

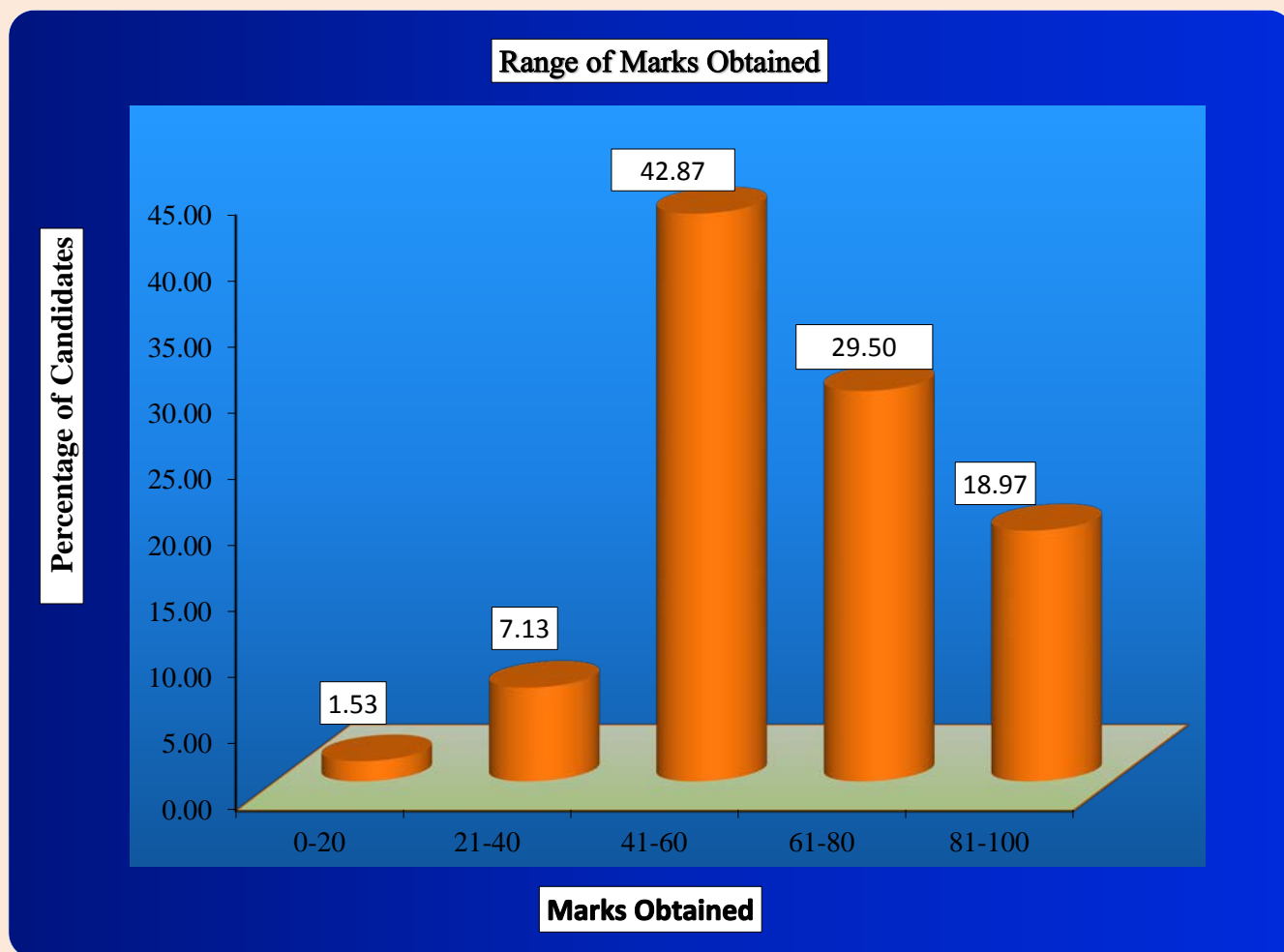
# ACCOUNTS

## STATISTICS AT A GLANCE

Total Number of students who took the examination	28,222
Highest Marks Obtained	100
Lowest Marks Obtained	1
Mean Marks Obtained	61.99

### Percentage of Candidates according to marks obtained

Details	Mark Range				
	0-20	21-40	41-60	61-80	81-100
Number of Candidates	432	2013	12099	8325	5353
Percentage of Candidates	1.53	7.13	42.87	29.50	18.97
Cumulative Number	432	2445	14544	22869	28222
Cumulative Percentage	1.53	8.66	51.53	81.03	100.00



# ACCOUNTS

## SECTION A

### PART I (12 Marks)

Answer *all* questions.

Question 1		[6 × 2]
Answer briefly each of the following questions:		
(i)	What is a <i>contingent liability</i> ? How are contingent liabilities shown in the Balance Sheet of a company prepared as per Schedule III of the Companies Act 2013?	
(ii)	Why is <i>abnormal loss</i> not recorded in the books of a Joint Venture?	
(iii)	Give the formula for calculating the outgoing partner's share in the interim profits of the firm, on the basis of <i>sales</i> made by the firm.	
(iv)	How is <i>Workmen Compensation Fund</i> , shown in the Balance Sheet of a partnership firm, treated at the time of its dissolution?	
(v)	Give <i>any two</i> differences between <i>Reserve Capital</i> and <i>Capital Reserve</i> .	
(vi)	Give the <i>adjusting entry</i> and <i>closing entry</i> for interest on debentures due to the debenture holders of a company.	

#### Comments of Examiners

- (i) Most of the candidates did not know the meaning of Contingent Liabilities. Many candidates did not know where this liability is to be shown in the Balance Sheet of a company.
- (ii) Many candidates could not answer this question correctly and simply mentioned the causes of abnormal loss. A number of candidates stated that the loss is automatically adjusted.
- (iii) Several candidates could not answer this question satisfactorily.
- (iv) Most of the candidates could answer this question satisfactorily.

#### Suggestions for teachers

- Explain to students that a contingent liability is a liability which is uncertain to arise because it is dependent on a happening in future. Explain with examples.
- Clarify that Company's Balance Sheet is to be prepared as per Schedule III; Contingent Liabilities are shown in the Notes to Account.
- Explain properly to students that a Joint Venture Account is a combination of Trading & Profit and Loss Account.

- (v) Majority of the candidates could explain Capital Reserve but wrote incorrect meaning of Reserve Capital.
- (vi) Only a few candidates could answer the adjusting entry. Some of them closed the interest on debentures account by transferring it to the P/L Account instead of to the Statement of P/L.

- Give sufficient practice to students in calculating Interim Profits of the outgoing partner by Time basis and Sales Basis.
- Explain the treatment of Workmen Compensation Fund at the time of dissolution of a partnership firm when:
  - There is a claim
  - There is no claim.
- Teach students different kinds of share capital and keep reiterating them in the class while doing problems on issue of share capital.
- Lay stress on journal entries in the topic 'Issue of Debentures'.
- Students must be taught that the companies prepare Statement of P/L and not P/L Account.

