

MARKING SCHEME
SAMPLE QUESTION PAPER -I
ACCOUNTANCY
Class - XII
Set - I
Part A

Accounting for Not for Profit Organizations, Partnership Firms and Companies

1. Such organisations are formed for providing service to a specific group or public at large and not to earn profit. (1)
2. Charu is correct.
Reason : In the absence of partnership deed profits are to be shared equally. ($\frac{1}{2}+\frac{1}{2}=1$)
3. Gaining share = New Share-Old Share (1)
4. Old Ratio i.e. 1:1 (1)
5. The debentures which are convertible into equity shares or other securities either at the option of debentureholder or at the option of the company after a specified period. (1)

6. **COSMOS CLUB**

Balance Sheet as on 31 March, 2007

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Tournament Fund	1,50,000	Tournament Fund Investment	1,50,000
(+) Income from Tournament Fund Investment	18,000	Accrued Interest on Tournament Fund Investment	6,000
	1,68,000		
(+) Accrued Interest on Tournament Fund Investment	6,000		
	1,74,000		
(-) Tournament expenses	12,000		
	1,62,000		

($\frac{1}{2} \times 6 = 3$)

7. (i) Utilise Rs. 10,00,000 to write off underwriting commission.
- (ii) Utilise remaining Rs. 12,00,000 to provide for premium on redemption of 9% Debentures. ($1\frac{1}{2}+1\frac{1}{2}=3$)

8.

JOURNAL

Date	Particulars	L.F.	Debit	Credit
	Bank Account Dr. To Share Application & Allotment A/c (Being application money received on 30,000 shares @ Rs.11 each)		3,30,000	3,30,000
	Share Application & Allotment Account Dr. To Share Capital Account To Securities Premium Account To Bank Account (Being application money adjusted towards share capital and securities premium; balance refunded)		3,30,000	2,00,000 20,000 1,10,000

(1 + 2 = 3)

9.

JOURNAL

Date	Particulars	L.F.	Debit	Credit
31.3.07	B's Current A/c Dr. C's Current A/c Dr. To A's Current A/c (Being omission of interest on capital for three years rectified)		1,000 4,000	5,000

(2)

Working Notes :**(i) Interest on capital**

$$(A) \quad \frac{10}{100} \times \text{Rs. } 1,00,000 = \text{Rs. } 10,000 \times 3 \text{ years} = \text{Rs. } 30,000$$

$$(B) \quad \frac{10}{100} \times \text{Rs. } 80,000 = \text{Rs. } 8,000 \times 3 \text{ years} = \text{Rs. } 24,000$$

$$(C) \quad \frac{10}{100} \times \text{Rs. } 70,000 = \text{Rs. } 7,000 \times 3 \text{ years} = \text{Rs. } 21,000$$

Total

Rs. 75,000

(1)

(ii) **Statement showing Adjustment to be made :**

Particulars	A	B	C
1. Amount already credited by way of share of profit	Rs. 25,000	Rs. 25,000	Rs. 25,000
2. Amount which should have been credited by way of interest on capital	Rs. 30,000	Rs. 24,000	Rs. 21,000
3. Difference (1-2)	Rs. 5,000	1,000	Rs. 4,000
	Cr.	Dr.	Dr.
	Short	excess	excess

(1)

(2 + 1 + 1 = 4)

10. **X Y Z**

Old Ratio 5 : 3 : 2

New Ratio 2 : 3 : 5

Change in Ratio = OR - NR

$$X = \frac{5}{10} - \frac{2}{10} = \frac{3}{10} \text{ (Sacrificing Partner)}$$

$$Y = \frac{3}{10} - \frac{3}{10} = 0$$

$$Z = \frac{2}{10} - \frac{5}{10} = -\frac{3}{10} \text{ (Gaining Partner)} \quad (1)$$

Total amount of adjustment to be made :

Profit and Loss A/c (Cr. Balance)	Rs.24,000
Advertisement Suspense	(12,000)
Total Amount to be adjusted	<u>12,000</u>

Z's share of gain = $\frac{3}{10} \times \text{Rs.12,000} = \text{Rs.3,600}$

X's share of sacrifice = $\frac{3}{10} \times \text{Rs.12,000} = \text{Rs.3,600}$ (1)

JOURNAL

Date	Particulars	Rs.	Rs.
	Z's Capital A/c Dr. To X's Capital A/c (Being adjustment made on account of change in profit-sharing ratio)	3,600	3,600

(2)

(1+1+2=4)

11.

