Analysis of Pupil Performance

ISC Year 2017 Examination

Humanities & Commerce

ACCOUNTS

Research Development and Consultancy Division

Council for the Indian School Certificate Examinations

New Delhi

Year 2017

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FOREWORD

This document of the Analysis of Pupils' Performance at the ISC Year 12 and ICSE Year 10 Examination is one of its kind. It has grown and evolved over the years to provide feedback to schools in terms of the strengths and weaknesses of the candidates in handling the examinations.

We commend the work of Mrs. Shilpi Gupta (Deputy Head) and the Research Development and Consultancy Division (RDCD) of the Council who have painstakingly prepared this analysis. We are grateful to the examiners who have contributed through their comments on the performance of the candidates under examination as well as for their suggestions to teachers and students for the effective transaction of the syllabus.

We hope the schools will find this document useful. We invite comments from schools on its utility and quality.

Gerry Arathoon
Chief Executive & Secretary

November 2017

PREFACE

The Council has been involved in the preparation of the ICSE and ISC Analysis of Pupil Performance documents since the year 1994. Over these years, these documents have facilitated the teaching-learning process by providing subject/ paper wise feedback to teachers regarding performance of students at the ICSE and ISC Examinations. With the aim of ensuring wider accessibility to all stakeholders, from the year 2014, the ICSE and the ISC documents have been made available on the Council's website www.cisce.org.

The document includes a detailed qualitative analysis of the performance of students in different subjects which comprises of examiners' comments on common errors made by candidates, topics found difficult or confusing, marking scheme for each answer and suggestions for teachers/ candidates.

In addition to a detailed qualitative analysis, the Analysis of Pupil Performance documents for the Examination Year 2017 have a new component of a detailed quantitative analysis. For each subject dealt with in the document, both at the ICSE and the ISC levels, a detailed statistical analysis has been done, which has been presented in a simple user-friendly manner.

It is hoped that this document will not only enable teachers to understand how their students have performed with respect to other students who appeared for the ICSE/ISC Year 2017 Examinations, how they have performed within the Region or State, their performance as compared to other Regions or States, etc., it will also help develop a better understanding of the assessment/ evaluation process. This will help them in guiding their students more effectively and comprehensively so that students prepare for the ICSE/ ISC Examinations, with a better understanding of what is required from them.

The Analysis of Pupil Performance document for ICSE for the Examination Year 2017 covers the following subjects: English (English Language, Literature in English), Hindi, History, Civics and Geography (History & Civics, Geography), Mathematics, Science (Physics, Chemistry, Biology), Commercial Studies, Economics, Computer Applications, Economics Applications, Commercial Applications.

Subjects covered in the ISC Analysis of Pupil Performance document for the Year 2017 include English (English Language and Literature in English), Hindi, Elective English, Physics (Theory and Practical), Chemistry (Theory and Practical), Biology (Theory and Practical), Mathematics, Computer Science, History, Political Science, Geography, Sociology, Psychology, Economics, Commerce, Accounts and Business Studies.

I would like to acknowledge the contribution of all the ICSE and the ISC examiners who have been an integral part of this exercise, whose valuable inputs have helped put this document together.

I would also like to thank the RDCD team of Dr. Manika Sharma, Dr. M.K. Gandhi, Ms. Mansi Guleria and Mrs. Roshni George, who have done a commendable job in preparing this document. The statistical data pertaining to the ICSE and the ISC Year 2017 Examinations has been provided by the IT section of the Council for which I would like to thank Col. R. Sreejeth (Deputy Secretary - IT), Mr. M.R. Felix, Education Officer (IT) – ICSE and Mr. Samir Kumar, Education Officer (IT) - ISC.

Shilpi Gupta
Deputy Head - RDCD

November 2017

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INTRODUCTION

This document aims to provide a comprehensive picture of the performance of candidates in the subject. It comprises of two sections, which provide Quantitative and Qualitative analysis results in terms of performance of candidates in the subject for the ISC Year 2017 Examination. The details of the Quantitative and the Qualitative analysis are given below.

Quantitative Analysis

This section provides a detailed statistical analysis of the following:

- Overall Performance of candidates in the subject (Statistics at a Glance)
- State wise Performance of Candidates
- Gender wise comparison of Overall Performance
- Region wise comparison of Performance
- Comparison of Region wise performance on the basis of Gender
- Comparison of performance in different Mark Ranges and comparison on the basis of Gender for the top and bottom ranges
- Comparison of performance in different Grade categories and comparison on the basis of Gender for the top and bottom grades

The data has been presented in the form of means, frequencies and bar graphs.

Understanding the tables

Each of the comparison tables shows N (Number of candidates), Mean Marks obtained, Standard Errors and t-values with the level of significance. For t-test, mean values compared with their standard errors indicate whether an observed difference is likely to be a true difference or whether it has occurred by chance. The t-test has been applied using a confidence level of 95%, which means that if a difference is marked as 'statistically significant' (with * mark, refer to t-value column of the table), the probability of the difference occurring by chance is less than 5%. In other words, we are 95% confident that the difference between the two values is true.

t-test has been used to observe significant differences in the performance of boys and girls, gender wise differences within regions (North, East, South and West), gender wise differences within marks ranges (Top and bottom ranges) and gender wise differences within grades awarded (Grade 1 and Grade 9) at the ISC Year 2017 Examination.

The analysed data has been depicted in a simple and user-friendly manner.

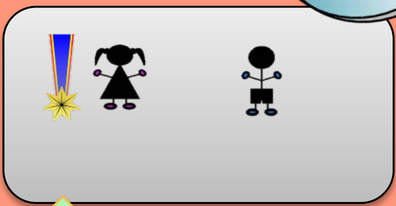
Given below is an example showing the comparison tables used in this section and the manner in which they should be interpreted.

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	2,538	66.1	0.29	11.91*
Boys	1,051	60.1	0.42	

*Significant at 0.05 level

Girls performed significantly better than boys.



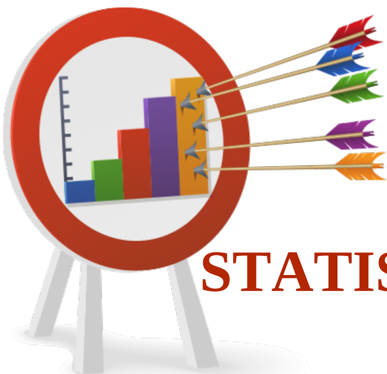
The results have also been depicted pictographically. In this case, the girls performed significantly better than the boys. This is depicted by the girl with a medal.

The table shows comparison between the performances of boys and girls in a particular subject. The t-value of 11.91 is significant at 0.05 level (mentioned below the table) with a mean of girls as 66.1 and that of boys as 60.1. It means that there is significant difference between the performance of boys and girls in the subject. The probability of this difference occurring by chance is less than 5%. The mean value of girls is higher than that of boys. It can be interpreted that girls are performing significantly better than boys.

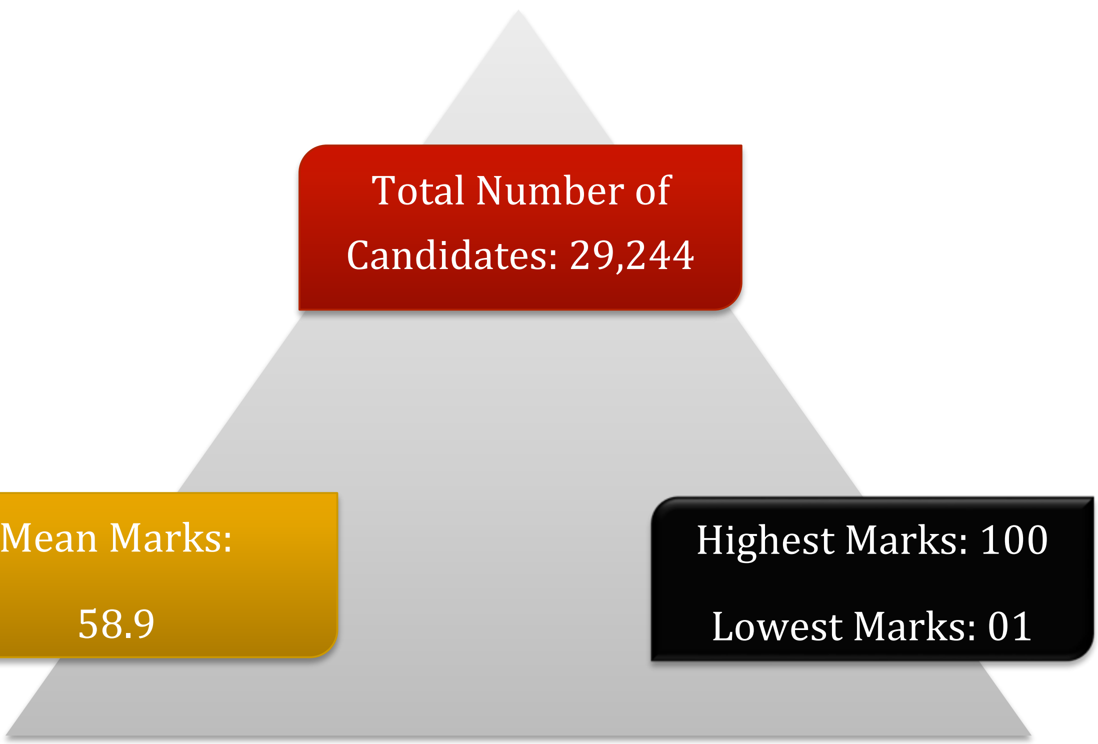
Qualitative Analysis

The purpose of the qualitative analysis is to provide insights into how candidates have performed in individual questions set in the question paper. This section is based on inputs provided by examiners from examination centres across the country. It comprises of question wise feedback on the performance of candidates in the form of *Comments of Examiners* on the common errors made by candidates along with *Suggestions for Teachers* to rectify/ reduce these errors. The *Marking Scheme* for each question has also been provided to help teachers understand the criteria used for marking. Topics in the question paper that were generally found to be difficult or confusing by candidates, have also been listed down, along with general suggestions for candidates on how to prepare for the examination/ perform better in the examination.

