

-Strictly Confidential : (For Internal and Restricted Use Only)

Senior School Certificate Examination

March -2018 - 19

Marking Scheme – Accountancy 67/4/1, 67/4/2, 67/4/3

General Instructions:-

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. 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 desired from you to give your best 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 innovative may be assessed and marks be awarded to them.
3. The Head-Examiner has to go through the first five answer scripts evaluated by each evaluator to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer scripts meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
4. 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 totalled up and written in the left hand margin and encircled.
5. If a question does not have any parts, marks must be awarded in the left hand margin and encircled.
6. If a student has attempted an extra question, answer of the question deserving more marks should be retained and other answer scored out.
7. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
8. Deductions up to 25% of the marks must be made if the student has not drawn formats of the Journal and Ledger and has not given the narrations.
9. A full scale of marks 1-80 has to be used. Please do not hesitate to award full marks if the answer deserves it.
10. No marks are to be deducted or awarded for writing / not writing 'TO and BY' while preparing Journal and Ledger accounts.
11. In theory questions, credit is to be given for the content and not for the format.
12. Every Examiner should stay full working hours i.e 8 hours every day and evaluate 25 answer books.
13. Avoid the following common types of errors committed by the Examiners in the past-
 - Leaving answer or part thereof unassessed in an answer script
 - Giving more marks for an answer than assigned to it or deviation from the marking scheme.
 - Wrong transference 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 transference to marks from the answer book to award list
 - Answers marked as correct but marks not awarded.
 - Half or a part of answer marked correct and the rest as wrong but no marks awarded.
14. While evaluating the answer scripts if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero(0) Marks.
15. Any unassessed portion, non-carrying over of marks to the title page or totalling 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.
16. The Examiners should acquaint themselves with the guidelines given in the Guidelines for Spot Evaluation before starting the actual evaluation.
17. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totalled and written in figures and words.
18. As per orders of the Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as give in the Marking Scheme.

Q. Set No.			Marking Scheme 2018-19 Accountancy (055) 67/4/1 Expected Answers / Value points	Distribution of marks						
67/4/1	67/4/2	67/4/3								
1	5	4	<p>Q. Differentiate between.....of 'Period'. Ans.</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Receipts & Payments A/c</th> <th>Income & Expenditure A/c</th> </tr> </thead> <tbody> <tr> <td>Period</td> <td>May relate to preceding and succeeding periods</td> <td>Relate to current period.</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Q. What is.....'Life Membership Fees'? Ans. Membership fee paid in lump sum to become a life member of a not- for- profit organisation.</p>	Basis	Receipts & Payments A/c	Income & Expenditure A/c	Period	May relate to preceding and succeeding periods	Relate to current period.	=1 Mark
Basis	Receipts & Payments A/c	Income & Expenditure A/c								
Period	May relate to preceding and succeeding periods	Relate to current period.								
2	3	5	<p>Q. Dev withdrew.....on Dev's Drawings. Ans. Interest On Drawings= $1,20,000 \times 12/100 \times 6/12 = 7,200$</p>	=1 Mark						
3	4	1	<p>Q. A and B.....A, B, C, D. Ans. Old ratio =3:2 A's Sacrifice(in favour of C)=$1/4 \times 3/5 = 3/20$ B's Sacrifice(in favour of D)=$1/2 \times 2/5 = 2/10$</p> <p>A's New Share=$3/5 - 3/20 = 9/20$ B's New Share=$2/5 - 2/10 = 2/10$</p> <p>New Profit Sharing Ratio=9:4:3:4</p>	$\frac{1}{2}$ $\frac{1}{2}$ =1 Mark						
4	2	2	<p>Q. Distinguish between 'Closure of Books'. Ans.</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Reconstitution of Partnership</th> <th>Dissolution of Partnership Firm</th> </tr> </thead> <tbody> <tr> <td>Closure of Books</td> <td>Does not require because the business is not terminated.</td> <td>The books of accounts are closed.</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Q. State the basis.....year of Death. Ans. Profit may be estimated (a) On the basis of Last year's profit/ Average profits of last given no. of years (b) On the basis of Turnover/ Sales.</p>	Basis	Reconstitution of Partnership	Dissolution of Partnership Firm	Closure of Books	Does not require because the business is not terminated.	The books of accounts are closed.	=1 mark $\frac{1}{2}$ $\frac{1}{2}$ =1 Mark
Basis	Reconstitution of Partnership	Dissolution of Partnership Firm								
Closure of Books	Does not require because the business is not terminated.	The books of accounts are closed.								
5	1	3	<p>Q. What is meant..... Collateral Security? Ans. Debentures issued as secondary security/additional security over and above the primary security is known as Issue of Debentures as Collateral Security.</p> <p style="text-align: center;">OR</p>							

