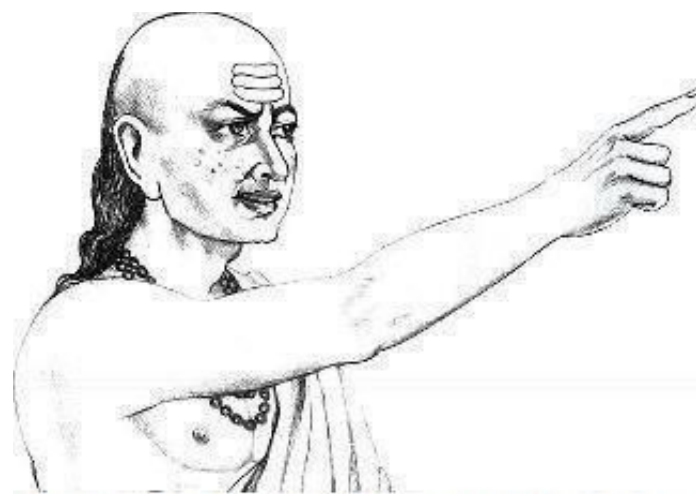


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NO ONE CAN DEFEAT
A POWERFUL MIND -
- "CHANAKYA"



Enabling Learners' Explorations in Business Studies and Accountancy

MANUAL FOR LECTURERS IN COMMERCE

2019-20



STATE COUNCIL OF EDUCATIONAL RESEARCH AND TRAINING
Varun Marg, Defence Colony, New Delhi – 110024

MANUAL FOR LECTURERS IN COMMERCE

2019-20



स्वाध्यायान्ता प्रमदः

STATE COUNCIL OF EDUCATIONAL RESEARCH AND TRAINING
Varun Marg, Defence Colony, New Delhi – 110024

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* For detailed Syllabus visit [cbse link](https://www.cbse.gov.in/)

**For CBSE Examination Material – Visit [cbse.nic.in/newsite/examination.html](https://www.cbse.gov.in/newsite/examination.html)

Foreword

“Children must be taught how to think, not what to think.”—by Margaret Mead provides a vital clue to the teaching–learning processes that should take place in the confines or beyond the classrooms. Taking the students beyond the textbooks and making them think out of the box are the significant concerns that teacher have to really work on .Effective Students’ Engagement lies in the activity–based and joyful processes by the teacher in the classrooms.

Training of teachers to update them about the changes in syllabus and assessment is essential for their professional development. SCERT/DIET have been organising Capacity Building programs for teachers from time to time to orient them not only to the new changes but also updating them with the pedagogy for improving teaching- learning processes in the classrooms. The changes in syllabus and hard spots are addressed through face to face training supported by Teachers ’Manual.

The recent CBSE question papers have shown a noticeable shift to Application Based Questions too. By introducing the Multiple Choice Questions (MCQs) //Objective Type Questions this year, it has brought more objectivity and thorough study which requires a great deal of effort on the part of teachers as well students. The manual is an attempt in this direction.

I, hereby, extend a sincere word of appreciation for the Coordinator and entire team of contributors who have brought this Manual in present shape. It was a tremendous task that would not have been possible without the vision and passion of the people who have incorporated desired inputs, interactive activities, recent changes in syllabus, innovative methodology of teaching-learning processes, assessments strategies and enriching reading material for teachers including Question Bank and Sample Question Papers based on new CBSE pattern.

I extend a deep sense of reverence and gratitude to all concerned authorities; DOE, NCERT and CBSE for extending all academic support for incorporating required content in the Modules for capacity building of Lecturers in Commerce. We look forward for your continued support and academic associations for quality education and capacity building of teachers.

I sincerely wish and hope the efforts of entire contributors’ team will benefit the teachers in improving and enhancing students’ performance .I am certain that teachers will also take it enthusiastically with same zeal and passion to their classrooms.

Your observations and suggestions are welcome on the modules.

Dr. Sunita S. Kaushik
Director
SCERT

From Principal's Desk

“I am not a teacher, but an awakener.” A famous quote by — **Robert Frost** speaks volumes as far as the challenging role a teacher has in shaping the future generations.

SCERT organises Capacity Building/Orientation of teachers on the changes in syllabus, evaluation strategies brought in by NCERT and CBSE from time to time and hard spots identified in the subject every year and provides reading material based on the same. Significant initiatives have been taken by the state for qualitative improvement in education in the recent past.

The present Manual has been developed focussing on implementing the significant changes in the Commerce Curriculum at Sr. Secondary stage of education and covers the important areas, which the teachers should address for improving the performance of the students. The Manual also provides the teachers to explore, discuss question etc. to makes the teaching-learning process more effective. It includes examination related reading material, practice questions on new additions in an interesting and analytical manner. Evaluation and test items used on different domains are also covered. Teachers should feel free to use this Manual as reference material during the classroom teaching-learning processes.

The attempts to build the capacities of teachers by addressing the hard spots in the subject have remained the major focus for bringing qualitative improvement in students' performance. Teachers have to take a lead in taking the material and pedagogic interventions with the same zeal and passion to make the efforts a success.

I would like to thank and congratulate the Co-ordinator, *Dr. Seema Srivastava*, Sr. Lecturer, DIET, Rajinder Nagar for her sincere efforts and perseverance in bringing out the manual in the present shape. The entire team of Contributors also deserve appreciation for completing this assignment. I hope this Manual will prove helpful to the teachers in planning and transacting the curriculum in the classroom effectively for motivating students in improving and enhancing their performance in examinations .I wish them success in all their endeavours.

Dr. Mohammad Zamir
Principal
DIET, Rajinder Nagar

Editorial....

As beautifully quoted by Nelson Mandela“ A good head and good heart are always a formidable combination. But when you add to that a literate tongue or pen, then you have something very special.”

The Senior Secondary stage has shown a remarkable change in the content, pedagogy and assessment. Changes require more intense and elaborative teaching–learning process where **constructivism** takes the main focus. Taking the students beyond the confines of classroom and beyond textbooks are the new challenges for the teacher. It is enjoyable if teachers are prepared and have a keen observation and intellect to transact the curriculum with the zeal and passion.

Teaching of Commerce has taken a paradigm shift with changes in assessment practices by introducing Multiple Choice Questions and Objective Type Questions impacting the classroom process in a major way. This changing scenario has brought a pragmatic curriculum that corresponds to the world of work and it impacts the content and treatment in the subject of Accountancy and Business Studies when Cases are drawn from the real world of business. Introducing MCQs and Objective type Questions in class XI and XII also require enough practice by teachers as well as students.

This Manual is prepared to give you the changes in Business Studies and Accountancy with exemplar questions and Exercises to practice. The Skill of framing and attempting MCQs in each topic is covered. It also contains the strategies to enhance performance, analysis of board papers, practice questions and simplified text for easy memorization and comprehension. New topics, Typology of Questions, techniques of attempting Case Studies with exemplars, common errors and how to address these with students are developed by the team of experts /contributors with great deal of efforts and enthusiasm. It includes and elaborates on the changes in Commerce Syllabus at Sr. Secondary level. You will find the brief content material along with some activities and assessment questions. Motivated learner always performs better.

The NCERT and CBSE keep updating the methodology and assessment to make the subject pragmatic and giving teachers and students’ scope to think beyond textbooks .Moreover it’s the teachers’ responsibility to teach the subject in an interesting manner and motivate to study consistently by giving enough practice for board examinations.

This time also this Manual is an attempt in this direction to expose you to the recent changes in the Assessment and pattern of Business Studies and Accountancy Question Paper of Class XII. It will also be addressed during Training Program for Teachers along with hard spots and related reading material. The support material developed by SCERT / DIET is an initiative in this direction for capacity building of teachers. Pedagogy of teaching Commerce has also been discussed along with activity Bank which you will find interesting. You will also find **QR CODES** for accessing additional Enrichment Materials besides the

Printed Reading Material. I wish and hope it will help furthering your competence and exposure. You will also find Commerce Dictionary in English version for your reference. It will enable you to frame one marker questions including MCQs and Objective type questions on the basis of the terminology covered in the dictionary. Practice and enhance students' comprehension on the usage of various terms.

