

ACCOUNTANCY

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



Ans.			Journal			
Date	Particulars		Dr. (₹)	Cr. (₹)		
2019 Apr 1	General reserve A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being general reserve distributed among the partners in the old ratio)	Dr.	3,00,000	1,25,000 1,00,000 75,000	½ x 2 =	
“	A's Capital A/c B's Capital A/c C's Capital A/c To Profit and Loss A/c (Being debit balance of Profit and Loss account debited to the old partners in the old profit sharing ratio)	Dr. Dr. Dr.	2,00,000 1,60,000 1,20,000	4,80,000	1 mark	
3	2	4	<p>Q. Raj and Seema started a partnership firm on 1st July, 2018. They agreed that Seema was entitled to a commission of 10% of the net profit after charging Raj's salary of ₹2,500 per quarter and Seema's commission. The net profit before charging Raj's salary and Seema's commission for the year ended 31st March, 2019 was ₹2,27,500. Calculate Seema's commission.</p>			



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



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



7	8	<p>8 Q. Hari and Krishan were partners sharing profits and losses in the ratio of 2 : 1. They admitted Shyam as a partner for 1/5th share in the profits. Calculate Goodwill of the firm after adjusting the following: The profit of 2014 – 15 was calculated after charging ₹10,000 for abnormal loss of goods by fire.</p> <p>Ans.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Profit (Loss) (₹)</th> </tr> </thead> <tbody> <tr> <td>2013-14</td> <td>50,000</td> </tr> <tr> <td>2014-15</td> <td>= 40,000+10,000 = 50,000</td> </tr> <tr> <td>2015-16</td> <td>75,000</td> </tr> <tr> <td>2016-17</td> <td>(25,000)</td> </tr> <tr> <td>2017-18</td> <td><u>50,000</u></td> </tr> <tr> <td></td> <td><u>2,00,000</u></td> </tr> </tbody> </table> <p>Average profits = ₹2,00,000/5= ₹40,000</p> <p>Goodwill= Average Profits x Number of years purchase</p> <p>= ₹40,000 x 3</p> <p>= ₹1,20,000</p>	Year	Profit (Loss) (₹)	2013-14	50,000	2014-15	= 40,000+10,000 = 50,000	2015-16	75,000	2016-17	(25,000)	2017-18	<u>50,000</u>		<u>2,00,000</u>	<p>1 mark</p> <p>1 mark</p> <p>1 mark</p> <p>=</p> <p>1+1+1</p> <p>=</p> <p>3 marks</p>
Year	Profit (Loss) (₹)																
2013-14	50,000																
2014-15	= 40,000+10,000 = 50,000																
2015-16	75,000																
2016-17	(25,000)																
2017-18	<u>50,000</u>																
	<u>2,00,000</u>																



8	9	9	<p>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.</p> <p>Ans. Journal</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Dr. (₹)</th> <th>Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td>2019 Mar 31</td> <td>A's Current A/c To B's Current A/c (Being omission of interest on Capital and salary, now rectified)</td> <td>Dr. 11,200</td> <td>11,200</td> </tr> </tbody> </table> <p>Table showing Past Adjustments:</p> <table border="1"> <thead> <tr> <th rowspan="2">Partners</th> <th rowspan="2">Interest on Capital (Cr.) (₹)</th> <th rowspan="2">Salary (Cr.) (₹)</th> <th rowspan="2">Profits (Dr.) (₹)</th> <th colspan="2">Net effect</th> </tr> <tr> <th>Dr. (₹)</th> <th>Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>90,000</td> <td>50,000</td> <td>1,51,200</td> <td>11,200</td> <td>-</td> </tr> <tr> <td>B</td> <td>40,000</td> <td>36,000</td> <td>64,800</td> <td>-</td> <td>11,200</td> </tr> <tr> <td></td> <td>1,30,000</td> <td>86,000</td> <td>2,16,000</td> <td>11,200</td> <td>11,200</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p>	Date	Particulars	Dr. (₹)	Cr. (₹)	2019 Mar 31	A's Current A/c To B's Current A/c (Being omission of interest on Capital and salary, now rectified)	Dr. 11,200	11,200	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	<p>1 ½ marks</p> <p>1 ½ marks</p> <p>=</p> <p>3 marks</p> <p>OR</p>
Date	Particulars	Dr. (₹)	Cr. (₹)																																			
2019 Mar 31	A's Current A/c To B's Current A/c (Being omission of interest on Capital and salary, now rectified)	Dr. 11,200	11,200																																			
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																																	



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

Ans. Journal

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

1 ½ marks

Table showing Past Adjustments:

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

1 ½ marks

=

3 marks

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



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

Ans.

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

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

3 marks

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

Ans.

Journal

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

1/2 mark



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



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

Ans.