**Book of Vinod Ltd
Journal**

Date	Particulars	Amount (Rs.)	Amount (Rs.)
1	10% Debentures A/c Dr To Bank A/c To profit on Redemption of Debentures A/c (Being purchase of 400 debentures @ Rs. 97.50 plus 200 for expenses)	40,000	39,200 800
2	10% Debentures A/c Dr To Debenture Holders A/c (Being redemption of Rs. 10,000 debentures due)	10,000	10,000
3	Debenture Holders A/c Dr To Bank A/c (Being amount paid to debenture holders)	10,000	10,000
4	Profit on Redemption of debentures A/c Dr To Capital Reserve A/c (Being transfer of Profit on redemption to Capital Reserve)	800	800
5	Profit and Loss Appropriation A/c Dr To Bank A/c (Being transfer of Profit to Debenture Redemption Reserve)	10,000	10,000

2 marks for entry no. 1, ½ mark each for remaining 4 entries

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

12. (a)

JOURNAL

Date	Particulars	L.F.	Debit	Credit
	Plant and Machinery A/c Dr. Buildings A/c Dr. Stock A/c Dr. Sundry Debtors A/c Dr.		4,00,000 6,00,000 5,00,000 3,00,000	
	To Sundry Creditors A/c To Krishna Limited A/c To Capital Reserve A/c (being the purchase of assets and liabilities of Krishna Limited)			2,00,000 15,00,000 1,00,000
	Krishna Limited A/c Dr. To Bank A/c (Being Rs.3,00,000 paid to Krishna Ltd. by cheque)		3,00,000	3,00,000
	Krishna Limited A/c Dr. To 9% Debentures A/c (Being the balance Rs.12,00,000 discharged by issue of 9% Debentures at par)		12,00,000	12,00,000

(1 + 1 + 1 = 3)

12. (b)

JOURNAL

Date	Particulars	L.F.	Debit	Credit
1.1.04	Bank A/c Dr. To 10% Debenture Application and Allotment A/c (Being application money received on 1000 debentures @ Rs.500)		5,00,000	5,00,000
1.1.04	10% Debenture Application and Allotment A/c Dr. To 10% Debentures A/c (Being application money transferred to 10% Debentures account consequent upon allotment)		5,00,000	5,00,000
1.1.06	10% Debentures A/c Dr. To Debentureholder A/c (Being amount due to Debentureholder on conversion)		1,00,000	1,00,000
1.1.06	Debentureholder A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being the issue of 800 equity shares of Rs. 100 each at a premium of Rs.25 per share)		1,00,000	80,000 20,000

Working Note : Calculation of Number of Shares

$$\begin{aligned} \text{Number of equity shares} &= \frac{1,00,000}{125} \\ &= 800. \end{aligned}$$

$$\begin{aligned} &(\frac{1}{2} + 1 + \frac{1}{2} + 1 = 3) \\ &(3+3=6) \end{aligned}$$

13.

Income and Expenditure Account
for the year ending December, 2006

Dr.	Rs.	Cr.	Rs.
Expenditure		Income	
To Salaries Rs.3,30,000		By Subscription Rs.6,60,000	
Add : Outstanding for salaries <u>30,000</u>	3,60,000	Add : Advance Subscription received in 2005 for 2006 Rs. 20,000	6,80,000
To Depreciation on Sports Equipments 3,00,000		By Interest on Investments @8% on Rs.5,00,000	40,000
+ 4,00,000			
- 6,50,000	50,000		
To Surplus (bal. fig.)	3,10,000		
	<u>7,20,000</u>		<u>7,20,000</u>

Balance Sheet as on 31st December, 2006

(2½)

Liabilities	Rs.	Assets	Rs.
Capital Fund Rs. 9,70,000		Investments	5,00,000
Add : Surplus <u>3,10,000</u>	12,80,000	Sports Equipments Rs.3,00,000	
		Add : Purchased <u>4,00,000</u>	
		7,00,000	
Salaries Outstanding	30,000	Less : Depreciation <u>50,000</u>	6,50,000
		Cash	1,60,000
	<u>13,10,000</u>		<u>13,10,000</u>

(2½)

Working Note :

Balance Sheet as on 31st December, 2005

Liabilities	Rs.	Assets	Rs.
Subscription Received in Advance	20,000	Cash	1,90,000
Capital Fund	9,70,000	Investment	5,00,000
(bal.fig)	<u>9,90,000</u>	Sports Equipment	3,00,000
			<u>9,90,000</u>

(1)

(2½+2½+1=6)

14.

REVALUATION ACCOUNT

Dr.

Cr.