			<p>Q. State the Provision.....Debtenture Redemption Reserve. Ans. Where a company has issued Debtentures, it shall create a DRR equivalent to at least 25% of the nominal value of debtentures outstanding for the redemption of such debtentures.</p>	=1 Mark
6	-	-	<p>Q. State any two.....partnership firm. Ans. At the suit of a partner, the court may order a partnership firm to be dissolved on any of the following grounds: (any two of the following) (a) when a partner becomes insane; (b) when a partner becomes permanently incapable of performing his duties as a partner; (c) when a partner is guilty of misconduct which is likely to adversely affect the business of the firm; (d) when a partner persistently commits breach of partnership agreement; (e) when a partner has transferred the whole of his interest in the firm to a third party; (f) when the business of the firm cannot be carried on except at a loss; or (g) when, on any ground, the court regards dissolution to be just and equitable.</p>	½ x 2 =1 Mark
7	7	7	<p>Q. What is meant Over-subscription. Ans. When the no. of shares applied is more than the no. of shares offered by the co., it is said to be a case of over-subscription. For Example: A company invited applications for 1,00,000 shares and received applications for 4,00,000 shares. Three alternatives are available for allotment of shares: (a) To allot 1,00,000 shares in full to selected applicants and the remaining 3,00,000 applications were rejected outright. (b) To make pro-rata allotment to all applicants. (c) Totally reject applications for 2,00,000 shares, accept full applications for 80,000 shares and make pro-rata allotment of 20,000 shares to remaining 1,20,000 applicants. (or any other correct example) OR</p> <p>Q. What is meant.....Capital Reserve? Ans. Cancellation of shares for the non payment of called up amount is termed as Forfeiture of shares. Gain on Forfeited shares arises on reissue. It is transferred immediately on the reissue of forfeited shares.</p>	<p>1 ½</p> <p>1 ½</p> <p>= 3 marks</p> <p>OR</p> <p>1</p> <p>1</p> <p>1</p> <p>=3 marks</p>
8	-	-	<p>Q. Aman, Bimal and Deepak treatment of Goodwill. Ans. Old Ratio= 2:3:5 New Ratio=1:1 (on Aman's Retirement) Bimal's Gain=1/2-3/10=2/10 Deepak's Gain=1/2-5/10=nil</p> <p>Firm's Goodwill=37,500 Aman's share=2/10 x 37,500= 7,500</p>	1 ½

				To Sujeet's Capital A/c (10% of assets realised paid as remuneration)			1,00,075		1x4 = 4 Marks																
			c)	Sujeet's Capital A/c.....Dr. To Bank/Cash A/c (realisation expense paid on behalf of sujeet)		90,000	90,000																		
			d)	Realisation A/c.....Dr. To Bank A/c (Creditors paid in full settlement)		4,50,000	4,50,000																		
12	-	-	<p>Ques. A and B..... working notes clearly. Ans. Journal</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>F</th> <th>Dr (₹)</th> <th>Cr (₹)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Interest on Capital A/c.....Dr. To A's Current A/c To B's Current A/c (Interest on capital credited to Partners' Current A/c)</td> <td></td> <td>12,600</td> <td>5,400 7,200</td> </tr> <tr> <td></td> <td>----- P& L Appropriation A/c.....Dr. To Interest on Capital A/c (Interest on capital transferred to P& L Appropriation A/c)</td> <td></td> <td>12,600</td> <td>12,600</td> </tr> </tbody> </table> <p>Note: In case, the candidate has combined the above two entries, 1 mark is to be deducted.</p> <p><u>Working Notes:</u> <u>Interest on Capital:</u> A= 12% of 60,000= 7,200 B= 12% of 80,000=9,600 Total interest=16,800</p> <p>Since profits are insufficient Interest on capital will be distributed in the ratio of 7,200:9,600 i.e.3:4</p> <p>A= 3/7 of 12,600= 5,400 B= 4/7 of 12,600=7,200</p>							Date	Particulars	F	Dr (₹)	Cr (₹)		Interest on Capital A/c.....Dr. To A's Current A/c To B's Current A/c (Interest on capital credited to Partners' Current A/c)		12,600	5,400 7,200		----- P& L Appropriation A/c.....Dr. To Interest on Capital A/c (Interest on capital transferred to P& L Appropriation A/c)		12,600	12,600	1 1 1 = 4 Marks
Date	Particulars	F	Dr (₹)	Cr (₹)																					
	Interest on Capital A/c.....Dr. To A's Current A/c To B's Current A/c (Interest on capital credited to Partners' Current A/c)		12,600	5,400 7,200																					
	----- P& L Appropriation A/c.....Dr. To Interest on Capital A/c (Interest on capital transferred to P& L Appropriation A/c)		12,600	12,600																					
13	14	14	<p>Ques.A, B and C.....dissolution of the firm. Ans. Journal</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>LF</th> <th>Dr (₹)</th> <th>Cr (₹)</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>Realisation A/c.....Dr. To Fixed Assets A/c To Stock A/c To Debtors A/c</td> <td></td> <td>12,05,000</td> <td>7,10,000 3,00,000 1,95,000</td> </tr> </tbody> </table>							Date	Particulars	LF	Dr (₹)	Cr (₹)	a)	Realisation A/c.....Dr. To Fixed Assets A/c To Stock A/c To Debtors A/c		12,05,000	7,10,000 3,00,000 1,95,000	1					
Date	Particulars	LF	Dr (₹)	Cr (₹)																					
a)	Realisation A/c.....Dr. To Fixed Assets A/c To Stock A/c To Debtors A/c		12,05,000	7,10,000 3,00,000 1,95,000																					