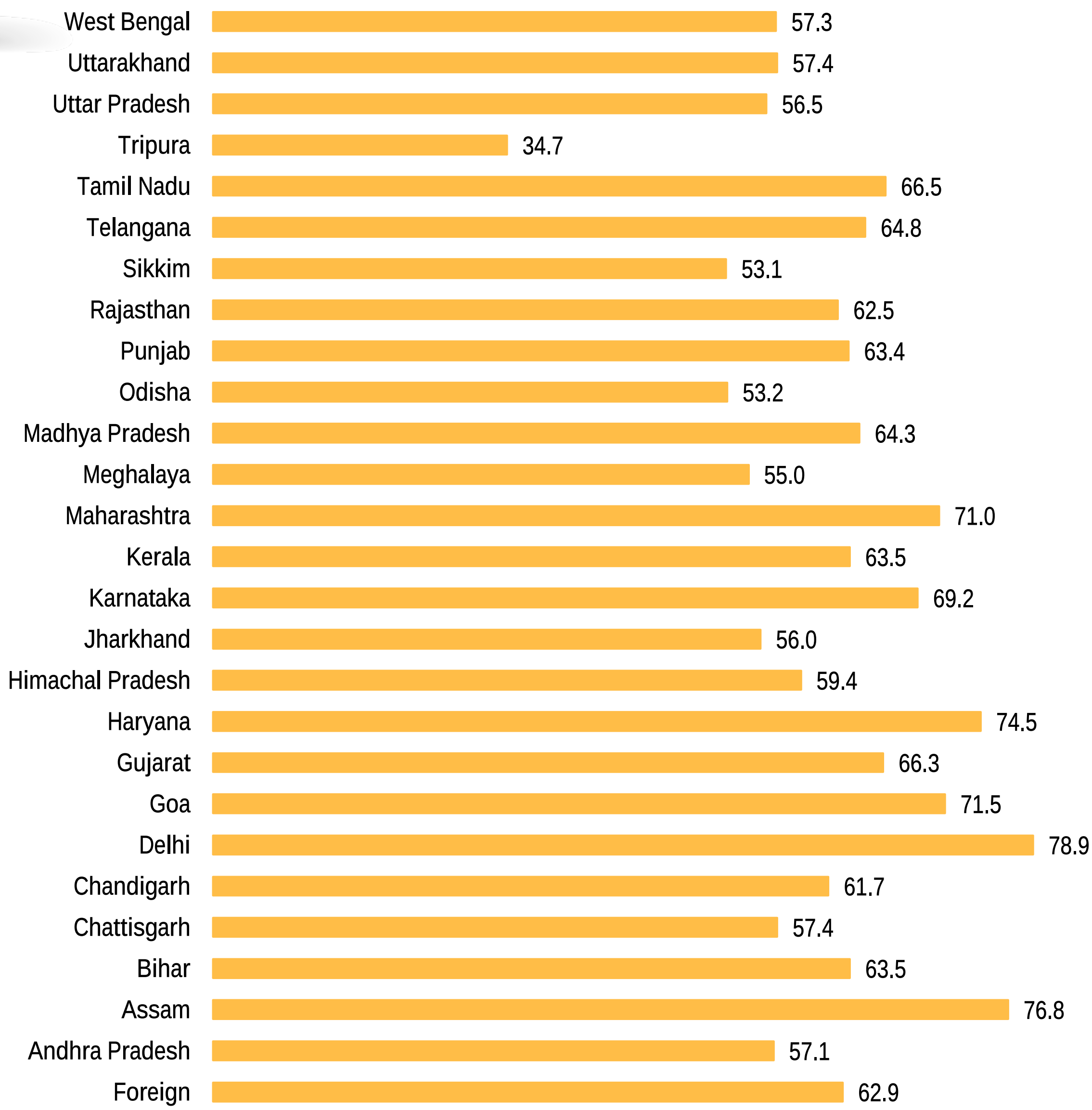
QUANTITATIVE ANALYSIS



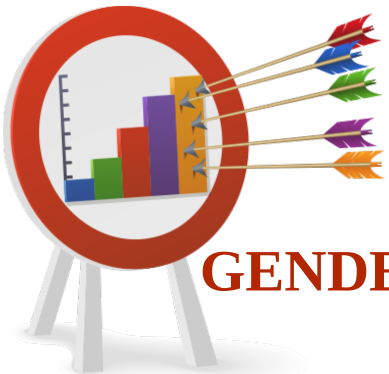
STATISTICS AT A GLANCE



PERFORMANCE (STATE-WISE & FOREIGN)



The States/UTs of Delhi, Assam and Haryana secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 62.9.



GENDER-WISE COMPARISON

GIRLS

Mean Marks: 61.2

Number of Candidates: 14,282

BOYS

Mean Marks: 56.7

Number of Candidates: 14,962

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	14,282	61.2	0.15	20.56*
Boys	14,962	56.7	0.16	

*Significant at 0.05 level

Girls performed significantly better than boys.

REGION-WISE COMPARISON

REGION

East

Mean Marks: 57.1

Number of Candidates: 12,577

Highest Marks: 100

Lowest Marks: 01

North

Mean Marks: 58.2

Number of Candidates: 13,074

Highest Marks: 100

Lowest Marks: 01

South

Mean Marks: 65.7

Number of Candidates: 1,674

Highest Marks: 99

Lowest Marks: 16

West

Mean Marks: 68.5

Number of Candidates: 1,810

Highest Marks: 100

Lowest Marks: 17

Foreign

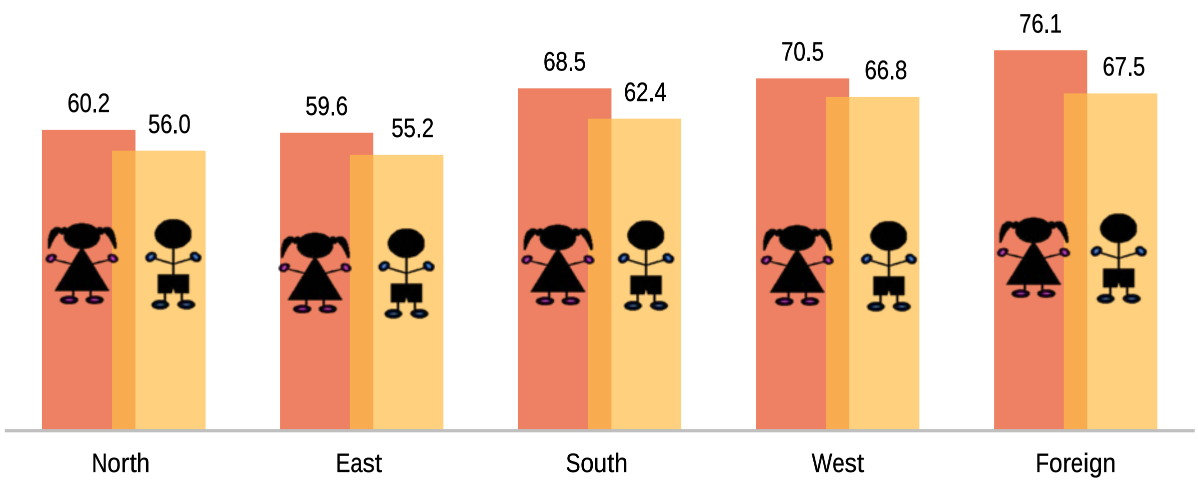
Mean Marks: 72.2

Number of Candidates: 109

Highest Marks: 100

Lowest Marks: 21

Mean Marks obtained by Boys and Girls-Region wise

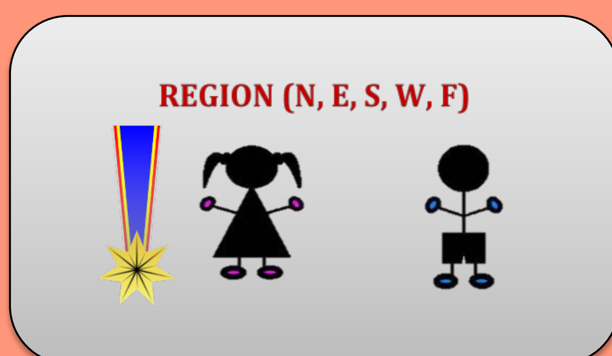


Comparison on the basis of Gender within Region

Region	Gender	N	Mean	SE	t-value
North (N)	Girls	6,816	60.2	0.22	13.16*
	Boys	6,258	56.0	0.23	
East (E)	Girls	5,645	59.6	0.24	13.30*
	Boys	6,932	55.2	0.23	
South (S)	Girls	898	68.5	0.54	7.39*
	Boys	776	62.4	0.64	
West (W)	Girls	864	70.5	0.59	4.42*
	Boys	946	66.8	0.61	
Foreign (F)	Girls	59	76.1	2.10	2.40*
	Boys	50	67.5	2.90	

*Significant at 0.05 level

The performance of girls was significantly better than that of boys in all the regions.

