**ISC Board Accountancy Sample Paper**

**Q1. Mention two differences between Premium on Issue of Debentures and Premium on Redemption of Debentures.  
Answer:**

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| **Premium on Issue of Debenture** | **Premium on Redemption of Debenture** |
| **(1) It is a capital profits and used in writing of the capital losses (2) The balance of premium on issue of debenture A/c (securities premium A/c) is shown on the liabilities side of the balance sheet under the head, “Reserve and Surplus”.** | **(1) It is a capital loss. (2) It is a liability and appears under the head current liability and provisions until the debentures are repaid.** |

**Q2. State any two advantages of the Self Balancing System.  
Answer:  
1. Easy location of errors : Self balancing system localises the errors and facilitates their given detection with minimum effort.  
2. Division of work : It facilitates division of work among different employees of the business enterprises.**

**Q3. What is a stores ledger ?  
Answer: Store ledger is a record of material. It is prepared by stores department in which they kept the records of all receipts and issue of materials both in terms of quantity and value. In store ledger separate account for each material is kept.**

**Q4. What are quoted investments ?  
Answer: Investment in shares and debentures which are quoted on a recognised stock exchanger are called quoted investments. A company after fulfillment of certain conditions and payment of requisite fees, gets its shares and debentures listed on a stock exchange.**

**Q5. Mention any two differences between Revaluation Account and Realisation Account.  
Answer:**Difference between Revaluation account and Realisation account :

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|  | Revaluation account | Realisation account |
| (1) Meaning | In this effect of the revaluation of assets and liabilities is recorded. | In this realisation of assets and liabilities is recorded. |
| (2) Time | It is prepared at the time of admission, retirement or death of a partner. | It is prepared at the time of dissolution of the firm. |

**Q6. Why is the word memorandum affixed to the Memorandum Joint Venture Account ?  
Answer: Word memorandum affixed to the memorandum joint venture account because a joint venture account is prepared but not as a part of accounts. It is an alternative method when all the co-ventures maintain the books of account.**

**Q7. Mention any four sources of funds.  
Answer:  
(1) Funds from operation.  
(2) Funds from issue of share capital.  
(3) Funds from long term loans.  
(4) Funds from sale of fixed assets.**

**Q8. Give two differences between fixed and fluctuating capital accounts.  
Answer: The two differences are as follows :  
(a) When capital is fixed then two accounts are prepared i.e., Capital A/c & Current A/c. But when capital is fluctuating then only one account is to be kept i.e., Partner’s Capital A/c.**

**(b) When capital is fixed then all adjustments relating to interest on capital and drawings, salary & commission of Partner’s, share of Profit & Loss, Drawings of partner’s passed through current accounts of partner’s. But when Capital is fluctuating then all these adjustments are passed through in partner’s Capital A/c**

**(b) When capital is fixed then all adjustments relating to interest on capital and drawings, salary & commission of Partner’s, share of Profit & Loss, Drawings of partner’s passed through current accounts of partner’s. But when Capital is fluctuating then all these adjustments are passed through in partner’s Capital A/c**

**Q9. What is gaining ratio ?  
Answer: The gaining ratio is the ratio in which the retired partner or deceased partner share is acquired by the remaining (continuing) partner’s. It is calculated at the time of Retirement or death of a partner (formula for calculating Gaining Ratio is New Ratio – Old Ratio).**

**Q10. When drafting a company balance sheet under Schedule VI Part I, under which heading and sub-heading will calls in arrear and calls in advance appear ?  
Answer (i) Calls in arrear : This is shown on the liabilities side, under the head share capital and sub-heading called up capital, as a deduction from the called up capital. Calls in advance is shown separately in the balance sheet under the head share capital, subheading subscribed capital but it should not be added in subscribed capital.**

**Q11. State the two effects of the provision of Accounting Standard-10 as issued by the Institute of Chartered Accountants of**[**India**](http://www.indiaway.com/)**.  
Answer (ii) As per AS-10 (Regarding Goodwill).**

**(a) Firm can show the Goodwill in the books when firm purchased Goodwill from the market. In this case, the firm first raised the Goodwill in books and then written off.**

**(b) Goodwill is not shown in the balance sheet.**

**Q12. Why is premium on the issue of debentures considered a capital profit ?  
Answer (xiv) Premium on the Issue of debentures considered a capital profit because it is used for writing of capital losses. Such as discount on Issue of Shares & Debentures, Preliminary Expenses, Goodwill, Patents, Premium on Redemption of Debenture etc. It is shown in the liabilities side of Balance Sheet under the head of ‘Reserve and Surplus’.**