			b)	Revaluation A/c..Dr. To Bad Debts A/c To Provision For Doubtful Debts A/c (Bad Debts and Provision transferred to Revaluation A/c)		9,000		6,000 3,000	½	
			c)	P's Capital A/cDr. Q's Capital A/cDr. R's Capital A/cDr. To Revaluation A/c (loss on revaluation transferred to Partners' capital A/c)		4,500 3,000 1,500		9,000	1	
			d)	General Reserve A/c.....Dr. To P's Capital A/c To Q' s Capital A/c To R's Capital A/c (general reserve credited to partners' Capital A/c)		60,000		30,000 20,000 10,000	1	
			e)	P's Current A/cDr. To P's Capital A/c (Capital A/c adjusted)		1,14,900		1,14,900	1	
			f)	Q' s Current A/cDr. To Q's Capital A/c (Capital A/c adjusted)		23,400		23,400	1	
			g)	R's Capital A/cDr. To R's Current A/c (Capital A/c adjusted)		1,38,300		1,38,300	1	
									=6 marks	
14	15	15	Q. From the following..... Capital Fund ₹ 1,28,000. Ans:							
Income & Expenditure A/c										

				For the year ending 31st March, 2018							
Expenditures		Amt (₹)		Incomes		Amt (₹)					
To Campaign Expenses		1,30,000		By Subscription		1,80,000		4			
To Office Rent		40,000		By Govt. Grant		2,00,000					
To Salary		10,000		By interested accrued on FD		16,000					
To Furniture hire rent		12,000									
To Advertisement		15,000									
To Loss on sale of old Furniture		1,000									
To Surplus (Excess of Income over Expenditure)		1,88,000									
		<u>3,96,000</u>				<u>3,96,000</u>					
				Balance Sheet							
				As at 31st March, 2018							
Liabilities		Amt (₹)		Assets		Amt (₹)					
Capital Fund	1,28,000	3,46,000		Fixed Deposits	2,00,000	2,16,000		2			
Add: Surplus	1,88,000			Add: Accrued Interest	<u>16,000</u>						
Add: Life Membership Fees	<u>30,000</u>			Books	50,000						
				Computers	75,000						
Creditors	60,000	Cash at Bank	40,000								
		Cash in Hand	25,000								
		<u>4,06,000</u>				<u>4,06,000</u>					
								=			
								6 Marks			
15	13	13	Q. Pass necessary rectifying..... Was omitted.								
			(i)								
			Journal								
Date	Particulars			Dr. (₹)		Cr. (₹)					
	A's Current* A/c			Dr.		10,000		2			
	To C's Current* A/c					10,000					
	(Being interest on capital omitted, now rectified)										
Note: 1 mark may be deducted for writing Capital Account instead of Current Account.											
			<u>Past Adjustment Table</u>								
	A (₹)	B (₹)	C (₹)	Total (₹)							
	Omission of IOC	40,000 (Cr.)	50,000 (Cr.)	60,000 (Cr.)	1,50,000						
	Total divided in PSR	50,000 (Dr.)	50,000 (Dr.)	50,000 (Dr.)	1,50,000						
	Net Effect	10,000 (Dr.)	--	10,000 (Cr.)							
			(ii)								
			Journal								
Date	Particulars			Dr. (₹)		Cr. (₹)					
	R's Capital A/c			Dr.		1,300					

			To P's Capital A/c To Q's Capital A/c (Being interest on drawings omitted, now rectified)		400 900	2		
			<u>Past Adjustment Table</u>					
				P (₹)	Q (₹)	R (₹)	Total (₹)	
			Omission of IOD	1,000 (Dr.)	500 (Dr.)	2,000 (Dr.)	3,500	
			Total divided in PSR	1,400 (Cr.)	1,400 (Cr.)	700 (Cr.)	3,500	
			Net Effect	400 (Cr.)	900 (Cr.)	1,300 (Dr.)		
							1	
							=	
							6 Marks	
16	17	16	Q. S Ltd. invited books of the company.					
			Ans. Dr. Cash Book Cr.					
			Receipts	LF	Amt (₹)	Payments	LF	Amt (₹)
			To Share Application & Allotment A/c		12,00,000	By Share Application & Allotment A/c		80,000
			To Share I & Final Call A/c		3,78,100	By Balance c/d		15,04,100
			To Equity Share Capital A/c		5,000			
			To Securities Premium Reserve A/c		1,000			
					<u>15,84,100</u>			<u>15,84,100</u>
			Books of S Ltd. Journal					
			Date	Particulars	LF	Dr. Amt (₹)	Cr. Amt (₹)	
			(i)	Equity Share Application & Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c To Calls in Advance A/c (Being application & Allotment money transferred)		11,20,000	5,00,000 3,00,000 3,20,000	
			(ii)	Equity Share First & Final Call A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being share First & Final Call money due)		7,00,000	5,00,000 2,00,000	
			(iii)	Calls In arrear A/c.....Dr. Calls In Advance A/cDr. To Equity Share First & Final Call A/c (Calls in advance adjusted and amount not received transferred to Calls- in-arrear A/c) Or		1,900 3,20,000	3,21,900	
								1 x5 =5 marks

