee is the membership fee paid by some members as a lump sum amount instead of a periodic subscription.	**1 mark** **OR** **1 mark**
		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. **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**	**½ x 2 =**

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	Dr. Dr. Dr.	2,00,000 1,60,000 1,20,000	

				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)		4,80,000

.

1 mark

6 **Q. What is meant by over subscription of shares?**

Ans. Oversubscription of shares means that the company receives applications for more than the number of shares offered to the public for subscription. **1 mark**

OR **OR**

Q. What is meant by 'par value' of a share?

Ans. Par value is the nominal value or the face value of the share. **1 mark**

7 **Q. Anita, Geeta, Sunita and Lata were partners in a firm. They admitted Kavita as a new partner for ………………………..Calculate the new capitals of Anita, Geeta, Sunita and Lata 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.	80,000	-

				To Kavita's capital A/c (Being cash brought in by Kavita)	-	80,000	**1 x 3**
				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	**3 marks**

Calculation of cash brought in or paid off

	Anita(₹)	Geeta(₹)	Sunita(₹)	Lata(₹)
Existing capitals	80,000	85,000	75,000	80,000
Adjusted capitals	80,000	80,000	80,000	80,000
Cash withdrawn/ brought in	--	(5,000)	5,000	--

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.**

Ans.

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> Average profits = ₹2,00,000/5= ₹40,000 Goodwill= Average Profits x Number of years purchase = ₹40,000 x 3 **= ₹1,20,000**	**1 mark** **1 mark** **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 Dr. To B's Current A/c (Being omission of interest on Capital and salary,	11,200	 11,200

1 ½ marks

	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 deed ………………..Showing your working clearly, pass an adjustment entry to rectify the above error.

Ans. **Journal**

Date	Particulars	Dr. (₹)	Cr. (₹)

				1 ½ marks
2019 Mar 31	B's Capital A/c Dr. C's Capital A/c Dr. To A's Capital A/c (Being omission of interest on Capital and salary, now rectified)	20,000 30,000 -	- - 50,000	

Table showing Past Adjustments:

Partners	Interest on Capital (Cr.) (₹)	Salary (Cr.) (₹)	Profits (Dr.) (₹)	Net effect Dr. (₹)	Net effect 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 **Add** transferred from Building Fund 3,60,000	14,40,000	10% Building Fund Investments	½ 4,80,000

Building Fund 4,80,000 **Add** donations 6,00,000 **Add** interest on Building Fund Investments 48,000 11,28,000 **Less** expenditure on construction transferred to Capital fund 3,60,000	$\boxed{1}$ 7,68,000 $\boxed{1}$	Building	$\boxed{½}$ 3,60,000	**3 marks**

11 **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.**

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

1 x 4

=

4 marks

	5,000)		
(iv)	Cash A/c Dr. To Realisation A/c (Being stock sold for cash)	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 Mar 31	To Bank A/c To Balance c/d	50,000 90,000	2015 Mar 31	By G's Capital A/c	1,40,000
		1,40,000			1,40,000
2016 Mar 31 Mar 31	To Bank A/c To Balance c/d	40,800 60,000	2015 Apr 1 2016 Mar 31	By Balance b/d By Interest	90,000 10,800
		1,00,800			1,00,800
2017 Mar 31 Mar 31	To Bank A/c To Balance c/d	37,200 30,000	2016 Apr 1 2017 Mar 31	By Balance b/d By Interest	60,000 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 of …………………………………………..excluding 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	**1 mark**
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	**1 mark**
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	**½ mark**
2018 Apr.1	8% Debenture Redemption Investments A/c Dr. To Bank A/c (Being Debenture Redemption Investments purchased)	15,000	15,000	**½ mark**
2019	Bank A/c Dr.	1,200		