Particulars	Rs.	Particulars	Rs.
To Machinery	10,000	By Leasehold	25,000
To Profit Transferred to Capital Accounts :		By Patents	10,000
Ram : Rs. 12,500			
Mohan : 7,500			
Sohan : <u>5,000</u>	<u>25,000</u>		
	<u>35,000</u>		<u>35,000</u>

(2)

Sohan's Capital Account

	Rs.		Rs.
To Sohan's Executor's A/C	1,26,000	By Balance b/d	75,000
		By Revaluation A/c	5,000
		By Ram's Capital A/c	
		$\left(\text{Rs. } 35,000 \times \frac{5}{8} \right)$	21,875
		By Mohan's Capital A/c	
		$\left(\text{Rs. } 35,000 \times \frac{3}{8} \right)$	13,125
		By P& L Suspense A/c	5,000
		By Workmen's Compensation Reserve A/c	6,000
	<u>1,26,000</u>		<u>1,26,000</u>

(4)

Working Notes :(i) Sohan's share of Goodwill : $1/5$ of Rs. 1,75,000 = Rs. 35,000.

The amount for Goodwill to be contributed by Ram and Mohan in the ratio of 5:3.

(ii) Profit of Sohan till the time of death that is upto 31.07.2006 (for 4 months)

$$\text{Rs. } 75,000 \times \frac{4}{12} \times \frac{2}{10}$$

= Rs. 5,000.

(2+4=6)

15.

JOURNAL

Date	Particulars	L. F.	Dr. Amt. (Rs.)	Cr. Amt. (Rs.)
(i)	Bank A/c Dr. To Share Application A/c (Being application money received on 23000 shares @Rs.10 per share)		2,30,000	2,30,000
(ii)	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c To Call in advance A/c To Bank A/c (Being application money adjusted and balance refunded)		2,30,000	1,00,000 80,000 20,000 30,000
(iii)	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (Being allotment money due)		4,00,000	3,00,000 1,00,000
(iv)	Bank A/c Dr. To Share Allotment A/c (Being allotment money received)		3,20,000	3,20,000
(v)	Share First & Final Call A/c Dr. To Share Capital A/c To Securities Premium A/c (Being Call money due)		7,00,000	6,00,000 1,00,000
(vi)	Bank A/c Dr. Call in advance Dr. To Share First & Final Call A/c (Being call money received)		6,80,000 20,000	7,00,000

(1+2+1+1½ + 1 + 1½ = 8)

Working Notes :

i) Total amount received on application = Rs.10x23,000 = Rs. 2,30,000

ii) Pro rata category applied 12,000 : Allotted 2,000 (i.e. 6:1)

Money received on application 12,000xRs10 = Rs.1,20,000

Money required on application 2,000xRs10 = Rs.20,000

Excess money received on application = Rs. 1,00,000

Money required on allotment 2,000xRs.40 = Rs.80,000

So entire amount due on allotment is already received. Excess Rs.20,000 is transferred to calls in advance. This amount will be credited to Calls in Advance A/c. In that case, Calls in Advance A/c will be debited in entry No.6 along with Bank A/c and Share First and Final Call A/c will be credited with full amount of Rs.7,00,000.

15.

OR

IN THE BOOKS OF SANGITA LTD.

JOURNAL

Date	Particulars	L. F.	Dr. Amt. (Rs.)	Cr. Amt. (Rs.)
(i)	Bank A/c Dr. To Share Application A/c (Being application money received on 92,000 shares @ 2 per share)		1,84,000	1,84,000
(ii)	Share Application A/c. Dr. To Share Capital A/c. To Bank A/c To Share Allotment A/c (Being the application money adjusted towards share capital and share allotment and surplus refunded)		1,84,000	1,20,000 4,000 60,000
(iii)	Share Allotment A/c Dr. To Share Capital A/c (Being allotment money due on 60,000 Shares @ Rs. 3 per Share)		1,80,000	1,80,000
(iv)	Bank A/c Dr. To Share Allotment A/c (Being allotment money received)		1,08,000	1,08,000
(v)	Share First and Final Call A/c Dr. To Share Capital A/c (Being first and final call money due on 60,000 shares @ Rs. 5 per share)		3,00,000	3,00,000
(vi)	Bank A/c. Dr. To Share First and Final Call A/c (Being first and final call money received)		2,50,000	2,50,000
(vii)	Share Capital A/c Dr. To Share Allotment A/c To Share First and Final Call A/c To Share Forfeited A/c (Being 4000 shares forfeited due to non-payment of allotment and first and final call)		40,000	12,000 20,000 8,000

(Marks 1+1+1+1+1+1+2 = 8)

Working Notes :

1. Utilization of excess money received on application for pro rata category 5 : 2

	Rs.
Money received on application 50,000x Rs.2	=1,00,000
Money required an application 20,000x Rs.2	= 40,000
Excess money received	= 60,000
Amount due on allotment 20,000x Rs.3	=60,000

So entire excess money (Rs. 60,000) is adjusted towards allotment.