I take this opportunity to express a deep sense of reverence and gratitude to Dr. Sunita S. Kaushik, Director, SCERT and Dr. Nahar Singh, Joint Director, SCERT and Dr. Mohammad Zamir, Principal DIET, Rajinder Nagar for their continuous support and encouragement. I owe special thanks to Academic and Administrative Staff for facilitating and extending unconditional support at all stages of completing this assignment.

Thanks are also extended to the team of Contributors, Subject Experts, and their concerned authorities, Faculty of various Institutes, DDEs and Officials of Directorate, Principals and Teachers of Government Schools, Aided / Public Schools for providing invaluable suggestions and support at all stages of development of this Module.

I sincerely wish all Stakeholders success and achievement in the form of enhanced students' performance.

The observations, suggestions and comments related to the Manual are welcome.

Dr. Seema Srivastava
Sr. Lecturer
DIET, Rajinder Nagar, Delhi

Note to Readers
Accountancy Syllabus (CBSE)
for the Academic Session 2019–20

In the Accountancy syllabus for the academic session 2019–20, CBSE has brought depth in the subject and clarity in areas where confusion persisted. The changes are:

1. Objective Type Questions/Multiple Choice Questions (MCQs) will be of 20 Marks;
2. IND-AS replaces IFRS (Class XI);
3. GST shall involve simple calculations (Class XI);
4. Weightage of Partnership Accounts reduced from 35 to 30 Marks and that of Company Accounts increased from 15 to 20 Marks;
5. In Partnership Accounts, Goodwill may be raised and written off in the case of Change in Profit-sharing Ratio, Admission, Retirement or Death of a partner;
6. Discount or Loss on Issue of Debentures to be written off in the year when debentures are issued from Securities Premium Reserve, if it exists, or from Statement of Profit and Loss; and
7. Proposed Dividend to be given treatment as per AS 4, Contingencies and Events Occurring after the Balance Sheet Date.

The detailed analysis of the changes in Syllabus and its impact are as under.

Objective Type Questions / Multiple Choice Questions (MCQs)

The rationale behind introducing 20-Mark Objective Type Questions/MCQs will prevent students from selective study besides having concept clarity, which will enable students to answer questions correctly and in lesser time. Objective Type Questions / MCQs will enable the Paper Setter to test the students from almost all the chapters. This will put more onus on teachers to discuss the concepts more deeply.

Replacement of IND-AS with IFRS

IND-AS replaces IFRS (Class XI) which will make accounting education more relevant in the Indian context. India does not follow IFRS as it is but has converged its accounting standards into IFRS. Thus, in India we follow IND–AS in respect of specified companies. It should be understood that in the case of Companies, there are two sets of accounting standards. Accounting Standards (AS) that are applicable to Companies to which IND-AS is not applicable and Indian Accounting Standards (IND-AS) applicable to specified companies. Both sets of accounting standards are notified in the Companies Act, 2013.

Marks Weightage to Topics

Marks Weightage of Partnership Accounts and Company Accounts Marks is now 30 Marks (earlier 35 Marks) and 20 Marks (earlier 15 Marks).

Self-Generated Goodwill

Self-Generated Goodwill may be raised and then written off in the cases of reconstitution of Partnership such as Change in Profit-sharing Ratio, Admission, Retirement or Death of a Partner.

Raising and Writing Off Self – generated Goodwill will not be in violation of AS 26, Intangible Assets in addition to earlier method of adjusting self-generated Goodwill through Partners Capital or Current Accounts.

Writing off Discount or Loss on Issue of Debentures

Discount or Loss on Issue of Debentures shall now be written off in the year of issue of Debentures as against earlier method of writing off during the life (redemption period) of the

debentures. The applicable accounting standard is *AS-16, Borrowing Costs*. It prescribes that Borrowing Cost that is of Capital nature is to be added to cost of the asset while Borrowing Cost that is of Revenue nature is to be written off in the year in which it is incurred.

Since Borrowing Cost with respect to Debentures is incurred in the year when Debentures are issued, discount or loss should be written off in the year when debentures are issued.

CBSE syllabus prescribes that Discount or Loss on Issue of Debentures shall be written off in the year when debentures are issued from Securities Premium Reserve, if it exists, and thereafter from Statement of Profit and Loss.

Treatment of Proposed Dividend

CBSE has now clarified that AS 4, Contingencies and Events Occurring After the Balance Sheet Date, on treatment of Proposed Dividend shall be followed.

Suggested Question Paper Design

CBSE has also issued Suggested Question Paper Design which is reproduced in later pages.

CHANGES IN SYLLABUS

SUBJECT : <u>BUSINESS STUDIES</u>	
CLASS XI	CLASS XII
Change in weightage of 1. UNIT 1 & 2 Earlier 20 reduced to 16 marks 2. UNIT 3 & 4 Earlier 18 reduced to 14 marks 3. Project Work Earlier 10 marks increased to 20 marks	1. 20 Marks for MCQ 2. Supervision is NOT A PART of directing chapter. 3. Difference between Marketing and Selling is removed. 4. Marketing Management is removed. 5. Factors determining Choice of channels of Distribution is removed. 6. Role/objections against Advertising is removed. 7. Qualities of good salesman is removed. 8. Techniques of Sales Promotion is removed. 9. Now Question Paper contains 32 questions. 10. No internal choice in 1 mark questions. 11. Total 6 internal choices will be provided.
SUBJECT : <u>ACCOUNTANCY</u>	
1. IFRS is deleted and IND-AS is included. 2. GST is discussed taking simple calculations. 3. Weightage - In Project work Marks increased from 10 to 20 In computers in Accounting Reduced from 10 to 8	1. Goodwill can be raised and written off. 2. Discount or Loss on Issue of Debentures is to be written off in this year of Issue of Debentures from Securities Premium Reserve, if it exists or from Statement of Profit /Loss. 3. In Cash Flow Statement, Proposed Dividend is to be treated as per AS -4

SUGGESTED QUESTION PAPER DESIGN
CLASS XI & XII
Suggested Question Paper Design
Accountancy (Code No. 055)
Class XI & XII (2019–20)

Duration: 3 Hours

Theory: 80 Marks
Project: 20 Marks

S. No.	Typology of Questions	Objective Type/MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 6 Marks	Long Answer II 8 Marks	Marks
1.	Remembering: Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers.	5	1	1	1	...	18
2.	Understanding: Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas.	5	1	1	1	1	26
3.	Applying: Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	5	...	2	1	...	19
4.	Analysing and Evaluating: Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by Making judgments about information, validity of ideas, or quality of work based on a set of criteria. Creating: Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	5	...	1	...	1	17
	Total	20 × 1 = 20	2 × 3 = 6	5 × 4 = 20	3 × 6 = 18	2 × 8 = 16	80 (32)

Will not have Internal Choice.

Will have Internal Choice.

ANALYSIS OF CBSE ACCOUNTANCY QUESTION PAPER- 2019 DELHI SET-2

Sr. No.	Question No.	Marks of Question	Remarks
1.	13	6	This question does not qualify for 6 marks. As it is a lengthy question involves calculations and compound journal entries (10).
2.	14	6	Must be of 8 marks. 1 mark for Balance Sheet (Asset side 7 items) not justified.
3.	16	8	The question is lengthy and contains errors of alignment in comparison to marking scheme.
4.	17	8	The question created confusion among students.
5	19	1	It was lengthy and must be of 2 marks at least.
6	21	4	16 answers for 4 marks surprised the students.