			Calls In Advance A/cDr. To Equity Share First & Final Call A/c (Calls in advance adjusted on first and final call)		3,20,000	3,20,000	=8 Marks
(iv)			Equity Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Shares Forfeited A/c To Calls in Arrear A/c (Being shares forfeited)		5,000 1,000	4,100 1,900	
(v)			Shares Forfeited A/c Dr. To Capital Reserve A/c (Gain on reissue of forfeited shares transferred to Capital Reserve)		4,100	4,100	

16 OR	17 OR	16 OR	Ques. Jain Ltd.....in the books of Jain Ltd. Ans. <p style="text-align: center;">Books of the Jain Ltd.</p> <p style="text-align: center;">Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 45%;">Particulars</th> <th style="width: 5%;">LF</th> <th style="width: 15%;">Dr (₹)</th> <th style="width: 15%;">Cr (₹)</th> <th style="width: 5%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(i)</td> <td>Bank A/cDr. To Equity Share Application A/c [Application money received on 1,00,000 shares]</td> <td></td> <td style="text-align: right;">1,00,000</td> <td style="text-align: right;">1,00,000</td> <td style="text-align: center; vertical-align: middle;">½</td> </tr> <tr> <td style="text-align: center;">(ii)</td> <td>Equity Share Application A/c.....Dr. To Equity Share Capital A/c [Application money transferred to share capital A/c]</td> <td></td> <td style="text-align: right;">1,00,000</td> <td style="text-align: right;">1,00,000</td> <td style="text-align: center; vertical-align: middle;">½</td> </tr> <tr> <td style="text-align: center;">(iii)</td> <td>Equity Share Allotment A/c.....Dr. To Equity Share Capital A/c [Allotment money due on 1,00,000shares]</td> <td></td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: center; vertical-align: middle;">½</td> </tr> <tr> <td style="text-align: center;">(iv)</td> <td>Bank A/c.....Dr. To Share Allotment A/c [Allotment money received except on 1,000 shares] OR Bank A/c.....Dr. Calls in Arrear A/c.....Dr. To Share Allotment A/c [Allotment money received except on 1,000 shares]</td> <td></td> <td style="text-align: right;">1,98,000 1,98,000 2,000</td> <td style="text-align: right;">1,98,000 2,00,000</td> <td style="text-align: center; vertical-align: middle;">1</td> </tr> <tr> <td style="text-align: center;">(v)</td> <td>Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Equity Share Allotment A/c [Forfeiture of 1,000 shares for non payment of allotment money] OR</td> <td></td> <td style="text-align: right;">3,000</td> <td style="text-align: right;">1,000 2,000</td> <td style="text-align: center; vertical-align: middle;">1½</td> </tr> </tbody> </table>					Date	Particulars	LF	Dr (₹)	Cr (₹)		(i)	Bank A/cDr. To Equity Share Application A/c [Application money received on 1,00,000 shares]		1,00,000	1,00,000	½	(ii)	Equity Share Application A/c.....Dr. To Equity Share Capital A/c [Application money transferred to share capital A/c]		1,00,000	1,00,000	½	(iii)	Equity Share Allotment A/c.....Dr. To Equity Share Capital A/c [Allotment money due on 1,00,000shares]		2,00,000	2,00,000	½	(iv)	Bank A/c.....Dr. To Share Allotment A/c [Allotment money received except on 1,000 shares] OR Bank A/c.....Dr. Calls in Arrear A/c.....Dr. To Share Allotment A/c [Allotment money received except on 1,000 shares]		1,98,000 1,98,000 2,000	1,98,000 2,00,000	1	(v)	Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Equity Share Allotment A/c [Forfeiture of 1,000 shares for non payment of allotment money] OR		3,000	1,000 2,000	1½
Date	Particulars	LF	Dr (₹)	Cr (₹)																																							
(i)	Bank A/cDr. To Equity Share Application A/c [Application money received on 1,00,000 shares]		1,00,000	1,00,000	½																																						
(ii)	Equity Share Application A/c.....Dr. To Equity Share Capital A/c [Application money transferred to share capital A/c]		1,00,000	1,00,000	½																																						
(iii)	Equity Share Allotment A/c.....Dr. To Equity Share Capital A/c [Allotment money due on 1,00,000shares]		2,00,000	2,00,000	½																																						
(iv)	Bank A/c.....Dr. To Share Allotment A/c [Allotment money received except on 1,000 shares] OR Bank A/c.....Dr. Calls in Arrear A/c.....Dr. To Share Allotment A/c [Allotment money received except on 1,000 shares]		1,98,000 1,98,000 2,000	1,98,000 2,00,000	1																																						
(v)	Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Equity Share Allotment A/c [Forfeiture of 1,000 shares for non payment of allotment money] OR		3,000	1,000 2,000	1½																																						

			Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Calls – in – Arrear A/c [Forfeiture of 4,000 shares for non payment of call money]	3,000	1,000 2,000	
		(vi)	Equity Share First Call A/cDr. To Equity Share Capital A/c [First call money due on 99,000 shares]	2,97,000	2,97,000	½
		(vii)	Bank A/cDr. To Equity Share First Call A/c [First Call money received except on 500 shares] OR Bank A/cDr. Calls in arrear A/c Dr. To Equity Share First Call A/c [First Call money received except on 500 shares]	2,95,500 2,95,500 1,500	2,95,500 2,97,000	½
		(viii)	Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Equity Share first call A/c [Forfeiture of 500 shares for non payment of first call money] OR Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Calls – in – Arrear A/c [Forfeiture of 500 shares for non payment of first call money]	3,000 3,000	1,500 1,500 1,500 1,500	1
		(ix)	Bank A/cDr. Forfeited Shares A/c.....Dr. To Equity Share Capital A/c [1,500 of the forfeited shares reissued as fully paid up]	13,500 1,500	15,000	½
		(x)	Forfeited Shares A/cDr. To Capital Reserve A/c [Gain on 1,500 reissued shares transferred to capital reserve A/c]	1,000	1,000	½

			(xi)	Equity Share second & final Call A/cDr. To Equity Share Capital A/c [Second & Final call money due on 98,500 shares]		3,94,000	3,94,000	½	
			(xii)	Bank A/cDr. To Equity Share second & final Call A/c [Second and final Call money received]		3,94,000	3,94,000	½	
									=8 marks

17	16	17	Q. A and B.....reconstituted firm. Ans. Revaluation A/c						2																																																																																
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			Partners' Capital A/c								
			Dr.				Cr.				
			Particulars	G	E	F	Particulars	G	E	F	
			To E's Capital A/c	15,750	-----	2,250	By Balance b/d	1,40,000	40,000	20,000	
			To E's Loan A/c	-----	1,37,880	----	By Revaluation A/c	41,580	11,880	5,940	
			To Balance c/d	2,10,000	-----	30,000	By G's Capital A/c	----	15,750	----	
							By F's Capital A/c	-----	2,250	-----	
							By General Reserve	28,000	8,000	4,000	
							By E's Loan A/c	-----	60,000	-----	
							By current A/c	16,170	-----	2,310	
				2,25,750	137,880	32,250		2,25,750	1,37,880	32,250	
Balance Sheet of the Reconstituted firm as at April 1, 2018											
			Liabilities	Amt (₹)	Assets			Amt (₹)			
			Capitals:		Cash		90,000				
			G- 2,10,000		Debtors-	24,000					
			F- 30,000	2,40,000	Less: Prov. For						
			E's Loan	1,37,880	Doubtful Debts	600	23,400				
			Creditors	28,000	Stock		10,000				
					Machinery		76,000				
					Land & building		1,88,000				
					G's current A/c		16,170				
					F's Current A/c		2,310				
				4,05,880			4,05,880				
Working Notes:(1)											
New Firm's capital- 2,40,000											
E's capital -7/8x2,40,000=2,10,000											
F's capital- 1/8x 2,40,000= 30,000											
Note: if candidate has not transferred E's Loan A/c given in the existing Balance Sheet to E's Capital A/c, no marks will be deducted. In such case, the balance of E's Loan A/c in the Capital A/c will be ₹77,800.											
PART B											
(Financial Statements Analysis)											
18	-	-	Q. When can.....your answer.							1 Mark	
			Ans. Receipt of dividend can be an operating activity for a financial company as it is a principal revenue generating activity.								
19	-	-	Q. What is 'Cash Flow Statement'?							1 Mark	
			Ans. A Cash Flow Statement is a statement that provides information about the historical changes in Cash & Cash Equivalents of an enterprise by classifying cash flows into Operating, Investing and Financing Activities.								
20	22	20	Q. Under which major.....Companies Act, 2013?								