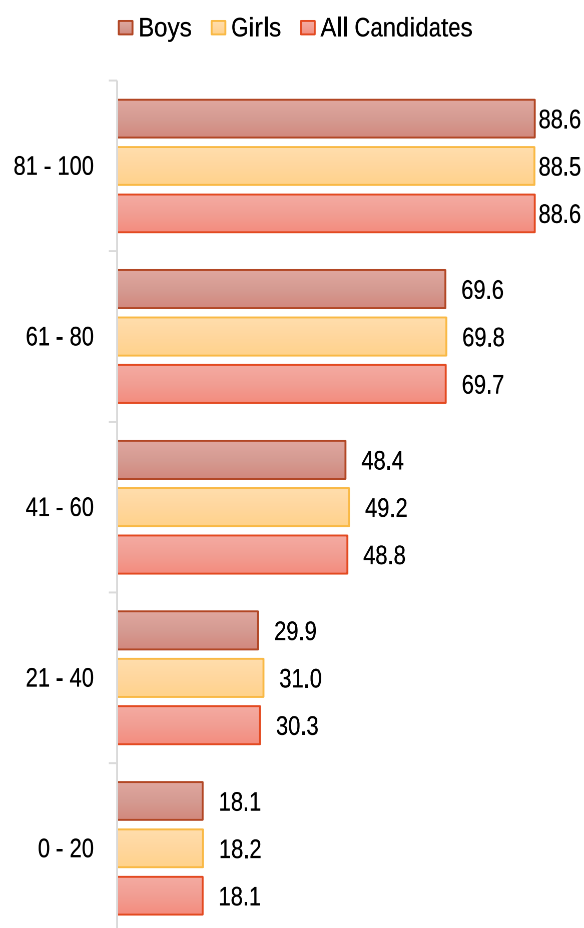


MARK RANGES : COMPARISON GENDER-WISE

Comparison on the basis of gender in top and bottom mark ranges

Marks Range	Gender	N	Mean	SE	t-value
Top Range (81-100)	Girls	2,590	88.5	0.09	-0.22
	Boys	2,152	88.6	0.10	
Bottom Range (0-20)	Girls	99	18.2	0.35	0.26
	Boys	333	18.1	0.16	

No significant difference was found in the performance of girls and boys in the top and bottom marks range.

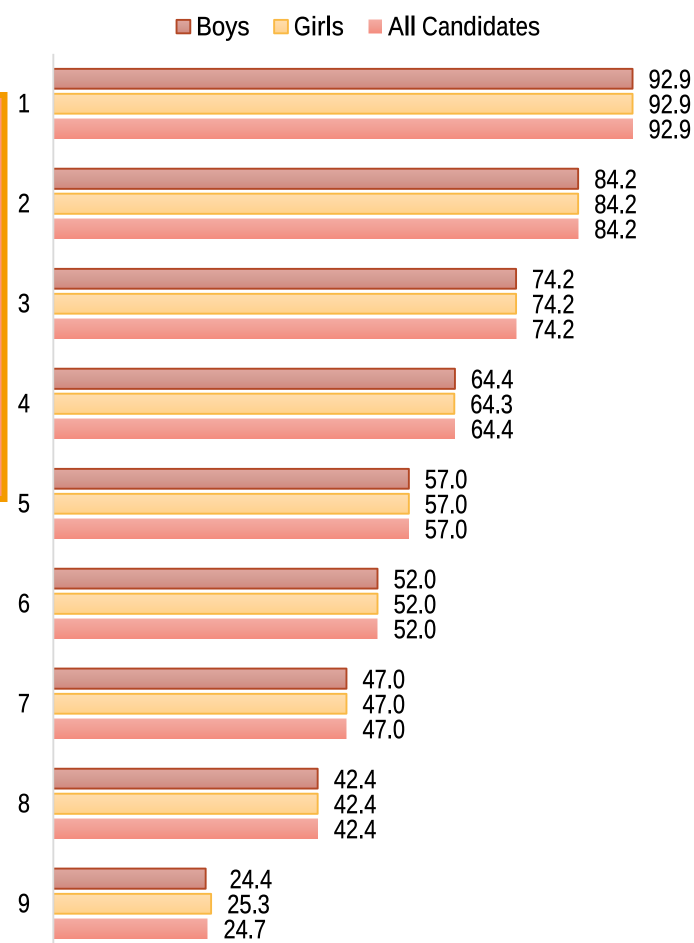


GRADES AWARDED : COMPARISON GENDER-WISE

Comparison on the basis of gender in Grade 1 and Grade 9

Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	1,207	92.9	2.67	-
	Boys	1,020	92.9	2.91	
Grade 9	Girls	710	25.3	0.96	0.75
	Boys	1,541	24.4	0.63	

In Grade 1 and Grade 9 no significant difference was observed between the average performance of girls and boys.



QUALITATIVE ANALYSIS

SECTION A

PART I (12 Marks)

Answer **all** *questions.*

Question 1

Answer briefly each of the following questions: **[6 × 2]**

(i) Name the account which is prepared to find the profit and loss of a joint venture, if:

(a) One co-venturer records all transactions.

(b) All co-venturers record their own transactions.

(ii) What will be the treatment of loan given to a partner by the firm at the time of its dissolution?

(iii) Give the *adjusting entry* for interest on capital allowed to a partner, when the firm follows the fixed capital method.

(iv) State, with reason, whether securities premium reserve can be used to write off bad debts.

(v) Give *any two* differences between a *Company's Balance Sheet* and a *Firm's Balance Sheet*.

(vi) State where will the non-cash transactions be recorded at the time of issue of shares, if all cash transactions are entered in the Cash Book.

Comments of Examiners

(i) Most of the candidates were able to attempt this question. A few candidates were not clear of the methods of preparing Joint Venture Accounts and hence interchanged the answer of part 'a' with that of part 'b' of the question.

(ii) Many candidates were able to write the correct answer. However, a few treated loan given to a partner as loan taken from a partner by the firm while some candidates transferred the loan to realisation account instead of transferring it to the partner's capital account.

(iii) Most of the candidates wrote the correct answers. However, a few number of candidates wrote the closing entry while some credited the partner's capital account.

(iv) Several candidates could give the correct answer for the first part of the question but were unable to give the correct reason for security premium reserve not being used to write off bad debts.

(v) Majority of the candidates could give the correct answer. However, a few number of candidates interchanged the differences.

(vi) A large number of candidates wrote cash book instead of Journal/Journal proper

Suggestion for teachers

- Explain how loan taken by a partner is offset against the capital contributed by him & that loan given by a partner to the firm is over and above his capital investment.
- Teach that closing entry is when expense/income is transferred to the income statement.
- Give sufficient practice in passing adjusting and closing entries and the treatment of appropriation of profits when capitals are 'fixed and fluctuating'.
- Tell students that securities premium reserve is a capital reserve and it has specific uses as given in section 52 & 68 A of the Companies Act : 2013
- Focus on subsidiary book and cash book in class 11 and continue with the concept in class 12.

MARKING SCHEME

Question 1

(i)	(a)	Joint Venture A/c
	(b)	Memorandum Joint Venture A/c
(ii)	Partner's loan A/c will be debited to his Capital A/c OR Partner's Capital A/c Dr. To Partner's Loan A/c	
(iii)	Interest on capital A/c Dr To Partner's Current A/c	
(iv)	NO. Securities Premium Reserve can be used only for purposes mentioned in Section 52 [and Section 68] of the Companies Act 2013/ for writing off Capital losses / for writing off Preliminary Expenses of the Company / for writing of expenses on issue of Debentures / for	

	issuing fully paid Bonus Shares to the Shareholders / for providing premium payable on redemption of debentures, to buy back its own shares.
(v)	See table below
(vi)	Journal / Journal proper.