**Other questions were up to the mark.*

Chapter -wise Weightage

S. No	Topic	Question Numbers	Marks Allocated					Marks Assigned	Total marks
			1	3	4	6	8		
1.	Not For Profit Organisations	5(choice),9,14	1	1		1		1+3+6=10	10
2 A	Partnership-Fundamental	3, 13 (Question given in choice)		1		1(c)		3+6=9	35 Marks
2 B	Goodwill: Nature and valuation	8		1				3	
2 C	Change in Profit sharing ratio	12			1			4	
2 D	Admission of a partner	2, 16(c)	1				1(c)	1+8=9	
2 E	Retirement and death of a partner	1(c) ,15,16(c)	1			1	1(c)	1+6+8=15	
2 F	Dissolution of a firm	6, 11	1		1			1+4=5	
	TOTAL	10, 3 choices							
3 A	Issue of share	4,17(c)	1				1	1+8=9	15 Marks
3 B	Issue of Debenture	7(c)		1				3	
3 C	Redemption of debenture	7(c),10		1				3	
	TOTAL	4 (2 choices)							
4 A	Analysis of financial statement	20, 21(choice)			2			4+4=8	20 Marks
4 B	Ratio Analysis	22 (choice)			1			4	
4 C	Cash Flow Statement	18, 19, 23	2			1		2+6=8	
	TOTAL	5(2 internal choices)							
	Grand Total	23	8	4	5	4	2		80

General Observations while evaluating CBSE Answer Scripts of students-

1. Marking scheme was found wrong on the first day of evaluation.
2. Paper seems to be lengthy.
3. Balance sheet question was not justified with the marks.
4. Internal choices make the paper lengthy.
5. Not for profit organization chapter was scoring.
6. Paper consists of alignment errors and editing errors that wasted time of many students.
7. Marking scheme was not liberal in 8 marks question that was quiet expected. In case of companies 3 entries were required essentially to award 8 marks, same was in partnership capital accounts question.
8. Syllabus must be reduced.

ANALYSIS OF CBSE BUSINESS STUDIES QUESTION PAPER- 2019 DELHI SET-2

Sr. No.	Question No.	Marks of Question	Remarks
1.	1,6	1	Language of the questions was ambiguous, resulting in students writing conceptually correct responses, however not matching with the Marking Scheme. As a result, intelligent students lost marks, due to lack of clarity of the language of the questions.
2.	13	3	The question was framed correctly, but most students could not articulate/express the specific meaning of ' Job Enrichment '. This diagnostic input can be useful for teachers to enhance classroom effectiveness through explaining to students the specific meaning of ' Job Enrichment '.
3.	12	3	Language of the question was ambiguous, resulting in students writing conceptually correct responses, however not matching with the Marking Scheme. As a result, intelligent students lost marks, due to lack of clarity of the language of the question.
4.	22	5	Majority of the children wrote Divisional Structure, as their understanding of the case study was very good but the phrase, "the product differed from region to region" created unnecessary confusion and ambiguity.
5	24	6	Many students wrote about planning, instead of Financial Planning.
6	25	6	The question required both 'state the function' and quote the lines. Many students did one out of the two required tasks of stating and quoting.

**Other questions were up to the mark.*

Chapter -wise Weightage

S.No.	Topic	Question Numbers	Marks Allocated					Marks Assigned	Total Marks
			1	3	4	5	6		
1.	Nature and Significance of management	10(Choice),12		2				16	16
2.	Principles of management	4,21(Choice)	1			1			
3.	Business Environment	17			1				
4.	Planning	7,18	1		1			14	14
5.	Organising	14(Choice),22			1	1		20	20
6.	Staffing	3(Choice),6,20	2			1			
7.	Directing	13,23		1			1		
8.	Controlling	19			1			15	15
	TOTAL								
9.	Financial Management	9(Choice),24		1			1		
10.	Financial Markets	5,8(Choice),15	2		1			15	15
11.	Marketing Management	1,2(Choice),11,16(Choice),	2	1	1			15	15
12.	Consumer Protection	25					1		
	TOTAL								
	Grand Total	(25)	8	5	6	3	3		80

General Observations while evaluating CBSE Answer Scripts of students

In Business Studies, in many questions, more than one response was found to be correct. So either the question, particularly Higher Order Thinking Skills (HOTS) questions should have been worded so effectively that it left no room for multiple interpretation. Or, better still, multiple correct responses should have been accommodated in the Marking Scheme during evaluation.

In case study questions, depth of student's conceptual understanding should be assessed, rather than communication skills, expression and how well he/she has reproduced the 'exact words' given in the textbook. In optional questions, i.e. questions where student has to choose one out of two options, the optional questions should be indicated as α (alpha) and β (beta) or some other indication, so that evaluators don't go wrong while checking the option.

Case study questions should have clear language and the questions framed therein should be crystal clear as to the demand/expectation from students, i.e. what exactly is being asked, without scope for multiple interpretations of the questions given in the case studies. 21st Century learners should be at the heart of framing of the questions. Children are very intelligent and smart. Let's not confuse them and penalize them unnecessarily by a less than perfect and faulty play of words in framing of the questions.

2

NOT FOR PROFIT ORGANISATIONS

Not for Profit Organisations are the organisations set up for welfare of the society and public at large or for the service to the members. It does not function with the profit motive and therefore, it does not prepare Profit and Loss Account but prepares Income & Expenditure Account. The difference between the credit and debit sides of the Income and Expenditure Account is termed as 'Surplus' (if credit side is larger than debit side) and 'Deficit' (if debit side is larger than credit side). The financial statements prepared by a Not for Profit Organisations are: Receipts and Payments Account, Income and Expenditure Account and Balance Sheet.

Transactions in a Not for Profit Organisations are recorded largely in the manner as are recorded in the case of a business enterprise. However, there are some transactions that are recorded in the books in a different manner meaning and accounting thereof are discussed below.

1. **Not-For-Profit Organisations (NPOs)** are the organisations whose object is not to earn profits but render service to uplift the society at large through education, sports, medical, etc. and to render services to its members.
2. A Not-for-Profit Organisation prepares following three accounts:
 - (a) Receipts and Payments Account.
 - (b) Income and Expenditure Account.
 - (c) Balance Sheet.
3. **Receipts and Payments Account** is a summary of cash and bank transactions during an accounting period. It records all receipts and payments, whether of revenue or capital nature, and irrespective of the period to which they relate.
4. **Income and Expenditure Account** is the classified summary of Revenue Incomes, Revenue Expenses and Losses of the current year along with Surplus or Deficit which is transferred to the Capital Fund.
5. **Balance Sheet** is a statement which shows the financial position of an organisation on a particular date.
6. **Fund Based Accounting** is an accounting system in which receipts and incomes relating to that fund are credited to that fund and expenses and payments related to the fund are debited to it. For example, Sports Fund, Prize Fund, etc.

Balance of the Fund is shown on the Liabilities Side of the Balance Sheet.

Accounting Treatment of Some Important Items

- 1. Entrance Fees:** It is the amount paid by a person at the time of becoming a member of a non-profit organisation. It is treated as a *revenue receipt* and is credited to Income and Expenditure Account.
- 2. Life Membership Fee or Life Subscription:** It is the amount received from a member in lump sum and he is given the membership of the organisation for the whole life. It is treated as a *Capital Receipt* and added to the Capital Fund on the liabilities side of the Balance Sheet.
- 3. Donations:** Donation is the amount received from a person, firm, company by way of gift. Donation received may be a general donation or specific donation.
 - (a) *General Donation:* It is treated as an income and is credited to the Income and Expenditure Account.
 - (b) *Specific Donation:* It will be capitalised and is shown on the liabilities side of the Balance Sheet.
- 4. Legacy:** Legacy is the donation received by way of will of a deceased person. The donor may or may not specify the purpose for which the donated amount can be used. If the use of the Legacy Donation is not specified, legacy amount is treated as general donation and is credited as income in the credit side of Income and Expenditure Account.
Specific Legacy Donations are shown in the Balance Sheet and Fund Based Accounting is used.
- 5. Subscription:** It is a major source of income of a Not-for-Profit Organisation. *Subscriptions are the amount paid by the members of such organisations to maintain their membership.*
 - (a) *Subscription income for the current year is shown in Income and Expenditure Account.*
 It is calculated as follows:

Particulars	₹	₹
Total Subscription received during the year (as shown in Receipts and Payments A/c)		...
Add: Subscription Outstanding at the end of the year (Related to Current Year)	...	
Subscription received in advance in the beginning of the year
Less: Subscription outstanding in the beginning of the year
Subscription received in advance at the end of the year
Subscription to be shown in Income and Expenditure Account		...