			<p>Ans.</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Heads</th> <th>Sub-heads</th> </tr> </thead> <tbody> <tr> <td>Cheques and Bank Drafts in Hand</td> <td>Current Assets</td> <td>Cash & Cash Equivalents</td> </tr> <tr> <td>Loose Tools</td> <td>Current Assets</td> <td>Inventories</td> </tr> <tr> <td>Securities Premium Reserve</td> <td>Shareholders' Funds</td> <td>Reserves & Surplus</td> </tr> <tr> <td>Long term Investments with maturity period less than six months</td> <td>Current Assets</td> <td>Current Investments</td> </tr> <tr> <td>Work- in-Progress</td> <td>Current Assets</td> <td>Inventories</td> </tr> <tr> <td>Mining Rights</td> <td>Non Current Assets</td> <td>Fixed Assets- Intangible</td> </tr> <tr> <td>Publishing Titles</td> <td>Non Current Assets</td> <td>Fixed Assets- Intangible</td> </tr> <tr> <td>Debtors</td> <td>Current Assets</td> <td>Trade Receivables</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Ques: Explain.....Creditors.</p> <p>Ans. Importance for Labour Unions: Labour unions analyse the financial statements to assess whether it can presently afford a wage increase and whether it can absorb a wage increase through increased productivity or by raising the prices. Importance for Creditors: Creditors through an analysis of Financial Statements appraises not only the ability of the company to meet its short term obligations but also judges the probability of its continued ability to meet all its financial obligations in future.</p>	Items	Heads	Sub-heads	Cheques and Bank Drafts in Hand	Current Assets	Cash & Cash Equivalents	Loose Tools	Current Assets	Inventories	Securities Premium Reserve	Shareholders' Funds	Reserves & Surplus	Long term Investments with maturity period less than six months	Current Assets	Current Investments	Work- in-Progress	Current Assets	Inventories	Mining Rights	Non Current Assets	Fixed Assets- Intangible	Publishing Titles	Non Current Assets	Fixed Assets- Intangible	Debtors	Current Assets	Trade Receivables	<p>$\frac{1}{2} \times 8$ = 4 Marks OR</p> <p>2+2 =4 Marks</p>																																	
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21	-	-	<p>Q. Prepare a Tax Rate 40%.</p> <p>Ans.</p> <p style="text-align: center;">Comparative Income Statement For the year ending 31st March 2017 and 2018</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Note No.</th> <th>31st March, 2017 (₹)</th> <th>31st March, 2018(₹)</th> <th>Absolute Inc/ Dec. (₹)</th> <th>Percent age Inc./ Dec.</th> </tr> </thead> <tbody> <tr> <td>(i) Revenue from Operations</td> <td></td> <td>10,00,000</td> <td>16,00,000</td> <td>6,00,000</td> <td>60</td> </tr> <tr> <td>(ii) Expenses:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Cost of Materials Consumed</td> <td></td> <td>5,00,000</td> <td>10,00,000</td> <td>5,00,000</td> <td>100</td> </tr> <tr> <td> Employee Benefit Expenses</td> <td></td> <td>80,000</td> <td>40,000</td> <td>(40,000)</td> <td>(50)</td> </tr> <tr> <td> Other Indirect Expenses</td> <td></td> <td>60,000</td> <td>80,000</td> <td>20,000</td> <td>33.33</td> </tr> <tr> <td>Total Expenses</td> <td></td> <td>6,40,000</td> <td>11,20,000</td> <td>4,80,000</td> <td>75</td> </tr> <tr> <td>(iii) Profit before Tax</td> <td></td> <td>3,60,000</td> <td>4,80,000</td> <td>1,20,000</td> <td>33.33</td> </tr> <tr> <td>(iv) Less: Tax @ 40%</td> <td></td> <td>1,44,000</td> <td>1,92,000</td> <td>48,000</td> <td>33.33</td> </tr> <tr> <td>(v) Profit after tax</td> <td></td> <td>2,16,000</td> <td>2,88,000</td> <td>72,000</td> <td>33.33</td> </tr> </tbody> </table>	Particulars	Note No.	31 st March, 2017 (₹)	31 st March, 2018(₹)	Absolute Inc/ Dec. (₹)	Percent age Inc./ Dec.	(i) Revenue from Operations		10,00,000	16,00,000	6,00,000	60	(ii) Expenses:						Cost of Materials Consumed		5,00,000	10,00,000	5,00,000	100	Employee Benefit Expenses		80,000	40,000	(40,000)	(50)	Other Indirect Expenses		60,000	80,000	20,000	33.33	Total Expenses		6,40,000	11,20,000	4,80,000	75	(iii) Profit before Tax		3,60,000	4,80,000	1,20,000	33.33	(iv) Less: Tax @ 40%		1,44,000	1,92,000	48,000	33.33	(v) Profit after tax		2,16,000	2,88,000	72,000	33.33	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>=4 marks</p>
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23	23	23	<p>Q. Following is the..... Cash Flow Statement.</p> <p>Ans. Cash Flow Statement of R.M. Ltd. As at 31st March, 2017</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Details (₹)</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td colspan="3">A.Cash flows from Operating Activities :</td> </tr> <tr> <td>Net Profit before Tax and extraordinary items (note-1)</td> <td>2,45,000</td> <td></td> </tr> <tr> <td>Add: Depreciation on Plant & Machinery</td> <td>10,000</td> <td></td> </tr> <tr> <td>Add: Interest on Debentures</td> <td>18,000</td> <td></td> </tr> <tr> <td>Operating profit before the working Capital changes</td> <td><u>2,73,000</u></td> <td></td> </tr> <tr> <td>Less: Increase in Trade Receivables</td> <td>(50,000)</td> <td></td> </tr> <tr> <td> Increase in Inventories</td> <td>(80,000)</td> <td></td> </tr> <tr> <td> Decrease in Trade Payables</td> <td><u>(10,000)</u></td> <td></td> </tr> <tr> <td>Cash generated from Operations</td> <td>1,33,000</td> <td></td> </tr> <tr> <td>Less: Tax Paid</td> <td><u>(80,000)</u></td> <td></td> </tr> <tr> <td>Net Cash From Operating Activities</td> <td></td> <td>53,000</td> </tr> <tr> <td colspan="3">B. Cash flows from Investing Activities :</td> </tr> <tr> <td>Sale of Plant & Machinery</td> <td>30,000</td> <td></td> </tr> <tr> <td>Purchase