Journal

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

1 x 4

=

4 marks

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



Dr.			C's Executors Account			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)			
2016 July 1	To Bank A/c	10,600	2016 June 30	By C's Capital A/c	70,600			
2017 Mar 31	To Balance c/d	64,500	2017 Mar 31	By Interest	4,500			
		75,100			75,100			
2017 June 30	To Bank A/c	26,000	2017 Apr 1	By Balance b/d	64,500			
2018 Mar 31	To Balance c/d	43,000	2017 June 30	By Interest	1,500			
		69,000	2018 Mar 31	By Interest	3,000			
2018 June 30	To Bank A/c	24,000	2018 Apr 1	By Balance b/d	43,000			
2019 Mar 31	To Balance c/d	21,500	2018 June 30	By Interest	1,000			
		45,500	2019 Mar 31	By Interest	1,500			
2019 June 30	To Bank A/c	22,000	2019 Apr 1	By Balance b/d	21,500			
		22,000	2019 June 30	By Interest	500			

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	Assets A/c	Dr.	6,00,000	-	1 mark
Apr 1	Goodwill A/c	Dr.	1,30,000	-	
	To Liabilities A/c			70,000	
	To Sohan Ltd. A/c			6,60,000	
	(Being assets and liabilities acquired of Sohan Ltd.)				
2016	Sohan Ltd A/c	Dr.	6,60,000	-	1 mark
Apr 1	Loss on issue of debentures A/c	Dr.	30,000	-	
	To 12% debentures A/c			6,00,000	
	To Securities Premium Reserve A/c			60,000	
	To Premium on redemption of Debentures A/c			30,000	
	(Being debentures issued at a premium redeemable at a premium)				
2018	Surplus i.e. balance in Statement of Profit and Loss	Dr.	1,50,000		½ mark
Mar 31	To Debenture Redemption Reserve A/c			1,50,000	
	(Being Debenture Redemption Reserve created out of profits)				
2018	10% Debenture Redemption Investments A/c	Dr.	90,000		½ mark
Apr.1	To Bank A/c			90,000	
	(Being Debenture Redemption Investments purchased)				
2019	Bank A/c	Dr.	8,100		½ mark
Mar 31	TDS Collected/ Deposited A/c	Dr.	900		
	To Interest on Debenture Redemption Investments A/c			9,000	
	(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 providedComplete the Profit and Loss Appropriation Account for the year ended 31st March, 2019, Partners' Capital Accounts and Current Accounts.					



Ans.

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

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

3 marks

Dr. Partners' Capital Accounts Cr.

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

1 mark



Dr. Partners' Current Accounts Cr.

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

2 marks

=

3+1+2

=

6 marks

OR

OR

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



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

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

6 marks

15 - 14 Q. From the following Receipts and Payments Account and additional information of Modern Health Club, prepare Income and Expenditure Account for the year ended 31st March, 2019 and the Balance Sheet as at 31st March, 2019.

Ans.



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

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

3 marks

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

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

**1 ½
marks**



	2,41,500		2,41,500

Working Notes:

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

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

1 ½
marks
=
3+ 1 ½ +
1 ½
=
6 marks

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

Ans.



Dr.**Revaluation A/c****Cr.**

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

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

=

2 marks**Dr.****Partners Capital Accounts****Cr.**

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

 1×3

=

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	
Capitals		Less Provision for doubtful debts <u>20,000</u>	3,80,000
Lisa 18,00,000		Bank	40,000
Nisha <u>9,00,000</u>	27,00,000	Lisa's Current A/c	4,40,000
		Nisha's Current A/c	5,60,000
	44,20,000		42,40,000

1½ x 2
=
3 marks

=
2+3+3
=
8 marks
OR

OR

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



Ans.

Dr.

Revaluation A/c

Cr.

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

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

Dr.

Partners Capital Accounts

Cr.

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

1 x 3
=
3 marks



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

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

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

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Cash at bank	45,200
Employees Provident Fund	22,000	Debtors 65,000	
Workmen's compensation claim	5,000	Less Provision for doubtful debts 5,000	60,000
Capitals:		Stock	30,000
Madan 63,600		Patents	59,000
Mohan 52,400			
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	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.	15,000	
	To Equity Share Capital A/c			10,000
	To Securities Premium Reserve A/c			5,000
	(Being Bali's shares reissued for ₹15 per share fully paid)			
	Share Forfeiture A/c	Dr.	5,600	
	To Capital Reserve A/c			5,600
	(Being balance in Share forfeiture account transferred to capital reserve)			

1 mark

1 mark

=

8 marks

OR

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

OR

In the books of Venus Ltd.