- (b) Subscription outstanding at the end of the year is an **asset** and the subscription received in advance is a **liability**.

6. Subscription credited as income but not received may not be recoverable and hence, need to be written off as a loss. It is treated in the same manner as Bad Debts in the case of enterprises.

Journal entries for subscription written-off

(i) *For subscription written-off:*

Subscription Written-off A/c	...Dr.
To Subscriptions A/c	[When current year's subscription is written off]
To Outstanding Subscriptions A/c	[When outstanding subscription is written off]

(ii) *For transfer of subscription written-off:*

Income and Expenditure A/c	...Dr.
To Subscription Written-off A/c	

7. **Government Grant:** Not-for-Profit Organisations may receive grants from government, corporates, national and international agencies. If the grant is received for any specific purpose then the grant is capitalised and *shown on the liabilities side of Balance Sheet*. If the grant is not earmarked for any specific purpose such as maintenance grant, then it is treated as income and hence is **credited to Income and Expenditure Account**.
8. **Interest on General Fund Investments:** It is treated as **Revenue Receipt** and hence is **credited to Income and Expenditure Account**.
9. **Interest on Specific Fund Investments:** It is **added to the Respective Fund** (e.g., Interest on Building Fund Investment is added to Building Fund).
10. **Endowment Fund:** It is a fund that arises from a gift and its income is devoted for a specific purpose. It is considered as a **capital receipt** and is shown on the **liabilities side of the Balance Sheet**.
11. **Sale of Sports Materials:** The amount so received is treated as revenue income assuming that its book value is zero. It is shown on the credit side of Income and Expenditure Account.
12. **Sale of Old Newspapers / Magazines:** The amount realised from their sale is accounted as an income and credited to the Income and Expenditure Account.
13. **Sale of Old Asset:** Any gain or loss on such sale is transferred to the Income and Expenditure Account.
14. **Honorarium:** This is the amount paid to those persons who are not regular employees of non-profit organisation but render some useful services to the organisation. It is a token payment given in honour of the services rendered. It is shown on the debit side of Income and Expenditure Account.

3

GOODWILL TO BE ADJUSTED THROUGH PARTNERS' CAPITAL/CURRENT ACCOUNTS OR BY RAISING AND WRITING OFF GOODWILL.

Goodwill is the compensation by the Gaining Partner to the Sacrificing Partners in their sacrificing ratio. Till last year, the effect was given to Self – generated Goodwill by crediting Gaining Partners' Capital or Current Account and debiting Sacrificing Partners' Capital or Current Accounts.

CBSE has prescribed in its current syllabus that Self – generated Goodwill may be raised and if it is raised it should be written off in that accounting year. It is written off following AS 26, Intangible Assets which prescribes that Self – generated Goodwill is not to be shown in the Balance Sheet of the firm.

The effect of both the methods is same i.e., whether Self – generated Goodwill is adjusted through Partners capital / Current Accounts or by Raising and Writing Off Goodwill. It has been elaborated in the following paragraphs.

It should be noted that although students may use any of the two methods but must keep the specific requirement of the question. It means, if the question requires to solve the question by raising and writing off Goodwill, the question should be solved by this method alone. And if the question does not specify any method, student may solve the question using any of the two methods.

Accounting Standard 26—Intangible Assets

As per AS–26, Self-generated goodwill should not be recognised as an asset because the money has not changed hands for the Goodwill i.e., the value is not evidenced by payment.

1. It means that at the time of reconstitution of the firm (by way of change-in-profit sharing ratio, admission or retirement or death of a partner), value of goodwill is determined by the partners so that sacrificing partner is compensated by the gaining partner.

Value of Compensation Payable = Value of Firm's Goodwill × Share of Profit Gained.

2. Goodwill is not accounted in the books of the firm since consideration has not exchanged hands, i.e., consideration is not paid in money or money's worth. The expression 'not accounted' means that as on the date of Balance Sheet, Self-generated Goodwill should not be shown in the Balance Sheet.

Therefore, if Goodwill is raised, it should also be written off during the year and should not be carried forward in the Balance Sheet. Notification issued by the Ministry of Corporate Affairs dated 7th December, 2006 states that the Accounting Standards shall be applied in the preparation of General Purpose Financial Statements. General Purpose Financial Statements include Balance Sheet, Statement of Profit and Loss, Cash Flow Statement (wherever applicable), and Other Statements and Explanatory Notes which form part

thereof. Similarly, ICAI in its Preface to Accounting Standards have also prescribed that Accounting Standards shall be applied in the preparation of General Purpose Financial Statements.

3. Since, Gaining Partner compensates Sacrificing Partners by paying Goodwill (also sometimes referred as Premium for Goodwill) on the basis of value of Goodwill determined and share acquired. Compensation for gaining the share in profits may be adjusted in any of the following two methods of accounting:

- (i) through Partners' Capital or Current Accounts; or
- (ii) by raising Goodwill and thereafter writing it off, in the same financial year.

It should be noted that accounting standards are guidelines for preparing General Purpose Financial Statements. They do not prescribe the accounting procedures. Thus, any method may be used to give effect to the compensation payable by the Gaining partner or partners to the Sacrificing Partners.

Important Notes

1. It is recommended that Goodwill be raised and written off if the question prescribes to give effect by raising and writing off Goodwill.

2. Treatment of Existing Goodwill in the Balance Sheet

Goodwill appearing in the Balance Sheet means it is Purchased Goodwill and therefore, it appears in the Balance Sheet. Goodwill appearing in the Balance Sheet is normally written off at the time of reconstitution of the firm but the partners may decide not to write it off meaning they may decide to carry it forward as an asset in the Balance Sheet.

When existing Goodwill is written off:

Existing Goodwill is written off by debiting Old Partners in their old profit-sharing ratio. The Journal entry passed is:

Old Partners' Capital/Current A/cs	...Dr.
[In Old Profit-sharing Ratio]	
To Goodwill A/c	
(Being the existing goodwill is written off)	

Thereafter, effect is given to Goodwill at the determined value. *When existing Goodwill is carried forward:*

Existing Goodwill is not written off but is carried forward in the Balance Sheet. Effect is given to Goodwill at the determined value *less* value of Purchased Goodwill, *i.e.*, Goodwill appearing in the Balance Sheet. For example, Goodwill appears in the Balance Sheet (Purchased Goodwill) at ₹ 50,000 and the fresh value of Goodwill is ₹ 2,00,000. Partners decide to carry forward the Purchased Goodwill. In this case, effect of Goodwill will be given for ₹ 1,50,000 (₹ 2,00,000 – ₹ 50,000).

4. The effect of the two methods, *i.e.*, by adjusting through Partners' Capital or Current Accounts or by raising and writing off Goodwill is same as is evident from the illustrations given under each discussion.

A. Journal Entry when Goodwill is adjusted through Partners' Capital/Current Accounts

Gaining Partners' Capital/Current A/cs	...Dr.	[In Gaining Ratio]
To Sacrificing Partners' Capital/Current A/cs		[In Sacrificing Ratio]
(Being the compensation by gaining partners to sacrificing partners)		

B. Journal Entries when Goodwill is Raised and Written Off

(i) Goodwill A/c	...Dr.	[Full Value of Goodwill]
To Partners' Capital/Current A/cs		[In Old Profit-sharing Ratio]
(Being the goodwill raised and credited to Partners' Capital Accounts in Old Profit-sharing Ratio)		

(ii) Partners' Capital/Current A/cs	...Dr.	
To Goodwill A/c		[In New Profit-sharing Ratio]
(Being the goodwill debited to Partners' Capital Accounts in New Profit-sharing Ratio)		

Notes:

1. Net effect under both the methods is that Gaining Partners' Capital/Current Accounts are debited with their proportionate gained share of goodwill and Sacrificing Partners' Capital/Current Accounts are credited with their respective sacrificed share of goodwill.
2. Unless otherwise stated, partners' capitals should be assumed to be fluctuating.