<b>MARKING SCHEME</b>	
<b>Question 1</b>	
(i)	<p><i>Contingent liability:</i> A contingent liability refers to the claim which is uncertain to arise/which may or may not arise/ which is dependent on a happening in future. It is <b>disclosed in the Notes to Accounts</b>.</p>
(ii)	Abnormal loss per se is not recorded in the books of the Joint Venture because the Joint Venture Account serves the purpose of both Trading and Profit and Loss account.
(iii)	<p>Profit from the date of the last Balance Sheet to the date of death / retirement =</p> $\frac{\text{sales from the date of last B.S.} \times \text{Previous years profits} \times \text{outgoing partner's share in profit to the date of death or retirement}}{\text{Previous year's sales or average sales of a given number of years.}}$
(iv)	<p>Any liability on account of Workmen Compensation would be paid off and the excess Workmen Compensation Fund is distributed among the partners in the profit sharing ratio.</p> <p style="text-align: center;"><b>OR</b></p> <p>If there is no liability on account of Workmen Compensation, the entire amount of the fund would be distributed amongst the partners.</p> <p style="text-align: center;"><b>OR</b></p> <p>Workmen Compensation Fund A/c      Dr</p> <p style="padding-left: 100px;">To Realisation A/c</p> <p style="padding-left: 100px;">To All Partners A/c</p> <p style="text-align: center;"><b>OR</b></p>

	Workmen Compensation Fund A/c      Dr To All Partners A/c																					
(v)	Differences between <i>Reserve Capital</i> and <i>Capital Reserve</i> . <table><tr><th colspan="2">Reserve Capital</th><th>Capital Reserve</th></tr><tr><td>1</td><td>It is created out of uncalled capital.</td><td>It is created out of capital profits.</td></tr><tr><td>2.</td><td>It is not disclosed in the company's balance sheet</td><td>It is disclosed in the company's balance sheet under Equity and Liabilities, Head-shareholders' Funds, subhead – Reserves and Surplus</td></tr><tr><td>3</td><td>It can be used only at the time of winding up of the company.</td><td>It can be used during the life of the company.</td></tr><tr><td>4.</td><td>It is not mandatory to create Reserve Capital.</td><td>It is mandatory to create Capital Reserve in case of capital profits.</td></tr><tr><td>5.</td><td>A special resolution is required for its creation.</td><td>No special resolution is required for the creation of Capital Reserves.</td></tr><tr><td>6.</td><td>It refers to the amount which has not been received during the life time of the company.</td><td>It refers to the amount which is received during the life time of the company.</td></tr></table> <div>(any two)</div>	Reserve Capital		Capital Reserve	1	It is created out of uncalled capital.	It is created out of capital profits.	2.	It is not disclosed in the company's balance sheet	It is disclosed in the company's balance sheet under Equity and Liabilities, Head-shareholders' Funds, subhead – Reserves and Surplus	3	It can be used only at the time of winding up of the company.	It can be used during the life of the company.	4.	It is not mandatory to create Reserve Capital.	It is mandatory to create Capital Reserve in case of capital profits.	5.	A special resolution is required for its creation.	No special resolution is required for the creation of Capital Reserves.	6.	It refers to the amount which has not been received during the life time of the company.	It refers to the amount which is received during the life time of the company.
Reserve Capital		Capital Reserve																				
1	It is created out of uncalled capital.	It is created out of capital profits.																				
2.	It is not disclosed in the company's balance sheet	It is disclosed in the company's balance sheet under Equity and Liabilities, Head-shareholders' Funds, subhead – Reserves and Surplus																				
3	It can be used only at the time of winding up of the company.	It can be used during the life of the company.																				
4.	It is not mandatory to create Reserve Capital.	It is mandatory to create Capital Reserve in case of capital profits.																				
5.	A special resolution is required for its creation.	No special resolution is required for the creation of Capital Reserves.																				
6.	It refers to the amount which has not been received during the life time of the company.	It refers to the amount which is received during the life time of the company.																				
(vi)	<u>Adjusting entry:</u> Interest on Debentures A/c    Dr. To Debenture holders <u>Closing entry:</u> Statement of P/L      Dr. To Interest on Debentures																					

**PART II (48 Marks)**  
Answer **any four** questions.

<b>Question 2</b>	<b>[12]</b>
Anil and Saji entered into a joint venture to buy and sell old machines. They decided to share profit and losses in the ratio of 3:2.	
Anil purchased 200 machines at ₹1,000 each and sent them to Saji for sale.	
Anil incurred ₹26,000 on freight and transit insurance.	
Saji took delivery of the machines and incurred ₹24,000 on clearing charges and ₹6,000 as selling expenses.	

Anil drew a bill on Saji for discounted by Anil for	₹ 4,00,000 which was accepted by Saji, 3,90,000 with the bank.	
Saji was able to sell 190 machines at	₹ 3,850 per machine.	
The unsold machines were taken by Anil for his next venture at the original cost <i>plus</i> proportionate non-recurring expenses <i>less</i> 10%.		
Saji was entitled to a commission of 2% on the sales made by him.		
The co-venturers settled their accounts by means of a bank draft.		
It was decided that Anil would maintain a record of all the transactions.		
<b>You are required to pass journal entries in the books of Anil.</b>		

### Comments of Examiners

Most of the candidates prepared ledger accounts instead of passing journal entries. Some candidates who passed the journal entries could not get the value of the closing stock.

Some of the candidates did not pass the journal entry for settlement of accounts between the co-venturers.

Many candidates seemed to be unsure about the treatment of discounting charges of a Bills of Exchange.

### Suggestions for teachers

- First teach Joint Venture through journal entries followed by the preparation of ledger accounts.
- Differentiate between recurring and non-recurring expenses.
- Adequate practice should be given to calculate the value of the unsold stock.
- In Class 11, teach the chapter on Bills of Exchange thoroughly to students.

**MARKING SCHEME****Question 2****Anil's Books  
Journal**

Date	Particulars	L.F	Amount	Amount
	Joint Venture A/c Dr		6,00,000	
	To Cash/Bank A/c			6,00,000
	(Being purchases made)			
	Joint Venture A/c Dr		26,000	
	To Cash/Bank A/c			26,000
	(Being freight and transit insurance paid)			
	Joint Venture A/c Dr		24,000	
	To Saji			24,000
	(Being clearing charges paid by Saji)			
	Joint Venture A/c Dr		6,000	
	To Saji			6,000
	(Being selling expenses paid by Saji)			
	B/R A/c Dr		4,00,000	
	To Saji			4,00,000
	(Being bill drawn on Saji)			
	Bank A/c Dr		3,90,000	
	Joint Venture A/c		10,000	
	To B/R A/c			4,00,000
	(Being bill discounted with the bank)			
	Saji Dr		7,31,500	
	To Joint Venture A/c			7,31,500
	(Being 190 machines sold by Saji)			
	Purchases A/c Dr		29,250	
	To Joint Venture A/c			29,250
	(Being 10 machines taken over)			
	Joint Venture A/c Dr		14,630	
	To Saji			14,630
	(Being commission due to Saji)			
	Joint Venture A/c Dr		80,120	
	To P/L A/c			48,072

	To Saji			32,048
	(Being share of profits distributed)			
	Bank A/c	Dr	2,54,822	
	To Saji			2,54,822
	(Being account settled with Saji)			

Working Notes:

$$\text{Unsold stock} = \frac{6,00,000 + 26,000 + 24,000 \times 10}{200}$$

$$= 32500$$

$$\begin{array}{r} (3250) \\ \hline 29250 \end{array}$$

<b>Question 3</b>			<b>[12]</b>
During the year 2014-15, A.B.C. Ltd. issued 10,000 Equity shares of ₹ 50 each at ₹ 55 per share, payable as follows:			
On Application	₹ 15		
On Allotment	₹ 20	(including premium ₹ 5)	
On 1 <sup>st</sup> and Final Call	₹ 20		
All the issued shares were subscribed for by the public.			
One shareholder holding 500 shares did not pay the amount due on allotment and his shares were immediately forfeited.			
Another shareholder holding 100 shares paid the amount of the 1 <sup>st</sup> and Final Call with allotment.			
After the company had made the 1 <sup>st</sup> and Final Call, 200 of the forfeited shares were reissued as fully called up at ₹ 45 per share.			
The share issue expenses were ₹ 7,000			
<b>You are required to pass journal entries in the books of the company for the year ending 31<sup>st</sup> March, 2015.</b>			

### Comments of Examiners

Majority of the candidates were able to attempt this question satisfactorily. However, some common errors observed were:

- A few candidates did not open calls-in-advance account while some did not open calls-in arrears a/c.
- Some candidates forfeited the shares after the first and final call. Several candidates did not take into account the number of forfeited shares while passing the entry for the amount due on the call.
- A few candidates passed the entry for the writing off the share issue expenses but did not pass the journal entry for its payment.
- Some candidates did not write off the share issue expenses from securities premium reserve.