	Company's Balance Sheet	Firm's Balance Sheet
1.	The form and contents of a company's Balance Sheet is governed by the Statute /Act/ Companies Act 2013	There is no statutory form or prescribed contents for the Balance Sheet of a firm.
2.	For each figure of the current year, the Balance Sheet has to have the figure of the previous year.	Balance Sheet of a Firm is not required to give such corresponding figures.
3.	Company's Balance Sheet is prepared in order of permanence.	Firms Balance Sheet may be prepared in order of permanence or liquidity or both.
4.	Company's Balance Sheet is prepared in a vertical form.	Firms Balance Sheet is generally prepared in a horizontal form. *(any two)*

PART II (48 Marks)

*Answer **any four** questions.*

Question 2

Karan, Ali and Deb are partners in a firm sharing profits and losses in the ratio of 3:2:1. On 31st March, 2016, their Balance Sheet was as under: **[12]**

Balance Sheet of Karan, Ali and Deb
As at 31st March, 2016

Liabilities		**Amount ₹**	**Assets**		**Amount ₹**
Capital A/c					
Karan	1,00,000		Building		1,00,000
Ali	75,000		Furniture		40,000
Deb	50,000	2,25,000	Investments		50,000
Investment Fluctuation Reserve		30,000	Debtors	30,000	
Bills Payable		10,000	Less: Provision for Doubtful Debts	(1,000)	29,000
Creditors		15,000	Cash at Bank		43,000
			Goodwill		18,000
		2,80,000			**2,80,000**

Karan died on 1st July, 2016. An agreement was reached amongst Ali, Deb and Karan's legal representatives that:

(a) Building be revalued at ₹ 93,500.

(b) Furniture be appreciated by ₹ 10,000.

(c) To write off the Provision for Doubtful Debts since all debtors were good.

(d) Investments be valued at ₹ 38,000.

(e) Goodwill of the firm be valued at ₹ 1,20,000.

(f) Karan's share of profit to the date of his death, to be calculated on the basis of previous year's profit which was ₹ 25,000.

(g) Interest on capital to be allowed on Karan's capital @ 6% per annum.

(h) Amount payable to Karan's legal representative to be transferred to his legal representative's loan account.

You are required to:

(i) **Pass journal entries on the date of Karan's death.**

(ii) **Prepare the Interim Balance Sheet of the reconstituted firm.**

Comments of Examiners

(i) Many candidates answered this part correctly. However, in few answers:
- Investments were written off from Revaluation Account and not from Investment Fluctuation Reserve A/c.
- Goodwill was written off only from the deceased partner's capital account.
- Correct interest on capital was not calculated.

(ii) Most of the candidates were able to prepare correct Balance Sheet. In some cases, candidates wrote the date of the balance sheet as 31st March, 2016 instead of 1st July, 2016. A few number of candidates did not write the full names of the partners of the firm.

Suggestions for teachers

- Explain to students that Investment Fluctuations Reserve is a specific reserve and so loss in the value of investments have to be written off from this reserve and not from Revaluation Account.
- Give sufficient practice in the calculation of interest on capital.
- Ensure that every balance sheet made in the class has the date of its preparation.
- Ask students to record Journal entries in the proper journal format with the heading Journal & accompany with narrations.

MARKING SCHEME

Question 2

Calculation of IP $= 25000 \times \frac{3}{6} \times \frac{3}{12} = ₹\ 3125$

IOC $= 1,00,000 \times \frac{6}{100} \times \frac{3}{12} = ₹\ 1500$

Journal

Date	Particulars		L.F	Amount ₹	Amount ₹
	Karan's Capital A/c	Dr		9,000	
	Ali's Capital A/c	Dr		6,000	
	Deb's Capital A/c	Dr		3,000	
	To Goodwill				
	(Being goodwill written off)				18,000
	Investment Fluct. Reserve A/c	Dr		30,000	
	To Investments A/c				12,000
	To Karan's Capital A/c				9,000
	To Ali's Capital A/c				6,000
	To Deb's Capital A/c				3,000
	(Being loss in the value of investments written off)				
	Furniture A/c	Dr		10,000	
	Prov. for Doubtful Debts A/c	Dr		1,000	
	To Revaluation A/c				11,000
	(Being gain on revaluation of assets)				
	Revaluation	Dr		6,500	
	To Building A/c				6,500
	(Being loss in value of Building)				
	Revaluation A/c	Dr		4,500	
	To Karan's Capital A/c				2,250
	To Ali's Capital A/c				1,500
	To Deb's Capital A/c				750
	(Being gain on revaluation tsfd. to Partners Capital Accounts				
	Ali's Capital A/c	Dr		40,000	
	Deb's Capital A/c	Dr		20,000	
	To Karan's Capital A/c				60,000

	(Being adjustment of goodwill through the gaining partners capital accounts)			
	P & L Suspense A/c Dr		3,125	
	To Karan's Capital A/c			3,125
	(Being interim Profits credited to Karan's Capital)			
	Interest on Capital A/c Dr		1,500	
	To Karan's Capital A/c			1,500
	(Being interest on capital allowed to Karan)			
	Karan's Capital A/c Dr		1,66,875	
	To Karan's Executor's Loan A/c			1,66, 875

Working Notes:

Partners' Capital Accounts

Particulars	**Karan**	**Ali**	**Deb**	**Particulars**	**Karan**	**Ali**	**Deb**
To Goodwill	9,000	6,000	3,000	By Balance b/d	1,00,000	75,000	50,000
To Karan's capital A/c		40,000	20,000	By IFR	9,000	6,000	3,000
To Karan's Executors Loan A/c	1,66,875			By revaluation A/c	2,250	1,500	750
To Balance c/d		36,500	30,750	By Ali's Capital A/c	40,000		
				By Deb's Capital A/c	20,000		
				By P/L Susp (IP)	3,125		
				By IOC	1,500		
	1,75,875	82,500	53,750		1,75,875	82,500	53,750

Balance Sheet of Ali and Deb
As at 1st July, 2016

Liabilities	**Amount ₹**	**Assets**	**Amount ₹**
Capital A/c		Building	93,500
Ali 36,500		Furniture	50,000
Deb 30,750	67,250	Investments	38,000
Bills Payable	10,000	Debtors	30,000
Creditors	15,000	Cash at Bank	43,000
Karan's Executor's loan A/c		P/L suspense	

	1,66,875	IP 3,125 IOC 1,500	4,625
	2,59,125		2,59,125

Question 3

Cargo Ltd. invited applications for the issue of 20,000 Equity shares of ₹ 10 each at a premium of ₹ 1 per share, payable as follows: **[12]**

On Application ₹ 3

On Allotment The balance (including premium ₹ 1)

Applications were received for 30,000 shares and pro-rata allotment was made to the remaining applicants after refunding application money to 5,000 share applicants.

Nicholas, who was allotted 3,000 shares, failed to pay the allotment money and his shares were forfeited.

Out of these forfeited shares, 1,000 shares were reissued as fully paid-up @ ₹ 8 per share.

You are required to:

(i) Pass journal entries in the books of the company.

(ii) Prepare Calls-in-arrears Account.

(iii) Prepare Share Forfeiture Account.

Comments of Examiners

(i) Majority of the candidates could do this part satisfactorily. However, a few number of candidates made mistakes in calculating the amount to be transferred made to the Capital Reserve A/c i.e. the net gain in the reissue of forfeited shares.

(ii) Some candidates were unable to make the calls-in-arrears Account. Several candidates credited the entire amount unpaid by the shareholder on the forfeited shares as capital unpaid not realising that a part of the securities premium reserve was also unpaid.

(iii) A few number of candidates did not make the format of the journal properly.

Suggestions for teachers

- Give adequate practice in calculating capital reserve when only a part of the forfeited shares are reissued.
- Lay stress on the concept that securities premium reserve not received by the company has to be debited at the time of forfeiture of the shares and be included in calls-in-arrears A/c.
- Give adequate practice in making ledger accounts.

MARKING SCHEME

Question 3

Journal of Cargo Ltd.