CHANGE IN PROFIT-SHARING RATIO

Goodwill Account is raised by the value of Goodwill crediting Partners' Capital/or Current Accounts in their Old Profit-Sharing Ratio. Thereafter, Goodwill Account is written off by debiting Partners' Capital/Current Accounts in their New Profit-sharing ratio. The entries passed are:

(i) Goodwill A/c	...Dr.	[With value of Goodwill]
To Partners' Capital/Current A/cs		[In Old Profit-sharing Ratio]
(Being the Goodwill account raised)		

(ii) Partners' Capital/Current A/cs	...Dr.	[In New Profit-sharing ratio]
To Goodwill A/c		[With Value of Goodwill]
(Being the Goodwill account written off)		

Illustration 1.

Amrit, Basu and Chary are partners in a firm sharing profits in the ratio of 3 : 2 : 1. From 1st April, 2019, Amrit sacrifices 1/6th share in favour of Chary. Goodwill of the firm is valued at ₹ 1,20,000.

Pass the Journal entry for Goodwill.

Solution:**Entry if First Method is applied**

Since partner Chary has gained and partner Amrit has sacrificed, Chary will compensate Amrit by paying Goodwill equal to 1/6th of ₹ 1,20,000, i.e., ₹ 20,000. Journal entry will be:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Chary's Capital A/c ...Dr. To Amrit's Capital A/c (Being the adjustment of goodwill)		20,000	20,000

Entries if Second Method is applied

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Goodwill A/c ...Dr. To Amrit's Capital A/c To Basu's Capital A/c To Chary's Capital A/c (Goodwill credited to Partners' Capital Accounts in old profit-sharing ratio)		1,20,000	60,000 40,000 20,000
	Amrit's Capital A/c ...Dr. Basu's Capital A/c ...Dr. Chary's Capital A/c ...Dr. To Goodwill A/c (Goodwill written off in new profit-sharing ratio)		40,000 40,000 40,000	1,20,000

Net effect

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Chary's Capital A/c ...Dr. To Amrit's Capital A/c (Being the net effect of change in share)		20,000	20,000

ADMISSION OF A PARTNER—WHEN GOODWILL IS RAISED

When the Incoming or New Partner does not bring his share of Goodwill:

Goodwill Account is raised by the value of Goodwill crediting Old Partners' Capital/or Current Accounts in their old profit-sharing ratio. Thereafter, Goodwill Account is written off by debiting All Partners' (including Incoming or New Partner) Capital/Current Accounts in their new profit-sharing ratio. The entries passed are:

(i) Goodwill A/c To Old Partners' Capital/Current A/cs (Being the Goodwill account raised)	...Dr.	[With value of Goodwill] [In Old Profit-sharing Ratio]
--------------------------------------------------------------------------------------------------	--------	-----------------------------------------------------------

(ii) All Partners' Capital/Current A/cs (Including Incoming or New Partner) To Goodwill A/c (Being the Goodwill account written off)	...Dr.	[In New Profit-sharing ratio] [With Value of Goodwill]
-----------------------------------------------------------------------------------------------------------------------------------------------	--------	---------------------------------------------------------------

When the Incoming or New Partner brings a part of his share of Goodwill:

(i) Premium for Goodwill A/c Goodwill A/c To Old Partners' Capital/Current A/cs (Being the Goodwill account raised)	...Dr. ...Dr.	[With Goodwill brought] [With unpaid value of Goodwill] [In Old Profit-sharing Ratio]
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(ii) Incoming (New) Partner's Capital/Current A/c To Goodwill A/c (Being the Goodwill account written off)	...Dr.	[With unpaid Value of Goodwill] [With unpaid value of Goodwill]
------------------------------------------------------------------------------------------------------------------	--------	--------------------------------------------------------------------

Illustration 2 (Admission of a Partner).

Atul and Boman are partners sharing profits equally. Chaman is admitted as partner w.e.f. 1st April, 2019 for 1/5th share. Goodwill as on the date of admission is valued at Rs. 1,00,000. Pass the Journal entries giving effect to the arrangement under both the methods.

Solution:

Calculation of Gaining and Sacrificing Ratio

	Atul	Boman	Chaman
Old Profit Sharing Ratio	1/2	1/2	...
New Profit Sharing Ratio	2/5	2/5	1/5
Gain (Sacrifice)	(1/10)	(1/10)	2/10

Entry if First Method is Applied

Partner *Chaman* should compensate $\frac{1}{5}$ th of Rs. 1,00,000, i.e., Rs. 20,000 to *Atul* and *Boman* each. *Chaman* will compensate *Atul* and *Boman* by paying Goodwill equal to $\frac{1}{10}$ th, i.e., Rs. 10,000 each.

Journal entry will be:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Chaman's Capital/Current A/c ...Dr. To Atul's Capital/Current A/c To Boman's Capital/Current A/c (Being share of goodwill of Chaman adjusted in sacrificing ratio)		20,000	10,000 10,000

Entries if Second Method is Applied

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Goodwill A/c ...Dr. To Atul's Capital/Current A/c To Boman's Capital/Current A/c (Being goodwill credited to Partners' Capital Accounts in Old Profit Sharing Ratio)		1,00,000	50,000 50,000
	Atul's Capital/Current A/c ...Dr. Boman's Capital/Current A/c ...Dr. Chaman's Capital/Current A/c ...Dr. To Goodwill A/c (Being goodwill written off in New Profit-sharing Ratio)		40,000 40,000 20,000	1,00,000

Net Effect

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Chaman's Capital/Current A/c ...Dr. To Atul's Capital/Current A/c To Bomans Capital/Current A/c (Being the share of goodwill adjusted)		20,000	10,000 10,000

Illustration 3 (Admission of a Partner).

Amit and Bhanu are partners sharing profits in ratio of 3 : 2. Charu is admitted as partner *w.e.f.* 1st April, 2019 and their new Profit Sharing Ratio is 3 : 2 : 1. Goodwill appeared in the books at Rs. 20,000. Goodwill as on the date of admission was valued at Rs. 1,40,000. Partners decide to carry forward purchased Goodwill in the books, *i.e.*, Rs. 20,000.

Pass the Journal entries giving effect to the arrangement under both the methods.

Solution:**Calculation of Gaining and Sacrificing Ratio**

	Amit	Bhanu	Charu
Old Profit Sharing Ratio	3/5	2/5	...
New Profit Sharing Ratio	3/6	2/6	1/6
Gain (Sacrifice)	(3/30)	(2/30)	5/30

Entry if First Method is Applied

Partner *Charu* should compensate *Amit* and *Bhanu* by Rs. 12,000 and Rs. 8,000 respectively, *i.e.*, 1/6th of Rs. 1,20,000 (Rs. 1,40,000 – Rs. 20,000). Journal Entry will be:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Charu's Capital/Current A/c ...Dr. To Amit's Capital/Current A/c To Bhanu's Capital/Current A/c (Being the adjustment of goodwill)		20,000	12,000 8,000

Entries if Second Method is Applied

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Goodwill A/c ...Dr. To Amit's Capital/Current A/c To Bhanu's Capital/Current A/c (Being goodwill credited to Partners' Capital Accounts in Old Profit-Sharing Ratio)		1,20,000	72,000 48,000
	Amit's Capital/Current A/c ...Dr. Bhanu's Capital/Current A/c ...Dr. Charu's Capital/Current A/c ...Dr. To Goodwill A/c (Being goodwill written off in New Profit-sharing Ratio)		60,000 40,000 20,000	1,20,000

Net Effect

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Charu's Capital/Current A/c ...Dr. To Amit's Capital/Current A/c To Bhanu's Capital/Current A/c (Being the adjustment of goodwill)		20,000	12,000 8,000

Illustration 4 (Admission of a Partner).

