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. **(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**

	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. **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**

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

Ans. **Journal**

Date	Particulars	Dr. (₹)	Cr. (₹)
2019 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

½ x 2

			"	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)	2,00,000 1,60,000 1,20,000	 4,80,000	= **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 1	10% Building Fund Investments	½ 4,80,000
Building Fund 4,80,000		Building	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	**1 mark**
			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**
	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

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1 ½ marks = 3 marks

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

Ans.

Journal

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

1 x 3 = 3marks

	(Being cash withdrawn by R		

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

1 x 4

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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 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

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
"	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

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	
To travelling expenses	4,000	**Less** Advance for next year (3,500)	
To stationery consumed	3,000	**Less** o/s for last year (3,400)	
To rent	32,000	**Add** o/s for current year 4,300	69,900
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	
			(table below)	1 ½ marks
			Working Notes: (table below)	1 ½ marks = 3+ 1 ½ + 1 ½ =

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 fee10,000 **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. (₹)	
	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	

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

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

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		
	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 = $\frac{₹13,20,000 + ₹2,20,000}{₹22,00,000}$ x 100 = **70%** (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.** (A) Return on Investment = $\frac{\text{Profit before interest and tax}}{\text{Capital employed}}$ x 100 Profit before interest and tax =₹1,00,000 + ₹1,00,000 + ₹40,000 = ₹2,40,000	**2+2** **=** **4 marks** **OR** **2 marks**

			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**
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(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

			<table><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td>2,40,000</td><td></td><td>2,40,000</td></tr></table>	= **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.** Password Security 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	**2 marks** **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**