of Plant & Machinery</td> <td>(1,50,000)</td> <td></td> </tr> <tr> <td>Purchase of Goodwill</td> <td>(80,000)</td> <td></td> </tr> <tr> <td>Purchase of Non Current Investments</td> <td><u>(5,00,000)</u></td> <td></td> </tr> <tr> <td>Net Cash used in investing activities</td> <td></td> <td>(7,00,000)</td> </tr> <tr> <td colspan="3">C.Cash flows from financing Activities</td> </tr> <tr> <td>Issue of shares</td> <td>5,00,000</td> <td></td> </tr> <tr> <td>Redemption of Debentures</td> <td>(1,00,000)</td> <td></td> </tr> <tr> <td>Interest on Debentures paid</td> <td><u>(18,000)</u></td> <td></td> </tr> <tr> <td>Cash flows from Financing Activities</td> <td></td> <td>3,82,000</td> </tr> <tr> <td>Net Decrease in Cash and Cash Equivalents</td> <td></td> <td>(2,65,000)</td> </tr> <tr> <td>Add: Opening Balance of Cash and Cash equivalents</td> <td></td> <td>6,40,000</td> </tr> <tr> <td>Closing Balance of Cash and Cash equivalents</td> <td></td> <td>3,75,000</td> </tr> </tbody> </table>	Particulars	Details (₹)	Amount (₹)	A.Cash flows from Operating Activities :			Net Profit before Tax and extraordinary items (note-1)	2,45,000		Add: Depreciation on Plant & Machinery	10,000		Add: Interest on Debentures	18,000		Operating profit before the working Capital changes	<u>2,73,000</u>		Less: Increase in Trade Receivables	(50,000)		Increase in Inventories	(80,000)		Decrease in Trade Payables	<u>(10,000)</u>		Cash generated from Operations	1,33,000		Less: Tax Paid	<u>(80,000)</u>		Net Cash From Operating Activities		53,000	B. Cash flows from Investing Activities :			Sale of Plant & Machinery	30,000		Purchase of Plant & Machinery	(1,50,000)		Purchase of Goodwill	(80,000)		Purchase of Non Current Investments	<u>(5,00,000)</u>		Net Cash used in investing activities		(7,00,000)	C.Cash flows from financing Activities			Issue of shares	5,00,000		Redemption of Debentures	(1,00,000)		Interest on Debentures paid	<u>(18,000)</u>		Cash flows from Financing Activities		3,82,000	Net Decrease in Cash and Cash Equivalents		(2,65,000)	Add: Opening Balance of Cash and Cash equivalents		6,40,000	Closing Balance of Cash and Cash equivalents		3,75,000	<p>1 ½</p> <p>1</p> <p>1 ½</p> <p>½</p>
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			<p>Working Notes: Note-1:Net Profit before tax & Extraordinary items Net Profit during the year –1,50,000 Add: Prov. for Tax made— 95,000 2,45,000</p> <p style="text-align: center;">Plant and Machinery A/c</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">₹</th> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">₹</th> </tr> </thead> <tbody> <tr> <td>To Balance b/d</td> <td style="text-align: right;">11,40,000</td> <td>By Accumulated Dep. A/c</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>To Bank A/c (B.F.)</td> <td style="text-align: right;">1,50,000</td> <td>By Bank A/c</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td></td> <td></td> <td>By Balance c/d</td> <td style="text-align: right;">12,10,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,90,000</u></td> <td></td> <td style="text-align: right;"><u>12,90,000</u></td> </tr> </tbody> </table> <p style="text-align: center;">Accumulated Depreciation A/c</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">₹</th> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">₹</th> </tr> </thead> <tbody> <tr> <td>To Plant and Machinery A/c</td> <td style="text-align: right;">50,000</td> <td>By Balance b/d</td> <td style="text-align: right;">2,40,000</td> </tr> <tr> <td>To Balance c/d</td> <td style="text-align: right;">2,00,000</td> <td>By Statement of P & L (Bal. Fig.)</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,50,000</u></td> <td></td> <td style="text-align: right;"><u>2,50,000</u></td> </tr> </tbody> </table>	Particulars	₹	Particulars	₹	To Balance b/d	11,40,000	By Accumulated Dep. A/c	50,000	To Bank A/c (B.F.)	1,50,000	By Bank A/c	30,000			By Balance c/d	12,10,000		<u>12,90,000</u>		<u>12,90,000</u>	Particulars	₹	Particulars	₹	To Plant and Machinery A/c	50,000	By Balance b/d	2,40,000	To Balance c/d	2,00,000	By Statement of P & L (Bal. Fig.)	10,000		<u>2,50,000</u>		<u>2,50,000</u>	<p>½</p> <p>½</p> <p>½</p> <p>=6 Marks</p>
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			<p>PART B OPTION 2 (Computerized Accounting)</p>																																					
18	-	-	<p>Q. What is.....'Label'? Ans. It is a text or special character assigned to a row or column or descriptive information. These cannot be treated mathematically.</p>	<p>½ X 2 =1 Mark</p>																																				
19	-	-	<p>Q. What.....'Block Codes'? Ans. It is a range of numbers partitioned into a desired number of sub ranges and each sub range is allotted to a specific group.</p>	<p>=1 Mark</p>																																				
20	-	-	<p>Q. State the.....accounting system. Ans. For installation of computerised accounting system the following steps are required:</p> <p>(i) Insert CD in the system. (ii) After inserting CD select the option in following steps;</p> <p style="padding-left: 40px;">a) Select any (C:or E:or D:)from My computer icon on the desktop double click on install.exe .</p> <p style="text-align: center;">OR</p> <p style="padding-left: 40px;">a) Select start>run>type the file name E:\install.exe</p>	<p>= 4 Marks</p>																																				
21	22	21	<p>Q. differentiate between.....'server database'? Ans. (Any four)</p> <p>(i) <u>Application:</u> Desktop database can be used by a single user server data base can be used</p>	<p>=4 Marks</p>																																				