			Mar 31	To Interest on Debenture Redemption Investments A/c (Being Interest received on Debenture Redemption Investments)		1,200	½ mark
			2019 Mar.31	Bank A/c Dr. To 8% Debenture Redemption Investments A/c (Being Debenture Redemption Investments sold)	15,000	15,000	½ 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	½ mark
			"	Debenture holders A/c Dr. To Bank A/c (Being Debentures redeemed)	1,08,000	1,08,000	½ 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	½ mark
			"	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (Being Debenture Redemption Reserve transferred to general reserve)	25,000	25,000	½ 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	
		(+) Advance for current year	
To loss on sale of furniture	1,000	4,000	
		(-) Advance for next year	
To salaries	30,000	(5,000)	
		(-) o/s for last year (3,000)	
To rent	18,300	(+) o/s for current yr 4,000	60,000
To repairs	4,700	By donations	2,000
To surplus	15,000	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 **Add** Life membership fee 7,000 **Add** Surplus 15,000	2,36,500	Investments Outstanding Subscriptions Books Building	1,80,000 4,000 26,500 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
		Investments	1,80,000
Capital Fund	2,14,500		
		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 provided ……………………Complete 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 (₹)
To Interest on Capital X's Current A/c **18,000**..1/2 Y's Current A/c **24,000**..1/2	**42,000**	By Profit and Loss A/c- Net Profit b/d..1/2	**2,82,860**
To Salary Y's Current A/c	½..**42,000**	By Interest on Drawings X's Current A/c **600** Y's Current A/c **540**.. 1/2	**1,140**
To Profit transferred to: X's Current A/c 1,20,000 Y's Current A/c **80,000** ..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**			By Interest on	18,000	24,000

drawings ½	**600**	**540**	Capital By **Salary** ½	-	**42,000**
To **balance c/d** ½	**2,05,400**	**2,05,460**	By **P/L Appropriation A/c- Profit** ½	**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.

Ans.

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

Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on Capital X's Current A/c **45,000**..1/2 Y's Current A/c **27,000**..1/2	½..**72,000**	By Profit and Loss A/c- Net Profit b/d	1..**3,00,000**
To Salary X's Current A/c	½..**48,000**	By Interest on Drawings X's Current A/c **3,600** 1/2 Y's Current A/c **4,320** 1/2	1/2 **7,920**
To General Reserve	15,000		
To Profit transferred to: X's Current A/c **1,15,280**..1/2 Y's Current A/c **57,640** ..1/2	½**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 20,000	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 20,000	3,80,000
Capitals Lisa 18,00,000 Nisha 9,00,000	27,00,000	Bank	40,000
		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 : 2 …………………Prepare 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 1,600	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	
		Less Provision for	
Workmen's compensation claim	5,000	doubtful debts 5,000	60,000
Capitals:		Stock	30,000
Madan 63,600			
Mohan 52,400		Patents	59,000
Gopal 23,200	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. 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) **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 6,400 4,82,000 5,11,600 4,82,000	 10,00,000 9,93,600	**1 ½ marks**
				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 final call)	10,000 2,000	 5,600 6,400	**1 mark**
				Bank A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c	15,000	 10,000 5,000	

	(Being Bali's shares reissued for ₹15 per share fully paid)			**1 mark**
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve)	5,600	5,600	**1 mark = 8 marks**

OR **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. To M/s Star Ltd. (Being building purchased from M/s Star Ltd.)	7,00,000	7,00,000	**½ mark**
	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.	6,00,000		

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

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

			To Capital Reserve A/c (Being balance in Share forfeiture account transferred to capital reserve) | | 30,000	½ mark = 8 marks
			PART B **OPTION 1** **Analysis of Financial Statements**	
		18	**Q. What is meant by Cash Flow Statement?** **Ans.** Cash Flow Statement is a statement showing inflows and outflows of cash and cash equivalents during a particular period.	**1 mark**
		19	**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.** **Ans.** No flow of cash as there is no change in cash and cash equivalents.	**1 mark**
		20	**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?** **Ans.**	

	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

			Marks
(v)	Debenture Redemption Reserve	Reserves and Surplus	1 x 3
(vi)	Trade Marks	Fixed assets- Intangible	
(vii)	Sundry Creditors	Trade Payables	=
(viii)	Bills Receivables	Trade Receivables	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**		Marks
	2017-18 (₹)	**2018-19 (₹)**	**2017-18 (%)**	**2017-18 (%)**	
Revenue from operations	10,00,000	20,00,000	100	100	½
Add Other income	50,000	60,000	5	3	½
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	½
Changes in inventories	80,000	1,20,000	8	6	½
Other expenses	30,000	52,000	3	2.6	½