Date	Particulars		L.F	Amount ₹	Amount ₹
	Bank A/c	Dr		90,000	
	To Share Application A/c				90,000
	(Being share application money received)				
	Share Application A/c	Dr		90,000	
	To Equity Share Capital A/c				60,000
	To Share Allotment A/c				15,000
	To Bank A/c				15,000
	(Being Share application transferred to share capital and excess transferred share allotment refunded)				
	Share Allotment A/c	Dr		1,60,000	
	To Equity Share Capital A./c				1,40,000
	To Security Premium Reserve/Securities Premium A/c				20,000
	(Being share allotment due)				
	Bank A/c	Dr		1,23,250	
	Calls in Arrears A/c	Dr		21,750	
	To Share Allotment A/c				1,45,000
	(Being share allotment received as 17000 shares)				
	Equity Share Capital A/c	Dr		30,000	
	Securities Premium Reserve A/c	Dr		3,000	
	To Share Forfeiture A/c				11,250
	To Calls in arrear A/c				21,750
	(Being 3000 shares forfeited)				
	Bank A/c	Dr		8,000	
	Share Forfeiture A/c	Dr		2,000	
	To Equity Share Capital A/c				10,000
	(Being 1,000 shares reissued)				
	Share Forfeiture A/c	Dr		1,750	
	To Capital Reserve A/c				1,750
	(Being transfer of net gain on 1000 shares to Capital Reserve)				

Calls-in-Arrears A/c

Particulars	₹	Particulars	₹
To Share allotment	21,750	By Securities Premium Reserve	3,000
		By Equity Share Capital	18,750
	21,750		21,750

Share Forfeiture A/c

Particulars	₹	Particulars	₹
To Equity Share Capital	2,000	By Equity Share Capital	11,250
To Capital Reserve A/c	1,750		
To Balance c/d	7,500		
	11,250		11,250

Working Notes

1. **Nicholas** applied for $\frac{3000}{20000} \times 25000 = 3750$ shares

Paid with application	3750×3=11,250	
Required with application	3000×3=9,000	
Surplus	2,250	
Required with allotment	24,000	
Allotment in arrears	21,750	

2. Capital reserve $\frac{11250}{3000} \times 1000 - 2000 = 1{,}750$

Question 4

(A) Following balances have been extracted from the books of Universe Ltd. as at 31st March, 2016: **[8]**

Particulars	**Amount** ₹
Equity Share Capital (Fully paid shares of ₹ 100 each)	4,00,000
Unclaimed Dividend	10,000
Bank Balance	40,000
Security Premium Reserve	75,000
Statement of Profit and Loss (Dr)	50,000
Tangible Fixed Assets (at cost)	3,50,000
Accumulated Depreciation till date	25,000
Trade Marks	70,000

You are required to prepare as at 31st March, 2016:

(i) **The Balance Sheet of Universe Ltd. as per Schedule III of the Companies Act, 2013.**

(ii) **Notes to Accounts.**

(B) Chrome Ltd. took over assets of ₹ 6,00,000 and liabilities of ₹ 40,000 of Polymer Ltd. at an agreed value of ₹ 6,30,000. Chrome Ltd. issued 10% Debentures of ₹ 100 each at a discount of 10% to Polymer Ltd. in full satisfaction of the price. Chrome Ltd. writes off any capital losses incurred during a year, at end of that financial year. **[4]**

You are required to pass the necessary journal entries to record the above transactions in the books of Chrome Ltd.

Comments of Examiners

(A) (i) This part was correctly answered by most of the candidates. However, majority of the candidates classified:

- The item "Bank Balance" under the sub heading cash & cash equivalent when the sub heading is 'Cash & Bank Balances" and not 'Cash & Cash equivalent'.
- Accumulated depreciation under the sub heading 'short term provision' instead of subtracting it from the gross value of the assets in notes to accounts to get their net value. Some of the candidates did not write the balance sheet date.

(ii) A few number of candidates did not show the kinds of capital (Authorised, Issued, Subscribed) in the Notes to Accounts.

(B) Majority of the candidates could solve this question satisfactorily. A few candidates were unable to write off the capital loss – 'Discount on issue of debentures' from the revenue profits. In some cases, candidates were unable to calculate the number of debentures issued to the vendor.

Suggestions for teachers

- Closely follow the scope of the syllabus.
- Bring out the difference among 'head', 'sub head' & 'item' in a balance sheet.
- Give adequate practice to show the 'head' & 'sub head' in the balance sheet while the 'item' is to be shown in the Notes to accounts.
- Remind students to mention in every Balance Sheet, date of preparations ……Balance sheet of ____As at…….
- Give adequate practice in writing off capital losses at the end of the year in which the loss occurs from revenue profits (statement of P/L) only in the absence of capital profits (capital reserve, securities premium reserve)
- Ask students to use the formula to calculate the number of debentures in every numerical on this topic.

MARKING SCHEME

Question 4

(A)

Balance Sheet of Universe Ltd.
As at 31st March, 2016

		Particulars	Note No.	31.3.2016	31.3.2015
I	Equity & Liabilities				
	1	Shareholders' Funds			
		(a) Share Capital	1	**4,00,000**	
		(b) Reserves and Surplus	2	**25,000**	
	2	Current Liabilities			
		Other Current Liabilities	3	**10,000**	
		Total		4,35,000	
II	Assets				
	1	Non-Current Assets			
		Fixed Assets			
		(i) Tangible Assets	4	**3,25,000**	
		(ii) Intangible Assets	5	**70,000**	
	2	Current Assets			
		Cash and Bank Balances	6	**40,000**	
		Total		4,35,000	

Notes to Accounts ₹

1	Share Capital		
	Authorized Capital		
	…. **Equity Shares @ ₹ 100**		…….
	Issued Capital		
	….. **Equity Shares @ ₹ 100**		……
	Subscribed Capital		
	Subscribed and fully paid up		
	4000 Equity Shares @ ₹ 100		4,00,000
2	Reserves and Surplus		
	Security Premium Reserve		75,000
	Less Statement of P/L (Dr)		(50,000)
			25,000

3	Other Current Liabilities		
	Unclaimed Dividend		10,000
4	Tangible Assets		
	At cost		3,50,000
	Less Accumulated Depreciation		**(25,000)**
			3,25,000
5	Intangible Assets		
	Trade Mark		70,000
6.	Cash and Bank Balances		
	Cash and Cash equivalents		
	Bank Balance		40,000

(B)

Journal of Chrome Ltd.

Date	Particulars	L.F	Amount ₹	Amount ₹
	Sundry Assets A/c Dr		**6,00,000**	
	Goodwill A/c Dr		**70,000**	
	To Sundry Liabilities			**40,000**
	To Polymer Ltd.			**6,30,000**
	(Being Business Purchased)			
	Polymer Ltd. Dr		**6,30,000**	
	Discount on issue of Debentures A/c Dr		**70,000**	
	To 10% Debentures A/c			**7,00,000**
	(Being 7,000 Debentures issued)			
	Statement of P/L Dr		**70,000**	
	To Discount on issue of Debentures			70,000
	(Being discount on issue of Debentures written off)			

Number of Debentures = $\frac{6,30,000}{90} = 7,000$

Question 5

Juliet and Rabani are partners in a firm, sharing profits and losses in the ratio of 3:1. On 31st March, 2016, their Balance Sheet was as under: **[12]**

Balance Sheet of Juliet and Rabani
As at 31st March, 2016

Liabilities		Amount ₹	Assets		Amount ₹
Sundry Creditors		70,000	Plant and Machinery		1,76,000
General Reserve		30,000	Inventory		26,000
Provident Fund		40,000	Sundry Debtors	57,000	
Capital A/c			Less Provision for Doubtful Debts	(3,000)	54,000
Juliet	1,10,000				
Rabani	90,000	2,00,000	Cash at Bank		68,000
			Profit & Loss A/c		16,000
		3,40,000			**3,40,000**

Mike was taken as a partner for $^1/_4$ th share, with effect from 1st April, 2016, subject to the following adjustments:

(a) Plant and Machinery was found to be overvalued by ₹ 16,000. It was to be shown in the books at the correct value.

(b) Provision for Doubtful Debts was to be reduced by ₹ 2,000.

(c) Creditors included an amount of ₹ 2,000 received as commission from Malini. The necessary adjustment was required to be made.

(d) Goodwill of the firm was valued at ₹ 60,000. Mike was to bring in cash, his share of goodwill along with his capital of ₹ 1,00,000.

(e) Capital Accounts of Juliet and Rabani were to be readjusted in the new profit sharing arrangement on the basis of Mike's capital, any surplus to be adjusted through current account and any deficiency through cash.

You are required to prepare:

(i) Revaluation Account.

(ii) Partners' Capital Accounts.

(iii) Balance Sheet of the reconstituted firm.

Comments of Examiners

(i) Most of the candidates debited the revaluation A/c instead of crediting it to reducing the provision for doubtful debts. As a result, an incorrect revaluation loss reflected in the answers.

(ii) A few candidates adjusted the surplus through cash and deficiency through current accounts. In some cases, candidates did not write off the loss.

(iii) A large number of candidates wrote the incorrect balance sheet date.

Suggestions for teachers

- Give adequate practice to students regarding capital adjustment and implied adjustments like distribution of accumulated profits & writing off accumulated losses.
- Ensure that every balance sheet made by the student has the date of its preparation.