### Suggestions for teachers

- Give practice to students in solving sums with calls-in-advance and calls-in-arrears, with clear instructions that opening of these two accounts is mandatory.
- Give adequate practice on journal entries involving forfeiture and re-issue of shares
- Explain in detail the uses of Securities Premium Reserve.

## **MARKING SCHEME**

### **Question 3**

<b>Journal</b>				
Date	Particulars	L.F	Amount	Amount
	Bank A/c Dr		1,50,000	
	To Share application A/c			1,50,000
	(Being share application. Money received)			
	Share Application A/c Dr		1,50,000	
	To Equity Share Capital A/c			1,50,000
	(Being share application. Transferred to share capital)			
	Share Allotment A/c Dr		2,00,000	
	To Equity Share Capital A/c			1,50,000
	To Securities Premium Reserve A/c			50,000
	(Being share allotment due)			
	Bank A/c Dr		1,92,000	
	Calls-in-arrears A/c Dr		10,000	
	To Share allotment A/c			2,00,000
	To Calls-in-advance A/c			2,000
	(Being share allotment received)			
	Equity Share Capital A/c Dr		15,000	
	Securities Premium Reserve A/c Dr		2,500	
	To Share forfeiture A/c			7,500



	To Calls-in-arrears A/c			10,000
	(Being 500 shares forfeited)			
	Share 1 <sup>st</sup> & Final call A/c	Dr	1,90,000	
	To Equity Share Capital A/c			1,90,000
	(Being share call due)			
	Bank A/c	Dr	1,88,000	
	Calls-in-Advance A/c	Dr	2,000	
	To Share 1 <sup>st</sup> & Final call A/c			1,90,000
	(Being shares 1 <sup>st</sup> call received)			
	Bank A/c	Dr	9,000	
	Share Forfeiture A/c	Dr	1,000	
	To Equity Share Capital A/c			10,000
	(Being 200 forfeited shares reissued)			
	Share Forfeiture A/c	Dr	2,000	
	To Capital Reserve A/c			2,000
	(Being gain on reissue of forfeited shares) (transferred to Capital Reserve)			
	Share Issue Expenses A/c	Dr	7,000	
	To Bank A/c			7,000
	(Being Share issue expenses)			
	Securities Premium Reserve A/c	Dr	7,000	
	To Share issue expenses A/c			7,000
	(Being share issue expenses written off)			

#### Question 4

[12]

During the year 2014-15, Anderson Ltd. issued 12% Debentures of details given below:		₹ 10,00,000	
(a)	900 Debentures issued as collateral security to a bank against a loan of 60,000.	□	
(b)	The underwriters were to be paid a commission of ₹ 48,000. 25% of the amount was paid to them in cash and the balance was paid by the issue of Debentures at a discount of 10%, to be redeemed at par.		
(c)	A machine was purchased for ₹ 2,18,500. The vendor was paid by the issue of Debentures at a premium of 15%, to be redeemed at par.		

(d)	5,000 Debentures were issued to the public at 5% premium, to be redeemed at a premium of 5%.	
The company wrote off all capital losses arising from the issue of Debentures at the end of the year from its capital profits and if need be from its revenue profits.		
<b>You are required to journalize the above transactions in the books of Anderson Ltd.</b>		

### Comments of Examiners

Majority of the candidates could answer this question correctly. Some common errors were:

Some of the candidates did not pass the journal entry for underwriting commission due to the underwriters and the amount due to the vendor for purchase of plant and machinery.

A few candidates made the entry for payment to underwriters and vendors by opening Debenture Application A/c.

Some candidates could not calculate the amount of debentures to be issued to the under-writers and vendors. A number of candidates were not able to identify the capital losses and hence were unable to pass the journal entry to write them off from capital profits and the capital loss in excess of capital profits from revenue profits.

### Suggestions for teachers

- Teach in detail ‘Issue of Debentures’.
- All payment entries to underwriters, vendors and promoters must be preceded by the journal entry showing the amount due to them.
- Students must be taught the formula to calculate the number of debentures issued at a premium / discount for consideration other than cash.
- Stress must be laid on writing off capital losses, in the year in which they arise, from capital profits and if need be, from revenue profits.
- In Class 11, explain in detail ‘Capital and Revenue’.

## **MARKING SCHEME**

### **Question 4**

<b>Journal</b>				
Date	Particulars	L.F	Amount	Amount
(a)	Bank A/c <span style="float: right;">Dr</span>		60,000	
	To Bank loan			60,000
	(Being loan taken from the bank)			
	Debenture Suspense A/c <span style="float: right;">Dr</span>		90,000	
	To 12% Debentures A/c			90,000
	(Being 900 Debentures of ₹100 each issued as a collateral security for bank loan)			
	OR			
	Bank A/c <span style="float: right;">Dr</span>		60,000	
	To Bank loan			60,000
	(Being loan taken from the bank against a primary security and 900 12% Debentures issued as a collateral security)			
(b)	Underwriting Commission A/c <span style="float: right;">Dr</span>		48,000	
	To Underwriters			48,000

	(Being commission due to under writer)			
	Underwriters Dr		12,000	
	To Cash/Bank A/c			12,000
	(Being Cash paid to underwriter)			
	Underwriters Dr		36,000	
	Discount on issue of Deb. A/c Dr		4,000	
	To 12% Debentures A/c			40,000
	(Being 400 Debentures issued to Underwriters)			
(c)	Plant and Machinery A/c Dr		2,18,500	
	To Vendor			2,18,500
	(Being Plant & Machinery purchased)			
	Vendor Dr		2,18,500	
	To 12% Debentures			1,90,000
	To Securities Premium Reserve A/c			28,500
	(Being payment made to vendor)			
(d)	Bank A/c Dr		5,25,000	
	To Deb. App. & Allotment			5,25,000
	(Being App.&All.amt. received)			
	Deb. App. & Allotment A/c Dr		5,25,000	
	Loss on issue of Debenture A/c Dr		25,000	
	To 12% Debentures			5,00,000
	To Securities Premium Reserve A/c			25,000
	To Premium on redemption of Debentures A/c			25,000
	(Being 5000 Debentures issued to the Public)			
	Security Premium Reserve A/c		53,500	
	Statement P/L		23,500	
	To Underwriting commission			48,000
	To Discount on issue of Debentures			4,000
	To Loss on issue of Debentures A/c			25,000
	(Being capital losses written off)			

<b>Question 5</b>	<b>[12]</b>
Divya and Pooja are partners in a firm, sharing profits and losses in the ratio of 3:2. On 31 <sup>st</sup> March, 2015, their Balance Sheet was as under:	
<b>Balance Sheet of Divya and Pooja as at 31<sup>st</sup> March, 2015</b>	

Liabilities		Amount ₹	Assets	Amount ₹		
Sundry Creditors		9,800	Goodwill	16,000		
General Reserve		23,400	Land and Building	20,000		
Profit and Loss A/c		4,000	Investments	66,000		
Investment Fluctuation Fund		12,600	Sundry Debtors	18,600		
Capital A/c			Bills Receivables	7,400		
Divya	60,000		Cash in Hand	11,100		
Pooja	40,000	1,00,000	Advertisement Suspense A/c	10,700		
		<b>1,49,800</b>		<b>1,49,800</b>		
The partners decided that with effect from 1 <sup>st</sup> April, 2015, they would share profits and losses equally. For this purpose, they decided that:						
(a)	Investments to be valued at                      □ 60,000					
(b)	Goodwill to be valued at                      □ 24,000					
(c)	General Reserve not to be distributed between the partners.					
<b>You are required to:</b>						
(i)	<b>Pass journal entries</b>					
(ii)	<b>Prepare the revised Balance Sheet of the firm.</b>					

### Comments of Examiners

(i) Majority of the candidates were unable to attempt this question satisfactorily. Common errors were:

- A few candidates could not calculate the gaining partner's compensation to the sacrificing partner regarding the self-generated goodwill.
- Some candidates could not understand the treatment of 'not distributing the General Reserve' and hence could not calculate the gaining partner's compensation to the sacrificing partner regarding the Reserve.
- A number of candidates did not write off the reduction in the value of investments from Investment Fluctuation Fund Account but wrote it off from Revaluation Account which defeated the purpose of creating an Investment Fluctuation Fund.