Amar and Bhanu are partners sharing profits in ratio of 3 : 2. Charu is admitted as partner w.e.f. 1st April, 2019 and their new Profit Sharing Ratio is 3 : 2 : 1. Goodwill appeared in the books at Rs. 20,000. Goodwill as on the date of admission was valued at Rs. 1,80,000.

Pass the Journal entries giving effect to the arrangement under both the methods.

Solution:**Calculation of Gaining and Sacrificing Ratio**

	Amar	Bhanu	Charu
Old Profit Sharing Ratio	3/5	2/5	...
New Profit Sharing Ratio	3/6	2/6	1/6
Gain (Sacrifice)	(3/30)	(2/30)	5/30

Entry if First Method is Applied

Partner *Charu* should compensate *Amar* and *Bhanu* Rs. 18,000 and Rs. 12,000 respectively.

Journal Entry will be:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Amar's Capital/Current A/c ...Dr. Bhanu's Capital/Current A/c ...Dr. To Goodwill A/c (Being the existing Goodwill written off)		12,000 8,000	20,000
	Charu's Capital/Current A/c ...Dr. To Amar's Capital/Current A/c To Bhanu's Capital/Current A/c (Being the Goodwill credited to Sacrificing Partners in their Sacrificing Ratio)		30,000	18,000 12,000

Entries if Second Method is Applied

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Amar's Capital/Current A/c ...Dr. Bhanu's Capital/Current A/c ...Dr. To Goodwill A/c (Being existing goodwill written off in their Old Profit-sharing Ratio)		12,000 8,000	20,000
	Goodwill A/c ...Dr. To Amar's Capital/Current A/c To Bhanu's Capital/Current A/c (Being Goodwill raised in their Old Profit-sharing Ratio)		1,80,000	1,08,000 72,000
	Amar's Capital/Current A/c ...Dr. Bhanu's Capital/Current A/c ...Dr. Charu's Capital/Current A/c ...Dr. To Goodwill A/c (Being goodwill written off in New Profit-sharing Ratio)		90,000 60,000 30,000	1,80,000

Net Effect

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Charu's Capital/Current A/c ...Dr. To Amit's Capital/Current A/c To Bhanu's Capital/Current A/c (Being the net effect of adjustment)		30,000	18,000 12,000

Illustration 5 (Admission of a Partner).

Bhanu and Sunil were partners in a firm sharing profits and losses in the ratio of 1 : 2. On 1st April, 2019, Raghav was admitted as a new partner for 1/4th share in the profits. Raghav's share of goodwill is Rs. 2,50,000 out of which he brought Rs. 1,00,000.

Pass the necessary Journal entries when the Goodwill Account is raised for the amount not brought by the incoming partner and is also written off.

Solution: JOURNAL

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2019 April 1	Goodwill A/c ...Dr. To Bhanu's Capital/Current A/c To Sunil's Capital/Current A/c (Being the goodwill raised for the amount not brought by new partner)		1,50,000	50,000 1,00,000

and distributed among sacrificing Partners in sacrificing ratio)			
Raghav's Capital/Current A/c ...Dr. To Goodwill A/c (Being the Goodwill written off by the same amount)		1,50,000	1,50,000

RETIREMENT/DEATH OF A PARTNER—WHEN GOODWILL IS RAISED

Goodwill Account is raised by the value of Goodwill crediting All Partners' (Including Retiring Partner/Deceased Partner) Capital/or Current Accounts in their Profit-sharing Ratio. Thereafter, Goodwill Account is written off by debiting Continuing Partners' Capital/Current Accounts in their new profit-sharing ratio. The entries passed are:

(i) Goodwill A/c ...Dr. [With value of Goodwill]
To Partners' Capital/Current A/cs [In Old Profit-sharing Ratio]
(Including Retiring/Deceased Partner)
(Being the Goodwill account raised)

(ii) Partners' Capital/Current A/cs ...Dr. [In New Profit-sharing Ratio]
(Continuing Partners)
To Goodwill A/c [With Value of Goodwill]
(Being the Goodwill account written off)

Illustration 6.

Amar, Bhanu and Charnesh are partners sharing profits in the ratio of 3 : 2 : 1. Bhanu retires w.e.f. 1st April, 2019. Amar and Charnesh decide to share future profits equally. Goodwill as on that date was valued at Rs. 1,20,000.

Pass the Journal entries giving effect to the arrangement under both the methods.

Solution:

Calculating Gaining and Sacrificing Ratio

	Amar	Bhanu	Charnesh
Old Profit-sharing Ratio	3/6	2/6	1/6
New Profit-sharing Ratio	1/2	...	1/2
Gain (Sacrifice)	...	(1/3)	1/3

Entry if First Method is applied

Charnesh should compensate Bhanu, the sacrificing Partner, 1/3rd of Rs. 1,20,000, i.e., Rs. 40,000. Journal entry will be:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Charnesh's Capital/Current A/c To Bhanu's Capital/Current A/c	...Dr .	40,000	40,000

Entries if Second Method is applied

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Goodwill A/c To Amar's Capital/Current A/c To Bhanu's Capital/Current A/c To Charnesh's Capital/Current A/c (Being Goodwill credited to Partners' Capital Accounts in old profit-sharing ratio)	...Dr .	1,20,000	60,000 40,000 20,000
	Amar's Capital/Current A/c Charnesh's Capital/Current A/c To Goodwill A/c (Being Goodwill written off in new profit-sharing ratio)	...Dr ...Dr .	60,000 60,000	1,20,000

Net effect

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Charnesh's Capital/Current A/c To Bhanu's Capital/Current A/c	...Dr .	40,000	40,000

Illustration 7.

Kajol, Charu and Rajan were partners sharing profits in the ratio 3 : 2 : 1. Rajan retired from the firm of 1st April, 2019 on which date goodwill of the firm was valued at Rs.1,20,000.

Pass the necessary Journal entries for raising Goodwill for retiring partner's share in current value of goodwill giving effect to it on Rajan's retirement.

Solution:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2019 April 1	Goodwill A/c ...Dr. To Rajan's Capital/Current A/c (Being Goodwill Account debited with Rajan's share in current value of goodwill)		20,000	20,000
	Kajol's Capital/Current A/c ...Dr. Charu's Capital/Current A/c ...Dr. To Goodwill A/c (Being Goodwill Account written off in gaining ratio of continuing partners)		12,000 8,000	20,000

Suggested Activities for Teachers

- Q. 1.** X and Y shared profits and losses in the ratio of 3 : 2. With effect from 1st April, 2019, they agree to share profits equally. Goodwill of the firm was valued at ₹ 50,000. Pass necessary Journal entries for the accounting of goodwill:
- (a) When goodwill is adjusted through Partners' Capital Accounts;
 (b) When Goodwill is raised and written off.
- Q. 2.** Ram and Shaan are partners sharing profits in the ratio of 3 : 2. They agree to admit Sonu into partnership from 1st April 2019 for 1/6th share. Sonu brings ₹ 1,00,000 as goodwill out of his share of ₹ 1,25,000. Pass the necessary Journal entries when Goodwill Account is opened.
- Q. 3.** L and M are partners sharing profits in the ratio of 2 : 1. They agree to admit N into partnership from 1st April, 2019 for 1/5th share. N is unable to bring his share of goodwill in cash. The goodwill of the firm is valued at ₹ 1,50,000. Record the necessary Journal entries in the books of the firm when Goodwill Account is raised.
- Q. 4.** P, Q and R are partners sharing profits in the ratio of 3 : 2 : 1. On R's retirement, goodwill of the firm is valued at ₹ 3,00,000. Pass the necessary Journal entries on R's retirement when Goodwill is raised at its current or full value.
- Q. 5.** Ram, Mohan and Gopal are partners sharing profits in the ratio of 2 : 2 : 1. On 1st April, 2019, Gopal retired. On Gopal's retirement, goodwill of the firm was valued at ₹ 5,00,000. Pass the necessary Journal entries on Gopal's retirement by raising goodwill for Gopal's share of current value of goodwill.
- Q. 6.** X, Y and Z are partners in a firm sharing profits equally. X retires from the firm on 1st April, 2019. On his retirement, goodwill of the firm is valued at ₹ 3,00,000. Y and Z decide to share future profits in the ratio of 3 : 2. Pass the necessary Journal entries on X's retirement by raising goodwill or X's share in current value of goodwill.