MARKING SCHEME

Question 5

Revaluation A/c

Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To P/M	16,000	By Provision of Doubtful Debts	2,000
		By Creditors	2,000
		By Juliet's Capital A/c	9,000
		By Rabani's Capital A/c	3,000
	16,000		16,000

Partners' Capital Accounts

Particulars	**Juliet**	**Rabani**	**Mike**	**Particulars**	**Juliet**	**Rabani**	**Mike**
To Revaluation A/c	9,000	3,000		By Balance b/d	1,10,000	90,000	
To P/L A/c	12,000	4,000		By Gen. Reserve	22,500	7,500	
To Balance c/d	1,22,750	94,250	1,00,000	By Bank/Cash			1,00,000
				By premium for Goodwill	11,250	3,750	
	1,43,750	1,01,250	1,00,000		1,43,750	1,01,250	1,00,000
To Current A/c		19,250		By Balance b/d	1,22,750	94,250	1,00,000
To Balance c/d	2,25,000	75,000	1,00,000	By Bank/Cash	1,02,250		
	2,25,000	94,250			2,25,000	94,250	

Working Notes:

NR 9:3:4 Total Capital 1,00,000×4= 4,00,000

2,25,000 75,000 1,00,000

SR = 3:1

Balance Sheet of Juliet, Rabani and Mike

As on 1st April, 2016

Liabilities	**Amount** ₹	**Assets**	**Amount** ₹
Sundry Creditors	68,000	Plant and Machinery	1,60,000
Provident Fund	40,000	Inventory	26,000
Capital A/c		Sundry Debtors 57,000	
Juliet 2,25,000		(1,000)	56,000
Rabani 75,000		Cash at Bank	2,85,250
Mike 1,00,000	4,00,000		
Rabani Current A/c	19,250		
	5,27,250		5,27,250

Question 6

(A) Rashi and Runa jointly undertake to complete the construction of an auditorium for Pascal Ltd. They agreed to share profits and losses in the ratio of 3:2. **[8]**

The contract price was ₹ 8,00,000 of which ₹ 5,00,000 was to be payable to them in cash and the balance in fully paid shares of the company.

A joint bank account was opened in which Rashi contributed ₹ 2,00,000 while Runa contributed ₹ 3,00,000.

The following expenses were incurred to complete the contract:

Salaries and Wages	₹ 1,25,000
Purchase of material from a supplier on credit	₹ 2,00,000
Material supplied by Rashi	₹ 1,00,000
Legal fees paid by Runa	₹ 85,000

The contract price was duly received after the completion of the project and the accounts of the venture were closed after the supplier was paid ₹ 1,98,000 in full and final settlement.

Runa took over the shares at ₹ 2,80,000.

Rashi took over the remaining material at ₹ 45,000.

You are required to prepare:

(i) Joint Venture Account.

(ii) Joint Bank Account.

(iii) Shares Account.

(B) Joseph and Leena entered into a Joint venture to sell edible oil. It was decided that Joseph would record all the transactions of the venture. **[4]**

Joseph supplied 3,000 litres of edible oil costing ₹ 4,50,000 to be sold by Leena, incurring carriage and insurance-in-transit amounting to ₹ 30,000.

20 litres of oil was lost in transit due to leakage which was considered to be normal.

Leena incurred ₹ 2,760 as clearing charges and ₹ 2,000 as godown rent. She was entitled to a commission of 2% on the sales made by her.

Leena was able to sell 2,000 litres of oil at ₹ 170 per litre.

The unsold stock was taken over by Joseph at the original cost *plus* proportionate non-recurring expenses.

You are required to:

(i) Calculate the value of stock taken over by Joseph.

(ii) Pass the relevant journal entries in the books of Joseph for:

(a) The stock taken over by Joseph.

(b) Commission due to Leena.

Comments of Examiners

(A) Many candidates did not take into account that the purchases were credit purchases. Hence, errors arose in ledger postings in Joint venture & Joint Bank Accounts.

(B) A few candidates were unable to distinguish between recurring and non-recurring expenses and hence got an incorrect value of the closing stock.

Suggestion for teachers

Explain clearly to students the difference between recurring and non-recurring expenses.

MARKING SCHEME

Question 6

(A)

Joint Bank A/c

Particulars	Amount ₹	Particulars	Amount ₹
To Rashi	2,00,000	By Joint Venture	1,25,000
To Runa	3,00,000	By Supplier	1,98,000
To Joint Venture	5,00,000	By Rashi	4,45,200
		By Runa	2,31,800
	10,00,000		10,00,000

Joint Venture A/c

Particulars	Amount ₹	Particulars	Amount ₹
To Joint Bank (salaries)	1,25,000	By Supplier	2,000
To Supplier (Purchases)	2,00,000	By Rashi	45,000

To Rashi (Material)	1,00,000	By Joint Bank	5,00,000
To Runa (Legal Fees)	85,000	By Shares	3,00,000
To Shares A/c (Loss)	20,000		
To Rashi	1,90,200		
To Runa	1,26,800		
	8,47,000		8,47,000

Shares A/c

Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To Joint Venture	3,00,000	By Runa	2,80,000
		By Joint Venture	20,000
	3,00,000		3,00,000

Working Notes:

Co-Venturers A/c

Particulars	Rashi	Ruma	Particulars	Rashi	Ruma
To Share A/c		2,80,000	By Joint Bank	2,00,000	3,00,000
To Joint Venture	45,000		By Joint Venture	1,00,000	85,000
To Joint Bank	4,45,200	2,31,800	By Joint Venture	1,90,200	1,26,800
	4,90,200	5,11,800		4,90,200	5,11,800

(B) **Calculation of Stock taken over by Joseph**:

Particulars	Units	O.C.+ Expenses
Material	3,000	4,50,000
Direct expenses incurred by Joseph		30,000
		4,80,000
Less. Normal Loss	(20)	--
	2,980	4,80,000
Add direct expenses incurred by Leena		2,760
	2980	4,82,760
Sold	(2,000)	
Cost of Stock taken over by Joseph	980	482760/2980×980 = ₹ **1,58,760**

Journal in the Books of Joseph

Date	Particulars	L.F	Amount ₹	Amount ₹
[1]	Purchases/Stock/Unsold stock Dr		1,58,760	
	To Joint Venture A/c			1,58,760

		(Being unsold stock taken over)			
	[2]	Joint Venture A/c Dr		6,800	
		To Leena			6,800
		(Being commission due to Leena)			

Question 7

(A) Mita, Rita and Sandra were partners in a firm, sharing profits and losses in the ratio of 2:2:1. Mita had personally guaranteed that in any year Sandra's share of profit, after allowing interest on capital to all the partners @ 5% per annum and charging interest on drawings @ 4% per annum, would not be less than ₹ 10,000. **[8]**

The capitals of the partners on 1st April, 2015 were:

Mita ₹ 80,000, Rita ₹ 50,000 and Sandra ₹ 30,000.

The net profit for the year ended 31st March, 2016, before allowing or charging any interest amounted to ₹ 40,000.

Mita had withdrawn ₹ 4,000 on 1st April, 2015, while Sandra withdrew ₹ 5,000 during the year.

You are required to prepare the Profit and Loss Appropriation Account for the year 2015-16.

(B) Anita, Asha and Bashir are partners sharing profits and losses in the ratio of 3:2:1 respectively. From 1st April 2016, they decided to change their profit sharing ratio to 2:1:3. Their partnership deed provides that in the event of any change in the profit changing ratio, the goodwill of the firm should be valued at two years' purchase of the average super profits for the past three years. **[4]**

The actual profits and losses for the past three years were:

2015-16 Profit ₹ 40,000.

2014-15 Profit ₹ 30,000.

2013-14 Loss ₹ 10,000.

The average capital employed in the business was ₹ 1,10,000; the rate of interest expected from capital invested was 10%.

You are required to:

(i) Calculate the value of goodwill at the time of change in profit sharing ratio. (Show the workings clearly with the formulae.)

(ii) Pass the journal entry to record the change.

Comments of Examiners

(A) (i) Majority of the candidates made mistakes in the calculation of interest on drawings.

(ii) A few candidates did not consider the guarantee of profit given by one partner to another and hence got incorrect profits of the partners.

(B) A large number of candidates were able to answer this part correctly.

Suggestions for teachers

- Give adequate practice in calculating interest on drawing whether:
  - Equal amounts are withdrawn at equal intervals of time, unequal amounts are withdrawn at unequal intervals of time, withdrawals made during the year, withdrawals made on specific dates.
- All the three forms of guarantee have to be dealt with in detail.

MARKING SCHEME

Question 7

(A)

Profit and Loss Appropriation A/c
for the year ending 31st March, 2016

Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To Interest on Capital		By N P / P & L A/c	40,000
Mita's Capital 4,000		By Interest on Drawings	
Rita's Capital 2,500		Mita's Capital A/c 160	
Sandra's Capital 1,000	8,000	Sandra Capital A/c 100	260
To Mita's Capital 12,904			
(3,548)	9,356		
To Rita's Capital	12,904		
To Sandra's Capital 6,452			
+ 3,548	10,000		
	40,260		40,260

(B) (i)

	Anita	Asha	Bashir
	3	2	1
	2	1	3

Anita $\frac{3}{6} - \frac{2}{6} = \frac{1}{6}$ (sac)

Asha $\frac{2}{6} - \frac{1}{6} = \frac{1}{6}$ (sac)

Bashir $\frac{1}{6} - \frac{3}{6} = \frac{-2}{6}$ (gain)

Calculation of goodwill:

	Total profits = 40,000 + 30,000 – 10,000 = 60,000 Average profit = $\frac{60,000}{3}$ = 20,000 Super profit = Average profit – Normal profit Normal profit = Capital employed × $\frac{ROR}{100}$ = 1,10,000 × $\frac{10}{100}$ = 11,000 Super Profit = 20,000 – 11,000 = 9,000 Goodwill = Super profit × Number of year's purchase 9,000 × 2 = 18,000			
	(ii)	Bashir's Capital A/c Dr	6,000	
		To Anita's Capital A/c		3,000
		To Asha's Capital A/c		3,000
		(Being sacrificing partners compensated in the SR 1:1)		

Question 8

(A) Roshan, Mahesh, Gopi and Jai are partners sharing profits and losses in the ratio of 3:3:2:2. **[4]**
The balances of capital accounts on 1st April, 2015 were: Roshan ₹ 8,00,000, Mahesh ₹ 5,00,000, Gopi ₹ 6,00,000 and Jai ₹ 6,00,000.
After the accounts for the year ended 31st March, 2016 were prepared, it was discovered that interest on capital @ 10% per annum as provided in the partnership deed had not been credited to the partners' capital accounts before the distribution of profits.
You are required to rectify the error by passing a single adjusting journal entry.