(ii) Some candidates did not write the narrations of the journal entries. The date of the Balance Sheet of the reconstituted firm was either missing or the date / year was incorrect

### Suggestions for teachers

- Where Contra / Valuation Accounts have been created, teach the writing off the losses of the concerned assets from these funds and not from the Revaluation Account.
- Give adequate practice to the students to pass journal entries along with narrations at the time of change in the profit sharing ratio.
- Stress should be laid on putting the correct date of the Balance Sheet when a firm is reconstituted.

## MARKING SCHEME

### Question 5

Divya      Pooja  
 OR      3      :      2  
 NR:      1      :      1  
 SR:       $\frac{3}{5} - \frac{1}{2} = \frac{1}{10}$        $\frac{2}{5} - \frac{1}{2} = \left(-\frac{1}{10}\right)$  gain

### Journal

Date	Particulars	L.F	Amount	Amount
	Pooja Dr		2,340	
	To Divya			2,340
	(Being adjustment for General Reserve)			
	P / L A/c Dr		4,000	
	To Divya			2,400
	To Pooja			1,600
	(Being profits distributed in the OR)			
	Investment Fluctuation Fund A/c Dr		12,600	
	To Investment A/c			6,000
	To Divya			3,960
	To Pooja			2,640
	(Being loss on investments written off from IFF)			
	Divya Dr		9,600	
	Pooja Dr		6,400	
	To Goodwill A/c			16,000
	(Being purchased Goodwill written off)			
	Divya Dr		6,420	
	Pooja Dr		4,280	
	To Advertisement Suspense A/c			10,700
	(Being advertisement suspense A/c written off)			
	Pooja Dr		2,400	
	To Divya			2,400
	(Being adjustment for Goodwill)			

**Balance Sheet of Divya and Pooja**  
**As at 1<sup>st</sup> April, 2015**

<b>Liabilities</b>	<b>Amount</b> ₹	<b>Assets</b>	<b>Amount</b> ₹
Sundry Creditors	9,800	Land and Building	20,000
General Reserve	23,400	Investment	66,000
Capital A/c		Less	(6,000)
Divya	55,080	Sundry Debtors	18,600
Pooja	28,820	Bills Receivables	7,400
		Cash in Hand	11,100
	1,17,100		1,17,100

**Question 6**

(a)	<p>Pinnacle Instruments Ltd. registered itself with a capital of ₹20,00,000, Equity Shares of ₹ 100 each</p> <p>On 1<sup>st</sup> June, 2014, the company issued 5,000 Equity Shares as fully paid to Mila Herbals, as purchase consideration for the purchase of plant and machinery.</p> <p>The remaining shares were issued to the public at par.</p> <p>Till the date of the Balance Sheet, the Directors had called from the public, 60% of the nominal value of the shares.</p> <p>The amount called was received by the company.</p>		[9]
	<p><b>You are required to prepare as at 31<sup>st</sup> March, 2015:</b></p>		
	(i)	<p><b>The Balance Sheet of Pinnacle Instruments Ltd. as per Schedule III of the Companies Act, 2013.</b></p>	
	(ii)	<p><b>Notes to Accounts.</b></p>	
(b)	<p>Under which <b>heads</b> and <b>sub-heads</b> will the following items appear in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:</p>		[3]
	(i)	<p>Public Deposits</p>	

	(ii)	Calls-in-Advance	
	(iii)	Building under construction	

### Comments of Examiners

- (a) Most of the candidates attempted this part of the question satisfactorily. However, a few candidates could not calculate the Subscribed Capital- fully paid and not fully paid. A few candidates wrote the sub item 'Cash and Cash Equivalents' under Current Assets instead of 'Cash and Bank Balances'.

Some candidates did not write the date of the preparation of the Balance Sheet.

- (b) Most of the candidates were able to attempt this part of the question satisfactorily. However, a few got confused as to what should be written under 'heading' and 'sub-heading'.

### Suggestions for teachers

- Refer to the guidelines issued by the Council regarding the preparation of the Balance Sheet as per Schedule III of the Companies Act and the type of problems to be done in the class from this topic.
- Teach in detail disclosure of 'Share Capital' under Shareholders' Funds while doing the chapter 'Issue of Shares'.
- Emphasis should be laid on preparation of Notes to Accounts.
- Insist upon the complete heading of the Balance Sheet- Name of the company and the date of its preparation.

<b>MARKING SCHEME</b>			
<b>Question 6</b>			
(a)	<b>Balance Sheet of Pinnacle Instruments Limited</b>		
	<b>As at 31<sup>st</sup> March 2015</b>		
	<b>Particulars</b>	<b>Note</b>	<b>Current Year ( ₹ )</b>
	<b>I EQUITY AND LIABILITIES</b>		
	1. Shareholders' Funds		
	(a) Share Capital	1	<u>14,00,000</u>
			<u>14,00,000</u>
	<b>II ASSETS</b>		
	1. Non-Current Assets		
	(a) Fixed Assets		
	(i) Tangible Assets	2	5,00,000
	2. Current Assets		
	(a) Cash and Bank Balances	3	9,00,000

				<u>14,00,000</u>																																																																																
		<table><tr><th colspan="3">Notes to Accounts</th><th></th></tr><tr><th colspan="3">Particulars</th><th>□</th></tr><tr><td colspan="3">1. Share Capital</td><td></td></tr><tr><td colspan="3"><b>Authorized Capital</b></td><td></td></tr><tr><td>20,000 Equity Shares of</td><td>□ 100 each</td><td></td><td><u>20,00,000</u></td></tr><tr><td colspan="3"><b>Issued Capital</b></td><td></td></tr><tr><td>20,000 Equity Shares of</td><td>□ 100 each</td><td></td><td><u>20,00,000</u></td></tr><tr><td colspan="3">Subscribed Capital</td><td></td></tr><tr><td colspan="3"><b>Subscribed and Fully Paid Capital</b></td><td></td></tr><tr><td>5000 shares @</td><td>□ 100 each</td><td></td><td>5,00,000</td></tr><tr><td colspan="3">(Issued as fully paid up for purchase of P/M)</td><td></td></tr><tr><td colspan="3"><b>Subscribed but not Fully Paid Capital</b></td><td></td></tr><tr><td>15,000 shares @</td><td><del>called up</del> □ 60</td><td></td><td><u>9,00,000</u></td></tr><tr><td colspan="3"></td><td><u>14,00,000</u></td></tr><tr><td colspan="3">2. Fixed Assets (Tangible)</td><td></td></tr><tr><td colspan="3">Plant and Machinery</td><td>5,00,000</td></tr><tr><td colspan="3"></td><td>=====</td></tr><tr><td colspan="3">3. Cash and Bank Balances</td><td></td></tr><tr><td colspan="3">Cash and Cash Equivalent (Bank)</td><td>9,00,000</td></tr><tr><td colspan="3"></td><td>=====</td></tr></table>			Notes to Accounts				Particulars			□	1. Share Capital				<b>Authorized Capital</b>				20,000 Equity Shares of	□ 100 each		<u>20,00,000</u>	<b>Issued Capital</b>				20,000 Equity Shares of	□ 100 each		<u>20,00,000</u>	Subscribed Capital				<b>Subscribed and Fully Paid Capital</b>				5000 shares @	□ 100 each		5,00,000	(Issued as fully paid up for purchase of P/M)				<b>Subscribed but not Fully Paid Capital</b>				15,000 shares @	<del>called up</del> □ 60		<u>9,00,000</u>				<u>14,00,000</u>	2. Fixed Assets (Tangible)				Plant and Machinery			5,00,000				=====	3. Cash and Bank Balances				Cash and Cash Equivalent (Bank)			9,00,000				=====
Notes to Accounts																																																																																				
Particulars			□																																																																																	
1. Share Capital																																																																																				
<b>Authorized Capital</b>																																																																																				
20,000 Equity Shares of	□ 100 each		<u>20,00,000</u>																																																																																	
<b>Issued Capital</b>																																																																																				
20,000 Equity Shares of	□ 100 each		<u>20,00,000</u>																																																																																	
Subscribed Capital																																																																																				
<b>Subscribed and Fully Paid Capital</b>																																																																																				
5000 shares @	□ 100 each		5,00,000																																																																																	
(Issued as fully paid up for purchase of P/M)																																																																																				
<b>Subscribed but not Fully Paid Capital</b>																																																																																				
15,000 shares @	<del>called up</del> □ 60		<u>9,00,000</u>																																																																																	
			<u>14,00,000</u>																																																																																	
2. Fixed Assets (Tangible)																																																																																				
Plant and Machinery			5,00,000																																																																																	
			=====																																																																																	
3. Cash and Bank Balances																																																																																				
Cash and Cash Equivalent (Bank)			9,00,000																																																																																	
			=====																																																																																	
(b)	<table><tr><th></th><th>Item</th><th>Head</th><th>Sub-head</th></tr><tr><td>(i)</td><td>Public Deposits</td><td>Non- Current Liability</td><td>Long Term Borrowing</td></tr><tr><td>(ii)</td><td>Calls-in-Advance</td><td>Current Liability</td><td>Other Current Liability</td></tr><tr><td>(iii)</td><td>Building under construction</td><td>Non- Current Asset</td><td>Fixed Asset – Capital work-in-progress</td></tr></table>					Item	Head	Sub-head	(i)	Public Deposits	Non- Current Liability	Long Term Borrowing	(ii)	Calls-in-Advance	Current Liability	Other Current Liability	(iii)	Building under construction	Non- Current Asset	Fixed Asset – Capital work-in-progress																																																																
	Item	Head	Sub-head																																																																																	
(i)	Public Deposits	Non- Current Liability	Long Term Borrowing																																																																																	
(ii)	Calls-in-Advance	Current Liability	Other Current Liability																																																																																	
(iii)	Building under construction	Non- Current Asset	Fixed Asset – Capital work-in-progress																																																																																	