Journal

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

½ mark

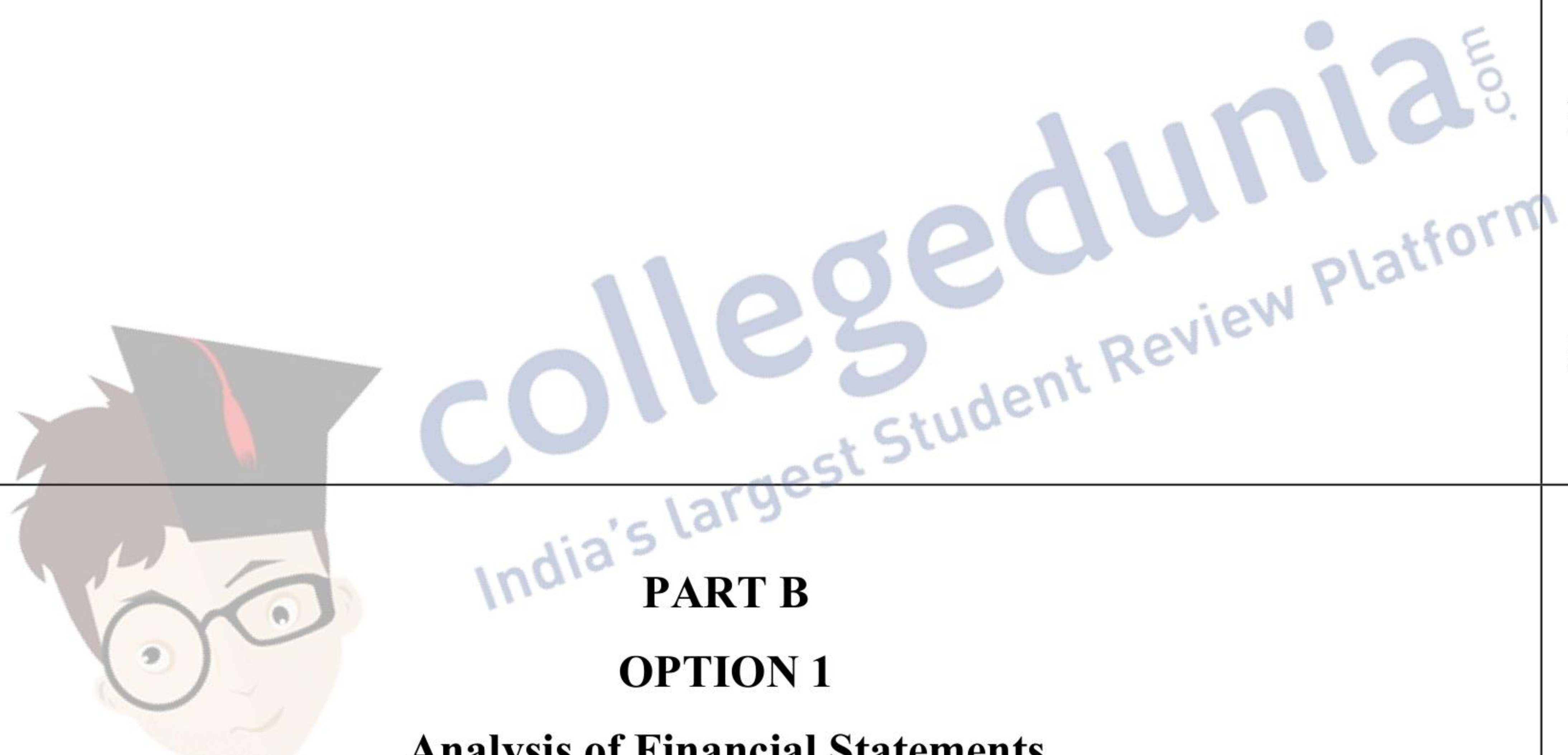



	Bank A/c	Dr.	6,00,000		½ mark
	To Equity Share Application A/c (Being application money received on 2,00,000 shares)			6,00,000	
	Equity Share Application A/c	Dr.	6,00,000		½ mark
	To Equity Share Capital A/c (Being application money transferred to share capital)			6,00,000	
	Equity Share Allotment A/c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



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



			<table border="1"> <tr> <td>Bank A/c</td> <td>Dr.</td> <td>1,20,000</td> <td></td> </tr> <tr> <td>To Equity Share Capital A/c</td> <td></td> <td></td> <td>1,00,000</td> </tr> <tr> <td>To Securities Premium Reserve A/c</td> <td></td> <td></td> <td>20,000</td> </tr> <tr> <td colspan="4">(Being shares reissued for ₹12 per share fully paid)</td> </tr> </table>	Bank A/c	Dr.	1,20,000		To Equity Share Capital A/c			1,00,000	To Securities Premium Reserve A/c			20,000	(Being shares reissued for ₹12 per share fully paid)				
Bank A/c	Dr.	1,20,000																		
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			<table border="1"> <tr> <td>Share Forfeiture A/c</td> <td>Dr.</td> <td>30,000</td> <td></td> </tr> <tr> <td>To Capital Reserve A/c</td> <td></td> <td></td> <td>30,000</td> </tr> <tr> <td colspan="4">(Being balance in Share forfeiture account transferred to capital reserve)</td> </tr> </table>	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				
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																
			 <p style="text-align: center;">PART B OPTION 1 Analysis of Financial Statements</p>																	
18	-	-	<p>Q. Give any two examples of cash flows from operating activities.</p> <p>Ans. Any two examples:</p> <p>(i) Cash Sales (ii) Cash Purchases (iii) Salary paid</p> <p style="text-align: center;">(or any other correct example)</p>	½ x 2 = 1 mark																