2. Number of shares on which allotment is not received

	Rs.
Total Allotment money due 60000x Rs.3	= 1,80,000
Less : Allotment money already received	= 60,000
Less : Allotment money received	= 1,08,000
Amount not received on allotment	=12,000
Allotment money per share	= Rs. 3

Number of shares on which Allotment

Money is not received $= \frac{12,000}{3} = 4,000$ Shares

3. Number of Shares on which first call is not received

	Rs.
Total First Call money due 60,000xRs.5	= 3,00,000
Less First Call money received	= 2,50,000
Amount Not Received on first call	= 50,000
First call per share	Rs. 5

Number of shares on which first call money is not received $= \frac{50,000}{5} = 10,000$ Shares

(Which includes 4,000 shares on which allotment money was not received. These shares were forfeited)

16. **Revaluation A/c**

Particulars	Rs.	Particulars	Rs.
To Stock	2,000	By Furniture	6,000
To Partners' Capital A/c			
L 2,500	4,000		
M 1,500	6,000		
	6,000		6,000

(1½)

16.

Dr.				Partners' Capital A/c.				Cr.			
Particulars	L Rs.	M Rs.	N Rs.	Particulars	L Rs.	M Rs.	N Rs.				
To L's Capital			4,000	By Balance b/d	30,000	20,000	-				
To M's Capital			4,000	By Reserve Fund	2,500	1,500	-				
To Balance c/d	39,000	27,000	17,000	By Revaluation A/c	2,500	1,500	-				
				By Cash A/c	-	-	25,000				
				By N's Capital A/c*	4,000	4,000					
	<u>39,000</u>	<u>27,000</u>	<u>25,000</u>		<u>39,000</u>	<u>27,000</u>	<u>25,000</u>				

(1½x3=4½)

Balance Sheet as at.....

Liabilities		Rs.	Assets		Rs.
Capital	Rs.		Machinery		26,000
L	39,000		Furniture		24,000
M	27,000		Stock		8,000
N	<u>17,000</u>	83,000	Debtors		8,000
Bank Loan		12,000	Cash		31,000
Creditors		<u>2,000</u>			
		97,000			97,000

(2)

*Working Note

N's Capital A/c Dr	8,000	
To L's Capital A/c		4,000
To M's Capital A/c		4,000

1½ + 4½ + 2 = 8

OR

Dr.				Realisation Account				Cr.			
Particulars		Rs.		Particulars		Rs.					
To Goodwill		10,000		By Investment Fluctuation Fund		5,000					
To Buildings		25,000		By Provision for doubtful debts		2,000					
To Investments		25,000		By Creditors		8,000					
To Stock		15,000		By Bank overdraft		6,000					
To Debtors		17,000		By X's Brother's loan		8,000					
To X's Capital A/c (X's brother's Loan)		8,000		By Bank :							
To Bank :				Assets realised							
Creditors	6,000			Debtors	12,000						
Bank overdraft	6,000	12,000		Investments	20,000						
				Goodwinll	6,000						
				Buildings	29,000						
				Stock	5,000		72,000				
To Bank :											
(Realisation exp.)		2,000		By Y's Capital							
				Stock		4,000					
				By Loss transfered to:							
				X's capital A/c	7200						
				Y's capital A/c	1800		9000				
		<u>1,14,000</u>					<u>1,14,000</u>				

(4)

Partners' Capital A/c

Particulars	X (Rs)	Y (Rs)	Particulars	X (Rs)	Y (Rs)
To Profit & Loss A/c	8,000	2,000	By Balance b/d	50,000	40,000
To Realisation A/c	-	4000	By Realisation A/c	8,000	-
To Realisation A/c (Loss)	7,200	1,800			
To Bank A/c	42,800	32,200			
	58,000	40,000		58,000	40,000

(2)

Dr.