Question 7		[12]
<p>Shankar and Manu are partners in a firm. On 1<sup>st</sup> April, 2014, their fixed capital accounts showed a balance of □ 2,00,000 and □ 4,00,000 respectively.</p> <p>On this date, their current account balances were □ 50,000 and □ 1,00,000 respectively.</p> <p>On 1<sup>st</sup> January, 2015, Shankar introduced additional capital of 2,00,000 while Manu gave a loan of □ 1,50,000 to the firm.</p> <p>The clauses of their partnership deed provided for:</p>		
(a)	Interest on capital to be allowed at the rate of 10% per annum.	
(b)	Interest on drawings to be charged at the rate of 12% per annum.	
(c)	Profits to be shared by them in the ratio of 3:2.	



(d)	10% of the correct net profit to be transferred to General Reserve.	
During the financial year 2014-15, both partners withdrew ₹ 6,000 each at the beginning of every quarter.		
The net profit of the firm, before any interest, for the financial year 2014-15 was ₹ 5,00,000.		
<b>You are required to prepare for the year 2014 - 15:</b>		
(i)	<b>Profit and Loss Appropriation Account.</b>	
(ii)	<b>Partners' Fixed Capital Accounts.</b>	
(iii)	<b>Partners' Current Accounts.</b>	
(iv)	<b>Partner's Loan Account.</b>	

### Comments of Examiners

Most of the candidates attempted this question satisfactorily. However, a few candidates could not calculate the interest on the partner's loan, hence got incorrect net profits as a result of which the amount to be transferred to General Reserve was also incorrect.

Some candidates treated interest on loan as an appropriation of profit instead of treating it as a charge against profits.

A few candidates did not take into consideration the additional capital introduced by one of the partners' and so went wrong in calculating that partner's interest on capital.

A number of candidates went wrong in the calculation of partners' interest on drawings.

Several candidates posted the additional capital in the partner's current account.

Some of the candidates did not prepare partners' fixed capital accounts and current accounts but posted all adjustments in partners' capital accounts.

### Suggestions for teachers

- Give adequate practice to students to calculate interest on drawings.
- Give practice to students in calculating interest on partner's loan and interest on partner's capital when introduced during the course of the year.
- Clear distinction between fixed and fluctuating capital methods to be brought out and adequate practice to be given in the preparation of capital and current accounts.
- Explain the treatment of expenses which are charge against profits and appropriation of profits.

**MARKING SCHEME****Question 7**

(i)	<b>Profit and Loss Appropriation A/c for the year ended 31<sup>st</sup> March, 2015</b>					
	<b>Particulars</b>		<b>Amount</b> □	<b>Particulars</b>		<b>Amount</b> □
	To General Reserve		49,775	By Net Profit b/d 5,00,000		
				Less I O L (2,250)		4,97,750
	To Interest on Capital			By Interest on Drawings		
	Shankar Current A/c 25,000			Shankar Current A/c 1,800		
	Manu Current A/c <u>40,000</u>		65,000	Manu Current A/c 1,800		3,600
	To Shankar Current A/c		2,31,945			
	To Manu's Current A/c		1,54,630			
			5,01,350			5,01,350
(ii)	<b>Partners' Fixed Capital Accounts</b>					
	<b>Particulars</b>		<b>Shankar</b>	<b>Manu</b>	<b>Particulars</b>	
	To balance c/d		4,00,000	4,00,000	By balance b/d	
					By Cash	
		<u>4,00,000</u>	<u>4,00,000</u>			

**Question 8****[12]**

Pihu, Geeta and Nita are partners in a firm, sharing profits and losses in the ratio of 3:2:1. On 31<sup>st</sup> March, 2015, their Balance Sheet was as under:

Balance Sheet of Pihu, Geeta and Nita as at 31 <sup>st</sup> March, 2015				
Liabilities		Amount ₹	Assets	Amount ₹
Sundry Creditors		15,000	Cash at Bank	16,000
General Reserve		9,000	Sundry Debtors	25,000
Capital A/c			Less Provision for	
Pihu	79,000		Doubtful Debts (1,300)	23,700
Geeta	70,000		Stock	14,300
Nita	61,000	2,10,000	Plant and Machinery	60,000
			Land and Building	1,20,000
		2,34,000		2,34,000
Nita retires on 1 <sup>st</sup> April, 2015, subject to the following adjustments:				
(a)	Land and building to be reduced by 10%.			
(b)	Goodwill to be valued at 54,000.			
(c)	Provision for Doubtful Debts to be raised to 10% of the debtors, the excess provision being created from General Reserve. The balance of the General Reserve to be distributed amongst the partners.			
(d)	Creditors of 1,000 were paid by Pihu for which she is not to be reimbursed.			
(e)	The continuing partners to share profits and losses in future in the ratio of 5:4.			
(f)	Nita to be paid instalments together with interest @ 10% per annum on the outstanding balance. The first instalment of Nita's loan to be paid on 31 <sup>st</sup> March, 2016.			
You are required to prepare:				
(i)	Revaluation Account.			
(ii)	Partners' Capital Accounts.			
(iii)	Nita's Loan Account till it is finally closed.			

### Comments of Examiners

Majority of the candidates answered this question satisfactorily. However, some candidates, despite having written off Provision for Doubtful Debts from General Reserve, wrote it off from the Revaluation profit too. A few candidates were unable to calculate the gaining ratio of the remaining partners.

#### Suggestions for teachers

- Teachers must lay stress on journal entries to enable the students to get conceptual clarity.
- Give sufficient practice regarding revaluation of assets and liabilities.
- All possible treatments of accumulated profits and losses mentioned in the scope of the syllabus must be done in detail.