(B) Mehta and Menon were partners in a firm, sharing profits and losses in the ratio of 7:3. **[8]**
They decided to dissolve their partnership firm on 31st March, 2016. On that date, their books showed the following ledger account balances:

Sundry Creditors	₹ 27,000
Profit and Loss A/c (Dr.)	₹ 8,000
Cash in Hand	₹ 6,000
Bank Loan	₹ 20,000
Bills Payable	₹ 5,000
Sundry Assets	₹ 1,98,000
Capital A/c	
Mehta	₹ 1,12,000
Menon	₹ 48,000

Additional information:

(a) Bills Payable falling due on 31st May, 2016 were retired on the date of dissolution of the firm, at a rebate of 6% per annum.

(b) The bankers accepted the furniture (included in sundry assets) having a book value of ₹ 18,000 in full settlement of the loan given by them.

(c) Remaining assets were sold for ₹ 1,50,000.

(d) Liability on account of outstanding salary not recorded in the books, amounting to ₹ 15,000 was met.

(e) Menon agreed to take over the responsibility of completing the dissolution work and to bear all expenses of realization at an agreed remuneration of ₹ 2,000. The actual realization expenses were ₹ 1,500 which were paid by the firm on behalf of Menon.

You are required to prepare:

(i) **Realisation Account.**

(ii) **Partners' Capital Accounts.**

Comments of Examiners

(A) Most of the candidates could calculate the interest on capital but were unable to pass the adjusting journal entry.

(B) A few candidates prepared a memorandum balance sheet needlessly; most of the candidates could not calculate the amount at which the bills payable was discharged; some candidates took the realisation expenses as expenses of the firm. Several candidates paid off the bank loan through cash.

Suggestions for teachers

- Lay stress on rectifying errors through a single entry and through journal entries.
- Give adequate practice to students in the treatment of various cases of realisation expenses.
- Discharge of liability against an asset should be dealt with properly.
- Tell students to be cautious about the time period while calculating interest/discount.

MARKING SCHEME

Question 8

(A) **Working Notes:**

Partners	Amount which has been credited (Profit)	Amount which should have been credited (IOC)	Difference Dr. or Cr.
Roshan	75,000	80,000	5,000 (Cr)
Mahesh	75,000	50,000	25,000 (Dr)
Gopi	50,000	60,000	10,000 (Cr)
Jai	50,000	60,000	10,000 (Cr)

Journal

Date	Particulars	L.F	Amount ₹	Amount ₹
	Mahesh's Capital A/c Dr		25,000	
	To Roshan's Capital A/c			5,000
	To Gopi's Capital A/c			10,000
	To Jai's Capital A/c			10,000
	(Being interest on capital omitted earlier rectified now)			

(B)

Realisation A/c

Particulars	Amount ₹	**Particulars**	**Amount ₹**
To Sundry Assets	1, 98,000	By Sundry Liabilities	
To Cash (B/P)	4,950	Sundry Creditors 27,000	
To Cash (O/S salary)	15,000	Bank Loan 20,000	
To Cash (Creditors)	27,000	Bills Payable 5,000	52,000
To Menon's Capital A/c	2,000	By Cash	1,50,000
		By Mehta	31,465
		By Menon	13,485
	2,46,950		2,46,950

Partners' Capital A/c

Particulars	Mehta	Menon	Particulars	Mehta	Menon
To P/L	5600	2400	By Balance b/d	1,12,000	48,000
To Cash		1500	By Realisation		2,000
To Realisation	31465	13485			
To Cash	74935	32615			
	1,12,000	350,000		1,12,000	350,000

SECTION B (20 Marks)

Answer any two questions

Question 9

From the information given below, calculate (up to two decimal places): **[10]**

(i) Operating Ratio.

(ii) Quick Ratio.

(iii) Debt to Equity Ratio.

(iv) Proprietary Ratio.

(v) Working Capital Turnover Ratio.

Particulars	₹
Net revenue from operations	12,00,000
Cost of revenue from operation	9,00,000
Operating expenses	15,000
Inventory	20,000
Other Current Assets	2,00,000
Current Liabilities	75,000
Paid up Share Capital	4,00,000
Statement of Profit and Loss (Dr.)	47,500
Total Debt	2,50,000

Comments of Examiners

(i) Most of the candidates answered this part correctly.

(ii) Several candidates wrote the incorrect formula of quick ratio.

(iii) A large number of candidates took "total debt" as 'Debt' and so got an incorrect answer of debt equity ratio.

(iv) In some cases, to calculate propriety ratio, candidates took current assets as total asset.

(v) A few number of candidates calculated working capital turnovers ratio on cost of goods sold. A few candidates did not express the ratios upto two decimal places. The unit in which a ratio had to be expressed was also missing.

Suggestions for teachers

– Follow the formulae of the ratios as given in the scope of the syllabus.

– Ratios must be calculated upto two decimal places and expressed in the correct units.

MARKING SCHEME

Question 9

(i) Operating Ratio = $\frac{Cost\ of\ revenue\ from\ operations+operating\ expenses}{Revenue\ from\ operations} \times 100$

$= \frac{9,00,000+15,000}{12,00,000} \times 100$

$= \frac{9,15,000}{12,00,000} \times 100$

= **76·25%**

(ii) Quick Ratio = $\frac{Quick\ Assets}{Quick\ Liabilities}$

$= \frac{2,00,000}{,75,000}$

= **2·67:1**

(iii) Debt to Equity Ratio = $\frac{Debt\ \ /\ Long\ term\ Debt}{Equity\ /Shareholders'\ Funds}$

(iv) $= \frac{1,75,000}{3,52,500}$

= **0·50:1**

(v) Proprietary Ratio = $\frac{Equity\ /\ Shareholders'\ Funds}{Total\ Assets}$

$= \frac{3,52,500}{6,02,500}$

= **0·59:1**

(vi) Working Capital Turnover Ratio = $\frac{Revenue\ from\ operations}{Working\ Capital}$

$= \frac{12,00,000}{1,45,000}$

= **8·28 times**

Question 10

From the following information of Purity Ltd, calculate: **[10]**

(i) Cash from Operating Activities.

(ii) Cash from Financing Activities

Particulars	31.03.2016 ₹	31.03.2015 ₹
Trade Receivables	17,000	20,000

Inventories	25,000	30,000
Prepaid Expenses	12,000	10,000
Expenses Outstanding	9,000	7,000
Provisions for Tax	15,000	10,000
Cash in Hand	50,000	75,000
Furniture (at book value)	1,20,000	1,60,000
General Reserve	50,000	40,000
10% Debentures	40,000	30,000
Goodwill	60,000	70,000
Trade Payable	21,000	25,000
Balance of Statement of Profit and Loss(Cr.)	1,30,000	1,20,000
Proposed Dividend	5,000	4,000
Share Capital	5,00,000	3,00,000

Additional information:

During the year 2015-16:

(a) A piece of furniture costing ₹ 30,000 (accumulated depreciation ₹ 3,000) was sold for ₹ 25,000.

(b) Tax of ₹ 9,000 was paid.

(c) Interim Dividend of ₹ 4,000 was paid.

(d) The company paid ₹ 3,000 as interest on debentures.

Comments of Examiners

(i) Most of the candidates could calculate cash from Financing Activities.

(ii) A few candidates calculated 'net profit before tax' in the format of the cash flow statement and not as a working note.

(iii) In some cases, candidates could not differentiate between final dividend and interim dividend.

(iv) Some candidates were unable to calculate depreciation charged on furniture.

Suggestion for teachers

Treatment of proposed dividend/ provision for tax/ accumulated depreciation needs to be done in detail.