TREATMENT OF GOODWILL – ADMISSION OF A PARTNER

(Existing Goodwill is Written off)

ADJUSTMENT THROUGH CAPITAL / CURRENT ACCOUNTS

ADJUSTMENT BY RAISING AND WRITING OFF GOODWILL

SEE ADMISSION CHAPTER
TABLE B

ADMISSION CHAPTER
TABLE A

A) IF 'Z' DOES NOT BRING HIS SHARE OF GOODWILL IN CASH –IT MAY BE ADJUSTED WITHOUT RAISING GOODWILL.

> WRITE OFF EXISTING GOODWILL (IF ANY)

Existing Goodwill(suppose, it is ₹30,000), is written off first between / among old partners in their old Profit-sharing Ratio.

X's Capital A/c	...Dr.	18,000	
Y's Capital A/c	...Dr.	12,000	
To Goodwill A/c			30,000

(Being old Goodwill written off in their old profit-sharing ratio i.e., 3:2)

ADJUST NEW PARTNER'S AND GAINING PARTNERS' (IF ANY) SHARE OF GOODWILL:

Concept

New Partner's Capital A/c ...Dr.	Gaining Partner's Capital A/c ...Dr.
To Sacrificing Partners' Capital A/cs	To Sacrificing Partners' Capital A/cs

Z's Capital A/c	...Dr.	30,000	
To X's Capital A/c			18,000
To Y's Capital A/c			12,000

(Being Z's share of goodwill adjusted among partners in their sacrificing ratio i.e., 3:2).

OR

Z's Current A/c	...Dr.	30,000	
To X's Capital A/c			18,000
To Y's Capital A/c			12,000

(Being Z's share of goodwill adjusted among partners in their sacrificing ratio i.e., 3:2).

Working Note: - Z's share in firm's Goodwill is:

5/15 of 90,000 i.e. **30,000** X – 3/5 Rs. 18,000
Divided among Sacrificing Partner's Y – 2/5 Rs. 12,000

B) If 'Z' brings his share of Goodwill Premium in Cash:

Bank A/c	...Dr.	30,000	
To Premium for Goodwill A/c			30,000

(Being share of goodwill brought by new partner Z).

Premium for Goodwill A/c	...Dr.	30,000	
To X's Capital A/c			18,000
To Y's Capital A/c			12,000

(Being premium distributed in sacrificing ratio i.e., 3:2).

EXAMPLE – 'X' and 'Y' are partners sharing profits in the ratio 3:2. They admitted 'Z' and decided to share profits in the ratio 6:4:5. Goodwill of the firm is valued at ₹ 90,000. Pass journal entries under the following situations:

C) IF 'Z' BRINGS PART OF HIS SHARE OF GOODWILL IN CASH (Suppose Rs. 10,000 is brought).

Cash A/c	Dr.	10,000	
To Premium for Goodwill A/c			10,000

(Being the part Goodwill brought in cash)

Premium for Goodwill A/c	Dr.	10,000	
Z's Capital A/c	Dr.	20,000	
To X's Capital/Current A/c			18,000
To Y's Capital/Current A/c			12,000

(Being the goodwill distributed between sacrificing partners in their sacrificing ratio i.e., 3:2)

IMPORTANT

1. SELF – GENERATED GOODWILL IS WRITTEN OFF IN THE SAME YEAR.
2. IN THE ABOVE, PARTNERS HAVE DECIDED NOT TO RETAIN THE EXISTING GOODWILL. HENCE, IT IS WRITTEN OFF.

TREATMENT OF GOODWILL – ADMISSION OF A PARTNER

(Existing Goodwill is **not** Written off but retained in Books)

ADJUSTMENT THROUGH CAPITAL / CURRENT ACCOUNTS

EXISTING GOODWILL IS NOT WRITTEN OFF BUT RETAINED IN BOOKS

SEE ADMISSION
CHAPTER TABLE D

ADMISSION CHAPTER
TABLE C

A) If 'Z' DOES NOT BRING HIS SHARE OF GOODWILL IN CASH – IT MAY BE ADJUSTED WITHOUT RAISING GOODWILL.

ADJUST NEW PARTNER'S AND GAINING PARTNERS' (IF ANY) SHARE OF GOODWILL:

Concept

New Partner's Capital A/c ...Dr.	Gaining Partner's Capital A/c ...Dr.
To Sacrificing Partners' Capital A/cs	To Sacrificing Partners' Capital A/cs

Z's Capital A/c ...Dr. 20,000	
To X's Capital A/c	12,000
To Y's Capital A/c	8,000

(Being Z's share of goodwill adjusted among partners in their sacrificing ratio i.e., 3:2).

OR

Z's Current A/c ...Dr. 20,000	
To X's Capital A/c	12,000
To Y's Capital A/c	8,000

(Being Z's share of goodwill adjusted among partners in their sacrificing ratio viz. 3:2).

Working Note: -Z's share in firm's Goodwill is:

5/15 of 60,000 i.e. 20,000	X – 3/5 Rs. 12,000
Divided among Sacrificing Partner's	Y – 2/5 Rs. 8,000

B) If 'Z' brings his share of Goodwill Premium in Cash:

Bank A/c ...Dr. 20,000	
To Premium for Goodwill A/c	20,000

(Being share of goodwill brought by new partner Z).

Premium for Goodwill A/c ...Dr. 20,000	
To X's Capital A/c	12,000
To Y's Capital A/c	8,000

(Being premium distributed in sacrificing ratio viz. 3:2).

EXAMPLE – 'X' and 'Y' are partners sharing profits in the ratio 3:2. They admitted 'Z' and decided to share profits in the ratio 6:4:5. Goodwill of the firm is valued at ₹ 90,000. Pass journal entries under the following

C) IF 'Z' BRINGS PART OF HIS SHARE OF GOODWILL IN CASH (Suppose Rs. 10,000 is brought).

Cash A/c Dr. 10,000	
To Premium for Goodwill A/c	10,000

(Being the part Goodwill brought in cash)

Premium for Goodwill A/c Dr. 10,000	
Z's Capital A/c Dr. 10,000	

	To X's Capital/Current A/c 12,000
--	-----------------------------------

	To Y's Capital/Current A/c 8,000
--	----------------------------------

(Being the goodwill distributed between sacrificing partners in their sacrificing ratio i.e., 3 : 2)

Goodwill to be adjusted by difference amount i.e., PV_{GW} - BV_{GW}

IMPORTANT

3. **SELF – GENERATED GOODWILL IS WRITTEN OFF IN THE SAME YEAR.**
4. **IN THE ABOVE, PARTNERS HAVE DECIDED TO RETAIN THE EXISTING GOODWILL. HENCE, IT IS NOT WRITTEN OFF.**