### MARKING SCHEME

#### Question 8

(i)

Revaluation Account					
Particulars		Amount	Particulars		Amount
To Land and Building		12,000	By Creditors		3,000
			By Pihu's Capital A/c		4,500
			By Geeta's Capital A/c		3,000
			By Nita's Capital A/c		1,500
		12,000			12,000

(ii)

Partners' Capital Accounts							
Particulars	Pihu	Geeta	Nita	Particulars	Pihu	Geeta	Nita
To Nita	3,000	6,000		By Bal. b/d	79,000	70,000	61,000
To Rev. A/c	4,500	3,000	1,500	By G/R	3,900	2,600	1,300
To Cash			29,800	By Pihu			3,000
To Nita's loan A/c			40,000	By Geeta			6,000
To Bal. c/d	75,400	63,600					
	82,900	72,600	71,300		82,900	72,600	71,300

(iii)

Nita's Loan Account					
Date	Particulars	Amount	Date	Particulars	Amount
31.3.16	To Cash	24,000	1.4.15	By Nita's Capital	40,000
31.3.16	To Balance c/d	20,000	31.3.16	By Interest on Loan	4,000
		44,000			44,000
31.3.17	To Cash	22,000	1.4.16	By Balance b/d	20,000
			31.3.17	By Interest on Loan	2,000
		22,000			22,000

**SECTION B (20 Marks)***Answer any two questions***Question 9****[10]**

You are required to prepare a Cash-Flow Statement (as per AS-3) for the year 2014-15 from the following Balance Sheets.

**Balance Sheets of Janaki India Ltd.  
as at 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March, 2014**

	Particulars	Note No.	31.03.2015 ₹	31.03.2014 ₹
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1.</b>	<b>Shareholders' Funds</b>			
	(a) Share Capital (Equity Share Capital)		3,00,000	2,00,000
	(b) Reserves and Surplus (Statement of P/L)		1,20,000	70,000
<b>2.</b>	<b>Non-Current Liabilities</b>			
	(a) Long Term Borrowing (8% Debentures)		1,50,000	1,20,000
<b>3.</b>	<b>Current Liabilities</b>			
	(a) Short Term Borrowings (Bank Overdraft)		19,000	5,000
	(b) Trade Payables (Creditors)		31,000	20,000
	(c) Short Term Provisions	1.	1,30,000	1,20,000
	<b>TOTAL</b>		<b>7,50,000</b>	<b>5,35,000</b>
<b>II</b>	<b>ASSETS</b>			
<b>1.</b>	<b>Non-Current Assets</b>			
	(a) Fixed Assets			
	Tangible	2.	2,04,200	1,83,000
	(b) Non-Current Investments		1,30,000	1,20,000
<b>2.</b>	<b>Current Assets</b>			
	(a) Inventories		1,41,500	1,25,000
	(b) Trade Receivables	3.	62,600	62,900
	(c) Cash and Bank Balances (Cash at Bank)		2,11,700	44,100
	<b>TOTAL</b>		<b>7,50,000</b>	<b>5,35,000</b>

**Notes to Accounts:**

Particulars	31.03.2015 ₹	31.03.2014 ₹
<b>1 Short term provisions</b>		
Proposed dividend	50,000	60,000
Provision for taxation	80,000	60,000
	1,30,000	1,20,000
<b>2 Fixed Assets (Tangible)</b>		
Plant and Machinery	2,43,000	2,23,000
Less Accumulated Depreciation	(38,800)	(40,000)
	2,04,200	1,83,000
<b>3 Trade Receivables</b>		
Debtors	64,600	64,500
Less Provision for Doubtful Debts	(2,000)	(1,600)
	62,600	62,900

**Additional Information:**

During the year 2014-15:

- (i) A part of the machine was sold for ₹ 21,000 at a profit of ₹ 1,000 and Machinery on its P&L and Machinery.
- (ii) The company charged 10% interest on its Debentures.
- (iii) New Debentures were issued on 31<sup>st</sup> March, 2015, at a discount of 10%.
- (iv) Interest of ₹ 9,600 was paid on Debentures.

### Comments of Examiners

Majority of the candidates could answer this question satisfactorily. However, a few lost marks:

- For considering Provision for Doubtful Debts as an item in working capital changes whereas it should have been considered as a non- cash charge against profits.
- For taking the net amount of debtors in working capital changes.
- For not being able to calculate the purchase price of plant and machinery.
- For considering Bank Overdraft as a Cash and Cash Equivalent and not as a source of finance.
- For not taking the net amount realized from the issue of debentures.

### Suggestions for teachers

- Give adequate practice to prepare the asset account and accumulated depreciation account.
- If the treatment of items is taught through journal entries, the students will have clarity regarding their treatment while preparing a Cash Flow Statement.
- As regards debtors, it must be explained to students that the actual debtors of the firm are its gross debtors and not the net debtors.
- Teach students to write the year for which the Cash Flow Statement is prepared.
- Instruct students to prepare the format of the Cash Flow Statement as per AS-3.
- While preparing the Cash Flow Statement, calculation of net profit for the year has to be done as part of working notes.

## **MARKING SCHEME**

### **Question 9**

#### **Cash Flow Statement for the year ending 31<sup>st</sup> March, 2015**

Particulars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>I. Cash From Operating Activities</b>			
<b>NP before Tax (WN 1)</b>		1,80,000	
<u>Add non op / non cash expenses</u>			
Depreciation on Plant and Machinery		3,000	
Interest on Debentures		9,600	
Discount on issue of Debentures w/off		3,000	
Provision for Doubtful debts		400	
Less Gain on Sale of Machine		(4,000)	
<b>Net Op Profit before WC changes</b>		1,92,000	
Add Trade Payables	11,000		
Less Inventories	(16,500)		
Less Trade Receivables	(100)	(5,600)	
<b>Cash from Operating Activities before Tax paid</b>		1,86,400	
Less Tax paid		(60,000)	
<b>Cash Flow from Operating Activities</b>			1,26,400
<b>II. Cash From Investing Activities</b>			

Purchase of Plant and Machinery		(41,200)	
Sale of Plant and Machinery		21,000	
Purchase of Non- Current Investment		(10,000)	
<b>Cash used in Investing Activities</b>			(30,200)
<b>III. Cash From Financing Activities</b>			
Issue of Share Capital		1,00,000	
Issue of Debentures		27,000	
Dividend paid		(60,000)	
Bank Overdraft taken		14,000	
Interest on Debentures paid		(9,600)	
<b>Cash Flow from Financing Activities</b>			71,400
<b>Net increase in Cash as per I, II and III</b>			1,67,600
Add Op Cash and Cash Equivalents			
Bank			44,100
Closing Cash and Cash Equivalents			
Bank		2,11,700	
		<u>2,11,700</u>	<u>2,11,700</u>

**Working Note: 1**

St of P/L	₹ 50,000
Proposed dividend	₹ 50,000
Provision for Tax	₹ 80,000
Net Profit before Tax	₹ 1,80,000

**Working Note: 2**

**Plant and Machinery A/c**

Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	2,23,000	By Acc. depreciation	4,200
To Gain on Sale	4,000	By Cash A/c (sale)	21,000
To Cash (purchase)	41,200	By Balance c/d	2,43,000
	<b>2,68,200</b>		<b>2,68,200</b>

**Working Note :3**

**Accumulated Depreciation A/c**

Particulars	Amount ₹	Particulars	Amount ₹
To Plant & Machinery A/c	4,200	By Balance b/d	40,000
To Balance c/d	38,800	By Depreciation	3,000
	<b>43,000</b>		<b>43,000</b>

**Question 10**

- (a) What is a *Common Size Balance Sheet*? [2]
- (b) While preparing a Cash Flow Statement, identify the following transactions as belonging to *Operating Activities, Investing Activities, Financing Activities*: [2]



- (i) Goodwill written off.
- (ii) Interest received by a company on its investments.
- (c) **From the following data, prepare a Common Size Statement of Profit and Loss of Nicholson Ltd. [6]**

Particulars	31.3.2015	31.3.2014
Revenue from Operations	₹ 6,00,000	₹ 4,00,000
Cost of Materials consumed	60% of revenue from operations	50% of revenue from operations
Finance Cost	₹ 10,000	₹ 8,000
Tax Rate	40% of profit before tax	40% of profit before tax

### Comments of Examiners

- (a) Majority of the candidates were unable to answer this question. Many candidates wrote that items are compared with Revenue from Operations instead of Balance Sheet Total. A few candidates wrote that it is a horizontal analysis.
- (b) Almost all candidates were able to answer this question satisfactorily.
- (c) Most of the candidates were able to answer this question well. However, a few candidates did not write the years for which the statements were being prepared. Some candidates prepared a Comparative Statement of P/L.