Bank A/c

Cr.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance b/d	20,000	By Y's Loan A/c	3,000
To Realisation A/c	72,000	By Realisation A/c	
		Liabilities paid off	12,000
		By Realisation Exp. A/c	2,000
		By X's Capital A/c	42,800
		By Y's Capital A/c	32,200
	92,000		92,000

(2)

(4+2+2= 8)

PART - B

17. The two choices to maintain Debt equity at 1:1 from 3:1 are :
 (i) To increase equity
 or (ii) To reduce Debt
 (iii) Both i.e. increase equity and reduce Debt. 1
18. No Flow 1
19. Operating Activity 1

20. **Liabilities side of the Company's Balance Sheet as per
 Schedule VI Part -I of the Companies Act, 1956**

Liabilities	Rs.	Asset	Rs.
1. Share Capital			
2. Reserves & Surplus			
3. Secured Loans			
4. Unsecured Loans			
5. Current Liabilities & Provisions :			
(A) Current Liabilities			
(B) Provision			

(½ Mark for first four
 items and ½ + ½ for fifth item = 3)

21. **Comparative Income Statement
 for the year ended 31st Dec, 2007**

Particulars	Absolute Figures		Change (Base year 2006)	
	2006 (Rs.)	2007 (Rs.)	Absolute figures (Rs.)	Percentage (%)
Sales	20,00,000	30,00,000	10,00,000	50%
Less : Cost of goods sold	12,00,000	21,00,000	9,00,000	75%
Gross Income/ Profit	8,00,000	9,00,000	1,00,000	12.5%
Less : Indirect Expenses	(4,00,000)	(3,60,000)	40,000	10%
Profit before Tax	4,00,000	5,40,000	1,40,000	35%
Less : Tax (50%)	(2,00,000)	(2,70,000)	(70,000)	35%
Profit after tax	2,00,000	2,70,000	70,000	35%

2 marks for calculating absolute changes
 2 marks for calculating percentage

(2+2=4)

22. Liquid Ratio = $\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$

$$= \frac{\text{Bills Receivables} + \text{Debtors} + \text{Cash}}{\text{Creditors} + \text{Bills Payable}}$$

$$= \frac{4,00,000 + 20,00,000 + 1,00,000}{15,00,000 + 10,00,000}$$

$$= \frac{25,00,000}{25,00,000}$$

1:1

(1)

After Court's decision, Current Liability increased by Rs. 4,00,000 and thus

$$\text{Liquid Ratio} = \frac{25,00,000}{29,00,000}$$

= 0.86:1 hence reduced

(1)

Current Ratio before court's decision was

$$= \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$= \frac{\text{Liquid Assets} + \text{Stock}}{\text{Current Liabilities}}$$

$$= \frac{25,00,000 + 9,00,000}{25,00,000}$$

OR 1.36 : 1

(1)

After Court's decision

$$\text{Current Ratio} = \frac{34,00,000}{29,00,000}$$

OR 1.17 : 1

Hence reduced

(1)

(1+1+1+1 = 4)

23.

CALCULATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Particulars	Details (Rs.)	Amount (Rs.)
Net profit before tax and extra-ordinary Items :		18,000
Items to be added		
Add : Depreciation	4000	
Discount on issue of Deb	500	
Goodwill Written off	2000	
Interest on Debentures	2100	
(10% of 21000)	8600	
Items to be deducted		
Less : Interest on Investment	(300)	8300
<u>Operating profit before working Capital Changes</u>		26300
Add : Increase in creditors	4000	(14,500)
Less : Increase in stock	(18,500)	-
Cash generated from operating activities		11,800

(5)

Working Notes :

Calculation of profit before Tax

Less : Closing balance as per P& L A/c	Rs. 7,000
Less : Opening balance as per P & L	(6,000)
Add : Transfer to General Reserve	5,000
	18,000

(1)

(5+1=6)

SAMPLE QUESTION PAPER-I

Subject : Accountancy

Class XII Max. Marks 80

Time : 3 hrs.

QUESTION-WISE ANALYSIS

S. No of question	Unit/Ch. Number	Marks allotted	Estimated time (Minutes)	Estimated Difficulty level
1	1	1	2 minutes	A
2	2	1	2 minutes	A
3	3	1	2 minutes	A
4	3	1	2 minutes	A
5	4	1	2 minutes	A
6	1	3	6 minutes	A
7	4	3	6 minutes	C
8	4	3	6 minutes	A
9	2	4	8 minutes	B
10	3	4	8 minutes	C
11	4	4	8 minutes	C
12	4	6	12 minutes	B
13	1	6	12 minutes	B
14	3	6	12 minutes	B
15	4	8	16 minutes	B
16	3	8	16 minutes	B
17	5	1	2 minutes	B
18	6	1	2 minutes	A

S. No of question	Unit/Ch. Number	Marks allotted	Estimated time (Minutes)	Estimated Difficulty level
19	6	1	2 minutes	A
20	5	3	6 minutes	A
21	5	4	8 minutes	B
22	5	4	8 minutes	B
23	6	6	12 minutes	C
Reference for abbreviations to Difficulty Level				
A	Easy	20%	16	
B	Average	60%	48	
C	Difficult	20%	16	