MARKING SCHEME

Question 10

Working Note 1

Furniture A/c

Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	1,60,000	By Depreciation	13,000
		By Cash a/c (sale)	25,000
		By Loss on Sale	2,000
		By Balance c/d	1,20,000
	1,60,000		1,60,000

Working Note :2

Provision for Tax A/c

Particulars	Amount ₹	Particulars	Amount ₹
To Cash a/c	9,000	By Balance b/d	10,000
To Balance c/d	15,000	By Statement of P/L	14,000
	24,000		24,000

Working Note : 3

Calculation of Net Profit before Tax:

	₹
St of P/L	10,000
Interim Dividend	4,000
General Reserve	10,000
Proposed dividend	5,000
Provision for Tax	14,000
Net Profit before Tax	43,000

Cash Flow Statement

Particulars	₹	₹	₹
(i). Cash from Operating Activities			
NP before Tax (WN 3)		43,000	
<u>Add non op / non cash exp</u>			
Goodwill written off		10,000	
Depreciation on furniture		13,000	
Loss on sale of furniture		2,000	
Interest on Debentures		3,000	
Net Op Profit before WC changes		71,000	
Add Trade Receivables	3,000		
Add Inventories	5,000		
Less Pre-paid Expenses	(2,000)		
Add Outstanding Expenses	2,000		
Less Trade Payables	(4,000)	4,000	

Cash from Operating Activities before Tax paid		75,000	
Less Tax paid		(9,000)	
Cash Flow from Operating Activities			66,000
(ii) Cash from Financing Activities	₹	₹	₹
Issue of Share Capital		2,00,000	
Issue of Debentures		10,000	
Interest on Debentures Paid		(3,000)	
Interim Dividend paid		(4,000)	
Final Dividend paid		(4,000)	
Cash Flow from Financing Activities			1,99,000

Question 11

(A) What is meant by the term *Cash Equivalents* as per Accounting Standard 3? **[2]**

(B) The Current Ratio of a company is 2:1. **State whether the Current Ratio will *improve*, *decline* or *will not change* in the following cases**: **[2]**

(i) Bill Receivable of ₹ 2,000 endorsed to a creditor is dishonoured.

(ii) ₹ 8,000 cash collected from Debtors of ₹ 8,500 in full and final settlement.

(C) **From the following information, prepare a Comparative Statement of Profit and Loss of Matrix Ltd**: **[6]**

Particulars	**31.03.2016 ₹**	**31.03.2015 ₹**
Revenue from Operations	3,00,000	2,50,000
Cost of Material consumed	1,70,000	1,50,000
Interest from Investments	20,000	20,000
Employee Benefit Expenses	10,000	10,000
Tax Rate	50%	50%

Comments of Examiners

(A) A large number of candidates could write this answer correctly. Several candidates wrote only the items falling under cash & cash equivalent instead of writing its meaning.

(B) Most of the candidates were able to give the correct answer.

(C) Many candidates were able to answer this question satisfactorily. A few candidates gave incorrect/incomplete heading.

Suggestions for teachers

- Stress to be laid on terminology.
- Insist on the complete heading of the comparative & common size income statements and balance sheet.

MARKING SCHEME

Question 11

(A) (i) It must be readily convertible into known amount of cash within a span of three months or less than three months.

(ii) It must be subject to an insignificant risk of charges in value.

(B) (i) Decline.

(ii) Decline.

(C) **Comparative Statement of P/L of Matrix Ltd.**

For the year ended 31.03.2016 and 31.03.2015

Particulars	31.03.2016	31.03.2015	Absolute change	% Change
Revenue from Operations	3,00,000	2,50,000	50,000	20
Interest from Investments / Other Income	20,000	20,000	--	--
Total Revenue	3,20,000	2,70,000	50,000	18·52
Expenses				
Cost of Material consumed	1,70,000	1,50,000	20,000	13·33
Employee Benefit Expenses	10,000	10,000	--	--
Total Expenses	1,80,000	1,60,000	20,000	12·5
Profit Before Tax	1,40,000	1,10,000	30,000	27·27
Less Tax	70,000	55,000	15,000	27·27
Profit After Tax	70,000	55,000	15,000	27·27

SECTION C (20 Marks)

Answer any two questions.

Question 12

(a)	What is meant by the error #REF! in MS EXCEL?	**[2]**
(b)	What is ‘DELETE’ statement?	**[2]**
(c)	What is *Drop Table?*	**[2]**
(d)	What is the short-cut key in MS EXCEL to ‘undo the last action’?	**[2]**
(e)	Is any symbol used as a prefix for a formula? If yes, give the symbol.	**[2]**

Comments of Examiners

Very few candidates attempted this question.

Suggestion for teachers

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

MARKING SCHEME

Question 12

(a)	If any incorrect/invalid formula is given in the MS EXCEL spreadsheet, the error message displayed is #REF!
(b)	To remove an entire row of data from the table, the DELETE statement can be used.
(c)	The Drop Table command is used to delete a table and all rows in the table.
(d)	Ctrl+Z
(e)	Yes. The symbol is the equal to symbol or =

Question 13

(a)	Explain *any two* types of Databases.	**[2]**
(b)	Give *any two* examples where Database can be used.	**[2]**
(c)	What is a *composite key?*	**[2]**
(d)	Give the full form of RDBMS.	**[2]**
(e)	Explain what is meant by: (i) Form (ii) Report	**[2]**

Comments of Examiners

This question was not attempted by many candidates.

Suggestions for teachers

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

MARKING SCHEME

Question 13

(a)	(i) Hierarchical Databases – were used because of their high storage efficiency and excellence performance. It was organized as an inverted tree. The top mode was treated as the parent. (ii) Network Databases – were similar to the hierarchical databases. In fact, network databases could be categorized as a subset of hierarchical databases. Instead of having a single parent tree hierarchy, network databases use the tree-like hierarchy with an exception that a child can never have multiple parents. *(iii)* Relational Databases – Relational Databases revolve around the term 'table'. A table is a collection of information about the related term. For example, a table of a customer would contain the customer's name and other details like the address, the phone number etc. A relational Database is a collection of multiple tables that could be related to each other. (*any two*)
(b)	(i) Computerised Library System (ii) Automated Teller Machine (iii) Flight Reservation System *(any two)*
(c)	When the key that uniquely identifies the rows of the table is made up of more than one attribute, it is called a composite key.
(d)	RDBMS Relational database management system
(e)	(i) Form: An object which can be used to enter, change and view records of Data. A form can also be used to display records on the screen or in print. (ii) Report: An object which can be used to print records in a custom layout. A report can be used to group records and show totals for groups and grand totals for the entire report.

Question 14

	A	B	C	D	E	F	G	H	I
1		LEARNERS COLLEGE Mark Sheet for Class XII-D							
2	Index No	Name	English	Accounts	Economics	Maths	Total Marks	Rank	Average Marks
3	D/001	Sneha	55	76	47	88			
4	D/002	Navya	69	64	77	91			
5	D/003	Charan	78	89	91	83			
6	D/004	Nitya	88	?	60	67	287		71·75
7	D/005	Ravi	46	61	41	43			
8	D/006								
9	D/007								
10	D/008								
11	Total -								
12	Average -								

(a) Write a formula for calculating Nitya's score in cell **D6**. **[2]**

(b) Write a formula for calculating the average marks obtained by Charan in cell **I5**. **[2]**

(c) Write a formula for calculating the average marks in Economics in cell **E12**. **[2]**

(d) Write a formula for calculating the average marks of all the students of Class XII D in cell **G12**. **[2]**

(e) Write a formula for calculating the rank of Sneha, based on the total marks obtained by the students of Class XII-D. **[2]**

Comments of Examiners

Very few candidates attempted this question.

Suggestions for teachers

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

MARKING SCHEME

Question 14

(a)	(i)	72
	(ii)	=G7-C7-E7-F7 OR =G7-(C7+E7+F7)
(b)	=**Average**(C5:F5)	

	OR =SUM(C5:F5)/4 OR =(C5+D5+E5+F5)/4
(c)	= **Average**(E3:E7) OR =SUM(E3:E7)/5 OR =(E3+E4+E5+E6+E7)/5
(d)	= **Average**(G3:G7) OR =SUM(G3:G7)/5 OR =(G3+G4+G5+G6+G7)/5
(e)	=RANK(G3, $G $3 : $G $7, 0)

GENERAL COMMENTS

Topics found difficult by candidates

- Calculations of interest on drawings.
- Past adjustment.
- Treatment of realization expenses.
- Calculations of depreciation charged on furniture in cash flow statement.
- Concept of writing off loss in value of investments from investment fluctuation reserve.
- Calculation of net gain made on reissue of forfeited shares.
- Calculation of debt equity ratio.

Concepts in which candidates got confused

- Meaning of total debt and long term debt.
- Treatment of debit balance of P/C A/C during reconstruction of a partnership firm.
- 'Head', 'Sub-heading' & 'item' in a company's balance sheet.
- Interim dividend & proposed dividend.

Suggestions for candidates

- Understand the concept before attempting any question. This will also help while attempting the theory questions.
- Do not resort to selective study. The entire syllabus must be done in totality.
- The scope of the syllabus should be strictly adhered to.
- In Partnership Accounts:
  1.Check the date of reconstruction of the firm and date the balance sheet accordingly.
  2.Think of the journal entry before posting in the ledger Accounts