### Suggestions for teachers

- Explain the reason behind the preparation of Common Size and Comparative Statements.
- Insist on the complete heading along with the date / period of any account / statement to be prepared by the students.

## **MARKING SCHEME**

### **Question 10**

(a)	Common Size Balance Sheet shown the percentage relation of each asset to Total Assets and each liability to Total Equity and Liabilities.	
	OR	
	Total Assets / Total Equity and Liabilities are taken as 100 and all the figures are expressed as a percentage of the total.	
	OR	
	Common Size Balance Sheet provides for vertical analysis, the base being the total of the Balance Sheet	
(b)	(i)	It is a non-operating/non-cash expense added back to net profit before tax to get Cash from Operating Activities
	(ii)	Investing activities

(c)	<b>Common size Statement of P/L of Nicholson Ltd.</b> <b>for the year ending 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014</b>			
	Particulars	Years		% of Rev. from Op.
		31.03.2015	31.03.2014	31.03.2015      31.03.2014
	Revenue from Operations	6,00,000	4,00,000	100                  100
		6,00,000	4,00,000	100                  100
	Less cost of material consumed	3,60,000	2,00,000	60                   50
	Finance cost	10,000	8,000	1.67                2
	Total expenses	3,70,000	2,08,000	61.67              52
	Profit before tax	2,30,000	1,92,000	38.33              48
	Less Tax	(92,000)	(76,800)	15.33              19.2
	Profit after tax	1,38,000	1,15,200	23.00              28.8

### Question 11

- (a) **Calculate Liquid Ratio from the following (up-to two decimal places):** [2]

Current Assets                                  □ 1,26,000

Inventories                                      □ 2,000

Current Ratio                                    3:2

- (b) **From the following Statement of Profit and Loss of Dixon Ltd. for the year 2014 - 15, calculate (up to two decimal places) :** [8]

(i) **Trade Receivables Turnover Ratio**

(ii) **Inventory Turnover Ratio**

(iii) **Net Profit Ratio**

(iv) **Operating Profit Ratio**

<b>Statement of Profit and Loss of Dixon Ltd.</b> <b>for the year ending 31<sup>st</sup> March, 2015</b>		
Particulars	Note No.	₹
Revenue from operations		2,00,000
Other income (Rent received)		10,000
<b>Total Revenue</b>		2,10,000
<b>Expenses</b>		
Purchases		55,000
Change in Inventories	1.	3,000
Employee Benefit Expenses	2.	5,000

Depreciation		2,000
Other Expenses	3.	5,000
<b>Total Expenses</b>		70,000
<b>Profit Before Tax</b>		1,40,000
Less Tax		(56,000)
<b>Profit after Tax</b>		84,000

**Notes to Accounts:**

Particulars	31.03.2015 ₹
<b>1 Change in Inventories</b>	
Opening Inventory	6,000
Closing Inventory	(3,000)
	3,000
<b>2 Employee Benefit Expenses</b>	
Wages	2,000
Salaries	3,000
	5,000
<b>3 Other Expenses</b>	
Carriage inward	2,000
Carriage outward	3,000
	5,000

*Additional Information:*

Debtors (as on 31<sup>st</sup> March, 2015) ☐ 7,000  
 Bills Receivable (as on 31<sup>st</sup> March, 2015) ☐ 5,000  
 Cash Revenue from operations ☐ 50,000

## Comments of Examiners

- (a) Majority of the candidates could calculate Liquid Ratio satisfactorily.
- (b) (i) Most of the candidates could answer this question satisfactorily. However, a few wrote the incorrect terminology in the formula.
- (ii) While most candidates could answer this question satisfactorily, a few wrote incorrect terminology in the formula. A few took the closing inventory as a negative figure.
- (iii) Almost all the candidates were able to answer this question.
- (iv) Many candidates were unable to answer this question satisfactorily. They were unable to distinguish between the direct and indirect expenses and further between operating and non-operating expenses.

## Suggestions for teachers

- Refer to the scope of the syllabus for correct terminology to be used in the formulae for calculating ratios.
- Explain clearly the components of Statement of P/L such as 'Changes in Inventories'.
- Explain in detail the direct and indirect expenses while teaching the preparation of Financial Statements in Class 11 and then reiterate them when teaching calculation of Ratios and the preparation of Cash Flow Statement in Class 12 by further classifying them as operating and non-operating expenses.
- Teach students to write the answers with the correct units.

## MARKING SCHEME

### Question 11

(a)	$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$ $= \frac{1,26,000}{\text{Current Liabilities}}$ $\text{Current Liabilities} = \frac{1,26,000}{3} \times 2 = 84,000$ $\text{Quick Assets} = 1,26,000 - 2,000 = 1,24,000$ $\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Quick Liabilities}}$ $= \frac{1,24,000}{84,000}$ $= 1.48:1$
(b) (i)	<p><b>Trade Receivables Turnover Ratio</b> <math>\frac{\text{Credit revenue from operations}}{\text{Average Trade Receivables}}</math></p> $= \frac{1,50,000}{12,000}$ $= 12.5 \text{ times}$
(ii)	<p>Inventory Turnover Ratio =</p> $\frac{\text{Cost of Revenue from Operation}}{\text{Average Inventory}}$

		$= \frac{62,000}{4,500}$ $= 13.77 \text{ times}/13.78 \text{ times}/13.777 \text{ times}$
	(iii)	<p>Net Profit Ratio:</p> $\frac{\text{Net Profit}}{\text{Revenue from Operations}} \times 100$ $= \frac{84,000}{2,00,000} \times 100$ $= 42\%$
	(iv)	<p>Operating Profit Ratio: <math>\frac{\text{Net Operating Profit}}{\text{Revenue from Operations}} \times 100</math></p> <p>Net Operating Profit = NP + non-operating expenses – non operating gains OR GP – operating expenses</p> $= \frac{84,000 + 56,000 - 10,000}{2,00,000} \times 100$ $= \frac{1,30,000}{2,00,000} \times 100$ $= 65\%$

### SECTION C (20 Marks)

Answer any **two** questions.

#### Question 12

- (a) Mention *any four* types of charts available in spreadsheet. [2]
- (b) Assume that a sheet named – ‘Marks’ has to be printed, which has a record of 50 students. When the sheet is previewed, it is found that the last two names are appearing on the third page. Suggest: [2]
- (i) What should be done to record the information of all the 50 students in two pages only?
- (ii) How can the title of the sheet be recorded on both the pages?
- (c) How can the records of a spreadsheet be imported and exported? [2]
- (d) Explain what is meant by *Relative Reference*. [2]
- (e) Distinguish between *sorting of records* and *filtering of records*. [2]

### Comments of Examiners

Very few candidates attempted this question. Many of those who made an attempt, could not answer it correctly.

#### Suggestion for teachers

- Give more practice to students in attempting similar type of questions.