½

Total Expenses	5,30,000	9,42,000	53	47.1	
					½
Profit before Tax	5,20,000	11,18,000	52	55.9	
					½
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 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 (%)**	
					½
Revenue from operations	45,00,000	60,00,000	15,00,000	33.33	
Less					½
Employee benefit expenses	22,50,000	30,00,000	7,50,000	33.33	
					½
Depreciation	6,00,000	7,50,000	1,50,000	25	
					½
Other expenses	10,00,000	15,50,000	5,50,000	55	
					½
Total Expenses	38,50,000	53,00,000	14,50,000	37.66	

					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 = $\frac{\text{Cost of Revenue from operations + Operating expenses}}{\text{Net Revenue from operations}}$ x 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

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

= **70%**

2 marks + 2 marks = 4marks

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

= ₹13,20,000/₹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.

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

Profit before interest and tax =₹1,00,000 + ₹1,00,000 + ₹40,000

= ₹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 (₹)	
CASH FLOWS FROM OPERATING ACTIVITIES			
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)		
Operating profit before Working Capital changes	7,90,000		**1 ½**
Less Increase in Inventories	(1,30,000)		**marks**
Cash generated from operations	6,60,000		
Less Tax paid	(1,65,000)		
Cash Inflows from Operating activities		4,95,000	
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Machinery	50,000		
Purchase of Machinery	(6,80,000)		**1 mark**
Purchase of Investments	(1,00,000)		
Cash used in Investing activities		(7,30,000)	
CASH FLOWS FROM FINANCING ACTIVITIES			
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	(60,000)		
Cash Inflows from Financing activities		2,35,000	

Net increase in Cash and Cash equivalents		--	
Add Opening balance of Cash and Cash equivalents			
Current Investments	1,70,000		**½ mark**
Cash and Cash equivalents	40,000	2,10,000	
Closing balance of Cash and Cash equivalents			
Current Investments	1,40,000		
Cash and Cash equivalents	70,000	2,10,000	

Working Notes:

Calculation of Net Profit before Tax:

	(₹)	
Net profit	3,00,000	**½ mark**
Add Provision for Tax	2,00,000	
	5,00,000	

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
	2,40,000		2,40,000

½ mark

=

6 marks

PART B

OPTION II

Computerised Accounting

		18	**Q. Name the data element in accounting transaction.** 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.	**1 mark**
		19	**Q. What is meant by 'Primary Key'?** **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.	**1 mark**
		20	**Q. State the features of a good accounting software**. **Ans.** Following are the features of accounting software: (**Any four**) (i) Does all basic accounting functions.	

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

			It is a widely accepted security control to access the data.. Only an authorized person can access the data. Any user who does not know the password cannot retrieve information from the system. It ensures data integrity. It uses a binary encoding format of storage and offers access to the database. Data vault Software provides additional security for the imputed data and this feature is referred to as data vault. Data vault ensures that original information is presented and is not tempered. Data vault password cannot be broken. Some software uses data encryption method.	**2 marks** **2 marks** = **2+2** = **4 marks**
		22	**Q. Explain 'Sequential' and 'Mnemonic' codes.** **Ans.** Sequential codes 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. Mnemonic codes 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.	**2 marks** **2 marks** = **2+2** =

				4 marks
			OR **Q. State the element which is considered while calculating 'earning' for current payroll period.** **Ans.** Elements which is considered while calculating 'Earning' for the current payroll period are: (i) Basic Pay (BP): It is the pay in the pay scale plus grade pay but does not include special pay. (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. (iii) Dearness pay (DP): It is that portion of dearness allowance which has been declared and deemed to have been merged with basic pay. (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). (v) House rent allowance (HRA): It is an amount paid to facilitate employee in acquiring on lease of residential accommodation. (vi) Transport allowance (TRA): It is an amount paid to facilitate commuting to the place of work i.e. Delhi, Bhopal, Haridwar etc. (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.	**OR** **4 marks**
		23	**Q. Identify the error that appears when there are invalid numeric values in a formula or function. How can this error be rectified? Explain.** **Ans.** The error is #NUM! Error. The steps to correct it: 1.Optionally, click the cell that displays the error, click the button that appears and then click **Show calculation steps** . 2.Review the following causes and solutions:	

			• 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. 3. Then click the Microsoft button >Excel option and then click the formulas category.	**6 marks**