		<p>by many users at the same time.</p> <p>(ii) <u>Additional provision for reliability</u>: Desktop database doesn't present this but these provisions are available in server based database.</p> <p>(iii) <u>Cost</u> : Desktop database ten dto cost less than the server database.</p> <p>(iv) <u>Flexibility regarding the choice of performance in front end applications</u> : It is not present in desktop database but server database provide this flexibility.</p> <p>(v) <u>Suitability</u>: Desktop database are suitable for small/home offices and server database are more suitable for large business organisations.</p> <p style="text-align: center;">OR</p> <p>Q. State theaccounting software.</p> <p>Ans. Following are the features of good accounting software: (Any four)</p> <ol style="list-style-type: none"> 1. Do all basic accounting functions. 2. Manage your stores. 3. Do the job costing. 4. Manage payroll. 5. Get many MIS (Management information System). 6. File tax returns. 7. Maintain budgets etc. 8. Calculate interest pending amounts. 9. Manage data over different locations and synchronize it and many more other features. 		
22	21	22	<p>Q. .Why is it.....data security</p> <p>Ans. To maintain the secrecy of accounting data it is necessary to have security features in accounting software.</p> <p>Tools (any two)</p> <ol style="list-style-type: none"> 1. Password security: Password is widely accepted security control to access the data. Only the authorised 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 data base. 2. Data Audit: Audit feature of accounting software provides the user with administrator right in order to keep track of unauthorised access to the data base. It audit for the correctness of entries. Once entries are audited with adulterations, if any, the software displays all entries along with the name of the auditor user and date and time of alteration. 3. Data vault: Software provides additional security for the imputed data and this feature is referred 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. <p style="text-align: center;">OR</p> <p>Q. Name the value.....these values.</p>	=4 Marks

			<p>Ans. The value is called “ Null value” The three situations in which these can be used are</p> <p>(i) When a particular attribute does not apply to an entry.</p> <p>(ii) Value of an attribute is unknown.</p> <p>(iii) Unknown because it does not exist</p>	
23	23	23	<p>Q. Nisan Ltd.....MS Excel.</p> <p>Ans.</p> <ul style="list-style-type: none"> • Cost of purchase column A1=`1,50,0000 • Installation + other expense column B1=`50,000 • Cost to use = sum (A1,B1)= column C1=`2,00000/- • Salvage value= column D1=`25,000/- • Life of asset= column E1=5 years • SLM Depreciation= SLM(C1,D1,E1) = column F1=`100000/- • Rate of Depreciation=$35,000/1,75,000*100= 20\%$ 	<p>=</p> <p>6 Marks</p>