### **MARKING SCHEME**

#### **Question 12**

(a)	Types of charts available in spreadsheet: <ul style="list-style-type: none"><li>• Column</li><li>• Bar</li><li>• Line</li><li>• Pie</li><li>• Area</li><li>• Scatter</li><li>• Pivot</li></ul> <p style="text-align: right;"><i>(Any Four)</i></p>	
(b)	(i)	Custom Scaling Options / Page Margins to fit all of rows, columns, or entire worksheet on two sheets of paper.
	(ii)	The Print Titles command include a title row or column on each page of spreadsheet. The columns or rows we select will show up on every page of printout, which makes reading data a lot easier.
(c)	To 'Import' -: Choose 'Data' menu -> 'Get External Data' tab. To 'Export' -: Choose 'File' menu -> 'Export' option.	
(d)	A Relative Reference is one which when copied from one position to another will adjust the formula cell address to suit the new position it is in. For example if you have a formula in cell address C4 that was =B4*C1 and then copied the formula into say C5 what you will notice is that the cell addresses of the formula will change to =B5 * C2.	
(e)	Sorting is to arrange records in ascending or descending order. Filtering is to extract record as per the criteria.	

**Question 13**

The following business transactions were conducted by Dipankar in the first week of June, 2015:

June 1	Paid ₹ 5,000 in cash as wages on installation of machinery.
June 3	Sold goods to Karim at the list price of ₹ 20,000, trade discount 10% and cash discount 5%. He paid the amount on the same day and availed the cash discount.
June 4	Supplied goods costing ₹ 6,000 to Maria, issued invoice at 10% above cost less 5% trade discount.
June 6	Sold goods costing ₹ 40,000 to Ashley for cash at a profit of 20% on sales and charged 8% sales tax.

The following spreadsheet shows the recording of Dipakar's transactions:

	A	B	C	D	E
1	Date	Particulars	Ledger Folio	Debit ( □ )	Credit ( □ )
2	June 1	Machinery A/c	4	5,000	
3	June 1	To Cash A/c	1		5,000
4	June 3	Cash A/c	1	?	
5	June 3	Discount allowed A/c	2	?	
6	June 3	To Sales A/c	3		18,000
7	June 4	Maria	7	?	
8	June 4	To Sales A/c	3		?
9	June 6	Cash A/c	1	54,000	
10	June 6	To Sales A/c	3		50,000
11	June 6	To Sales Tax A/c	8		4,000
12		Total			

Based on the information given above, answer the following questions:

- Write the formula and calculate the value of Cash A/c in cell **D4** and Discount Allowed A/c in cell **D5**. [2]
- Write the formula to calculate the value of goods sold to Maria in cell **D7** and mention the amount of sales in cell **E8**. [2]
- If the sales tax charged from Ashley on sales made to him on June 6 had been 10 % instead of 8 %, then what would be the formulae to enable the changes in cells **D9** and **E11**? [2]
- Write the formula:
  - To calculate sum of Column D in cell **D12**. [1]
  - To verify whether sum of cell **D12** and cell **E12** are equal or not. [1]
- Which function is used to show **A4** and **A5** as one cell? [1]

- (f) State *any two* advantages of maintaining a journal using an electronic spreadsheet [1]  
instead of preparing it manually.

Comments of Examiners

This question was not attempted by many candidates.

Suggestion for teachers

– Give more practice to students in attempting similar type of questions.

**MARKING SCHEME**

**Question 13**

(a)	$D4 = 95/100*(20000*90/100) \text{ OR}$ $= 95/100*(20000-20000*10/100)$ $= 95/100*18000 \text{ OR}$ $= 95/100*E6 \text{ OR}$ $= .95*(20000*90/100) \text{ OR}$ $= .95*(20000-20000*10/100)$ $= .95*18000 \text{ OR}$ $= .95*E6 \text{ OR}$ $= E6-D5$ $D5 = 5/100*(20000*90/100) \text{ OR}$ $= 5/100*(20000-20000*10/100)$ $= 5/100*18000 \text{ OR}$ $= 5/100*E6 \text{ OR}$ $= .5*(20000*90/100) \text{ OR}$ $= .5*(20000-20000*10/100) \text{ OR}$ $= .5*18000 \text{ OR}$ $= .5*E6 \text{ OR}$ $= E6-D4$
(b)	$D7 = 95/100*(6000+10/100*6000) \text{ OR}$ $= .95(6000+10/100*6000) \text{ OR}$ $= (6000+10/100*6000)- 5/100(6000+10/100*6000) \text{ OR}$ $= (6000*110/100)*95/100 \text{ OR}$ $= (6000*110/100) - 5/100(6000*110/100)$ $E8 = \quad \square \quad 6270$
(c)	$\text{New value } E11 = 10/100*E10 \text{ OR}$ $= .10*E10$ $D9 = E10+E11$
(d)	(i) $= \text{Sum}(D2:D11)$
	(ii) $= \text{If}(D12=E12, \text{"true"}, \text{"false"})$
(e)	Merge cell
(f)	<ul style="list-style-type: none"> <li>• Formulae can be used to instantly recalculate totals. It is easy to make these changes, save work and print it out again.</li> <li>• Flexible presentation by highlighting or underlining.</li> </ul> <p style="text-align: right;">(Any two)</p>



### Question 14

- (a) Distinguish between the *Form* of a database and *Table* of a database. [2]
- (b) How is an *Electronic Spreadsheet* different from an *Oracle Database*? [2]
- (c) Give *any two* features of: [4]
- (i) A Primary Key
- (ii) A Foreign Key
- (d) Name *any two* business applications of DBMS. [2]

### Comments of Examiners

Few candidates attempted this question. Many of those who attempted this question could not answer it correctly.

#### Suggestion for teachers

- Give more practice to students in attempting similar type of questions.

### MARKING SCHEME

#### Question 14

(a)	Form	Table
	1. Interface to enter or access record of the table	It is a place where records are stored
	2. Accessible to user to access records of a table.	It should be accessible to only Database Administrator.
(b)	A spreadsheet is used to keep track of data and do calculations, while a database is used to store information to be manipulated at a later time. Initially Information can be stored on a spreadsheet, but as the amount of information grows, the need for a database like Oracle or SQL. might arise.	
(c)	(i)	<u>Primary Key</u> Primary key uniquely identify a record in the table. Primary Key can't accept null values. By default, Primary key is clustered index and data in the database table is physically organized in the sequence of clustered index. We can have only one Primary key in a table.
	(ii)	<u>Foreign Key</u> Foreign key is a field in the table that is primary key in another table. Foreign key can accept multiple null value. Foreign key do not automatically create an index, clustered or non-clustered. You can manually create an index on foreign key.

	We can have more than one foreign key in a table.
(d)	DBMS application in business <ul style="list-style-type: none"> <li>• Inventory Management System</li> <li>• Bank Reconciliation Statement</li> <li>• Payroll Management System</li> <li>• Employee Database Management System</li> </ul> <div style="text-align: right;"><i>(Any two)</i></div>

### **GENERAL COMMENTS:**

#### **(a) Topics found difficult by candidates:**

- Formula for calculating the outgoing partner's share in the interim profits of the firm.
- Meaning and disclosure of Contingent Liabilities in the Balance Sheet of a company.
- Calculation of interest on drawings made by a partner.
- Writing off Provision for Doubtful Debts from the General Reserve at the time of reconstitution of the partnership firm.
- Ratio Analysis- Formulae and calculations.
- Cash Flow Statement- Treatment of Provision for Doubtful Debts
- Issue of shares- passing the journal entry for share issue expenses and writing off these expenses from Securities Premium Reserve.
- Identifying the capital losses incurred while issuing debentures and writing them off.
- Treatment of Discounting of a Bill of Exchange in Joint Venture.
- Writing off capital losses incurred at the time of issue of debentures.
- Computerised Accounting

#### **(b) Concepts in which candidates got confused:**

- Treatment of General Reserve when not to be distributed at the time of change in profit sharing ratio between the partners.
- Calculation of General Reserve from the correct net profit.
- Calculation of Operating Profit to compute Operating Profit Ratio.
- Treatment of contra/ valuation accounts.
- Treatment of Debtors and Provision for Doubtful Debts while preparing Cash Flow Statement.

#### **(c) Suggestions for candidates:**

- Do not neglect the Class XI syllabus.
- Gain conceptual clarity. This will help in answering the theory questions.
- Study the entire syllabus thoroughly.
- Solve past years question papers.
- Do not write short forms in the ratios formulae.
- Always practice sums with proper formats drawn.