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



$$= ₹8,80,000$$

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

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

$$= 70\%$$

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

$$= \frac{₹13,20,000}{₹1,60,000}$$

$$= 8.25 \text{ times}$$

2 marks

=

2+2

=

4 marks

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.

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



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



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

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

½

½

½

½

½

½

½

½

=

½ x 8

=

4marks



OR

OR

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

In the books of Delko Ltd.

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

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

½

½

½

½

½

½

½

½

=




			.	½ x 8 = 4 marks																																																						
23	23	23	<p>Q. Following is the Balance Sheet of X Ltd. as at 31st March, 2018..... Prepare a Cash Flow Statement.</p> <p>Ans. Cash Flow Statement of X Ltd. for the year ended 31st March 2018</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td colspan="3"><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></td> </tr> <tr> <td>Net Profit before Tax</td> <td>5,00,000</td> <td></td> </tr> <tr> <td>Add depreciation on Machinery</td> <td>1,40,000</td> <td></td> </tr> <tr> <td>Interest on 12% Debentures</td> <td>60,000</td> <td></td> </tr> <tr> <td>Goodwill written off</td> <td>1,00,000</td> <td></td> </tr> <tr> <td>Less Profit on sale of machinery</td> <td>(10,000)</td> <td></td> </tr> <tr> <td><i>Operating profit before Working Capital changes</i></td> <td>7,90,000</td> <td></td> </tr> <tr> <td>Less Increase in Inventories</td> <td>(1,30,000)</td> <td></td> </tr> <tr> <td><i>Cash generated from operations</i></td> <td>6,60,000</td> <td></td> </tr> <tr> <td>Less Tax paid</td> <td>(1,65,000)</td> <td></td> </tr> <tr> <td>Cash Inflows from Operating activities</td> <td></td> <td>4,95,000</td> </tr> <tr> <td colspan="3"><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></td> </tr> <tr> <td>Sale of Machinery</td> <td>50,000</td> <td></td> </tr> <tr> <td>Purchase of Machinery</td> <td>(6,80,000)</td> <td></td> </tr> <tr> <td>Purchase of Investments</td> <td>(1,00,000)</td> <td></td> </tr> <tr> <td>Cash used in Investing activities</td> <td></td> <td>(7,30,000)</td> </tr> <tr> <td colspan="3"><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></td> </tr> </tbody> </table>	Particulars	Amount (₹)	Amount (₹)	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			Net Profit before Tax	5,00,000		Add depreciation on Machinery	1,40,000		Interest on 12% Debentures	60,000		Goodwill written off	1,00,000		Less Profit on sale of machinery	(10,000)		<i>Operating profit before Working Capital changes</i>	7,90,000		Less Increase in Inventories	(1,30,000)		<i>Cash generated from operations</i>	6,60,000		Less Tax paid	(1,65,000)		Cash Inflows from Operating activities		4,95,000	<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			Sale of Machinery	50,000		Purchase of Machinery	(6,80,000)		Purchase of Investments	(1,00,000)		Cash used in Investing activities		(7,30,000)	<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			<p>1 ½ marks</p> <p>1 mark</p>
Particulars	Amount (₹)	Amount (₹)																																																								
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Issue of Shares	2,00,000			
Issue of 12% Debentures	1,00,000			
Bank overdraft repaid	(5,000)			
Interest paid on 12% Debentures	<u>(60,000)</u>			
Cash Inflows from Financing activities			<u>2,35,000</u>	
Net increase in Cash and Cash equivalents			--	
<i>Add Opening balance of Cash and Cash equivalents</i>				
Current Investments	1,70,000			
Cash and Cash equivalents	<u>40,000</u>		<u>2,10,000</u>	
<i>Closing balance of Cash and Cash equivalents</i>				
Current Investments	1,40,000			
Cash and Cash equivalents	<u>70,000</u>		<u>2,10,000</u>	
Working Notes:				
Calculation of Net Profit before Tax:				
	(₹)			
Net profit	3,00,000			
Add Provision for Tax	<u>2,00,000</u>			
	<u>5,00,000</u>			
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	



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



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