EXISTING GOODWILL IS NOT WRITTEN OFF BUT RETAINED IN BOOKS

ADMISSION CHAPTER TABLE D

D) IF 'Z' DOES NOT BRING HIS SHARE OF GOODWILL IN CASH – IT IS NOT TO BE RAISED AND WRITTEN OFF			
Note: * BV _{GW} is Book Value of Goodwill (i.e. Existing Goodwill) or. Value Given in the Balance Sheet.			
Goodwill Account doesn't Exist in the Books	Goodwill Account exists at Less than Present Value.	Goodwill Account exists at Present Value.	Goodwill Account exists at a Higher Value.
BV _{GW} = 0	BV _{GW} < PV _{GW}	BV _{GW} = PV _{GW}	BV _{GW} > PV _{GW}
BV _{GW} = 0 PV _{GW} = ₹ 90,000	BV _{GW} = ₹ 30,000* PV _{GW} = ₹ 90,000	BV _{GW} = ₹ 90,000 PV _{GW} = ₹ 90,000	BV _{GW} = ₹ 1,20,000 PV _{GW} = ₹ 90,000
<p>FULL PRESENT VALUE OF FIRM'S GOODWILL IS ₹ 90,000</p>			
Existing Goodwill – [Nil]	[₹ 30,000]	[₹ 90,000]	[₹ 1,20,000]
Existing Steps Goodwill is not written off but Retained.	Existing Steps Goodwill is not written off but Retained.	Existing Steps Goodwill is not written off but Retained.	Existing Steps Goodwill is not written off but Retained up to 90,000.
			<p>X's Capital A/c ...Dr. 18,000 Y's Capital A/c ...Dr. 12,000 To Goodwill A/c 30,000 (Being existing Goodwill written off between old partners in old ratio i.e., 3:2)</p>
<p>Raise Goodwill by difference amount</p> <p>Goodwill A/c ...Dr. 90,000 To X's Capital A/c 54,000 To Y's Capital A/c 36,000 (Being Goodwill raised by present value crediting old partners in old profit-sharing ratio 3:2)</p> <p>Write it off in the New profit-sharing ratio Among All Partners:</p> <p>X's Capital A/c ...Dr. 36,000 Y's Capital A/c ...Dr. 24,000 Z's Capital A/c ...Dr. 30,000 To Goodwill A/c 90,000 (Being Goodwill written off among new partners in their new profit-sharing ratio, i.e., 6:4:5.)</p>	<p>Raise Goodwill by difference amount</p> <p>Goodwill A/c ...Dr. 60,000 To X's Capital A/c 36,000 To Y's Capital A/c 24,000 (Being Goodwill raised by present value crediting old partners in old PSR 3:2)</p> <p>Write it off in the New PSR Among All Partners:</p> <p>X's Capital A/c ...Dr. 24,000 Y's Capital A/c ...Dr. 16,000 Z's Capital A/c ...Dr. 20,000 To Goodwill A/c 60,000 (Being Goodwill written off among new partners in their new profit-sharing ratio, i.e., 6:4:5.)</p>		

TREATMENT OF GOODWILL – RECONSTITUTION OF PARTNERSHIP

(CHANGE IN PROFIT SHARING RATIO AMONG EXISTING PARTNERS)

ALTERNATIVE METHODS WHEN EXISTING GOODWILL WRITTEN OFF


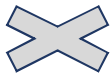
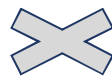


EXAMPLE – 'P', 'Q' and 'R' are partners sharing profits in the ratio 2:2:1. They decided to share profits in future equally. On that date, Goodwill of the firm is valued at ₹ 60,000. Pass necessary journal entries.

CHANGE IN PSR TABLE A

A) ADJUSTMENT OF GOODWILL WITHOUT RAISING.		B) ADJUSTMENT OFGOODWILLBYRAISING AND WRITING OFF.				Note: * BVGw is Book Value of Goodwill (i.e. Existing Goodwill) or. Value Given in the Balance Sheet.			
<div>➤ WRITE OFF EXISTING GOODWILL Existing Goodwill (if any), will be written off among partners in their old ratio. (suppose, it is ₹40,000).</div> <div>WRITE OFF EXISTING GOODWILL P's Capital A/c ...Dr.16,000 Q's Capital A/c ...Dr. 16,000 R's Capital A/c ...Dr. 8,000 To Goodwill A/c 40,000 (Being old Goodwill written off among partners in their old ratio i.e., 2:2:1.)</div>		Goodwill Account doesn't Exist in the Books B1 BVGw = 0 ↓ BVGW = 0 PVGW = ₹ 60,000		Goodwill Account exists at LessThan FullPresent Value. B2 BVGw <PVGw ↓ BVGW = ₹30,000* PVGW = ₹ 60,000		Goodwill Account already existsat Full Present Value. B3 BVGw =PVGw ↓ BVGW = ₹60,000 PVGW = ₹ 60,000		Goodwill Account exists at a Higher Value. B4 BVGw >PVGw ↓ BVGW = ₹90,000 PVGW = ₹ 60,000	
		<div>FULL PRESENT VALUE OF FIRM'S GOODWILL IS ₹ 60,000</div> <div>₹ 60,000</div> <div>Raise by PV Raise by PV Raise by PV Raise by PV</div> <div>0 ₹ 30,000 ₹ 60,000 ₹ 90,000</div> <div>Existing Goodwill – [NIL] Steps Steps Steps Steps</div> <div><div>Raise Goodwill by full PVGwcrediting partners in their old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c 24,000 To Q's Capital A/c 24,000 To R's Capital A/c 12,000 (Being Goodwill raised among old partners in their old PSRi.e., 2:2:1.)</div><div>Write off it in the New Profit-Sharing Ratio Among All Partners: P's Capital A/c ...Dr. 20,000 Q's Capital A/c ...Dr. 20,000 R's Capital A/c ...Dr. 20,000 To Goodwill A/c 60,000 (Being Goodwill written off among partners in their new PSR1:1:1.)</div></div> <div><div>Write off Existing Goodwill among partners in their old profit-sharing ratio. P's Capital A/c ...Dr. 12,000 Q's Capital A/c ...Dr. 12,000 R's Capital A/c ...Dr. 6,000 To Goodwill A/c30,000 (Being the existing Goodwill written off in2:2:1ratio.)</div><div>Raise Goodwill at PV, credit allPartners in old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c 24,000 To Q's Capital A/c 24,000 To R's Capital A/c 12,000 (Being Goodwill raised by present value creditingpartners in old PSR, 2:2:1.) Write off in the new PSR among All partners: P's Capital A/c ...Dr. 20,000 Q's Capital A/c ...Dr. 20,000 R's Capital A/c ...Dr. 20,000 To Goodwill A/c 60,000 (Being Goodwill written off among all partner in their new PSR 1:1:1.)</div></div> <div><div>Write off Existing Goodwill among partners in their old PSR. P's Capital A/c ...Dr. 24,000 Q's Capital A/c ...Dr. 24,000 R's Capital A/c ...Dr. 12,000 To Goodwill A/c60,000 (Being the existing Goodwill written off in2:2:1 ratio.)</div><div>Raise Goodwill at PV, credit all Partners in old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c 24,000 To Q's Capital A/c 24,000 To R's Capital A/c 12,000 (Being Goodwill raised by present value creditingpartners in old PSR, 2:2:1.) Write off in the new PSR among All partners: P's Capital A/c ...Dr. 20,000 Q's Capital A/c ...Dr. 20,000 R's Capital A/c ...Dr. 20,000 To Goodwill A/c 60,000 (Being Goodwill written off among all partner in their new PSR 1:1:1.)</div></div> <div><div>To Reduce it to Present Value Write off Excess Goodwill among all partners in their Old Ratio. P's Capital A/c ...Dr. 36,000 Q's Capital A/c ...Dr. 36,000 R's Capital A/c ...Dr. 18,000 To Goodwill A/c90,000 (Being the existing Goodwill written off in2:2:1 ratio.)</div><div>Raise Goodwill at PV, credit all Partners in old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c 24,000 To Q's Capital A/c 24,000 To R's Capital A/c 12,000 (Being Goodwill raised by present value creditingpartners in old PSR, 2:2:1.) Write off in the new PSR among All partners: P's Capital A/c ...Dr. 20,000 Q's Capital A/c ...Dr. 20,000 R's Capital A/c ...Dr. 20,000 To Goodwill A/c 60,000 (Being Goodwill written off among all partner in their new PSR 1:1:1.)</div></div>							
<div>ADJUST GOODWILL WITHOUT RAISING IT:</div> <div>CONCEPT</div> <div><div>Gaining Partner's Capital A/c ...Dr. To Sacrificing Partner's Capital A/c</div><div>R's Capital A/c ...Dr. 8,000 To P's Capital A/c 4,000 To Q's Capital A/c 4,000 (Being goodwill adjusted among partners in their Sacrificing/Gaining ratio.)</div><div>OR</div><div>WorkingNotes: - Calculation of Sacrificing/Gaining Ratio: Sacrificed Share = Old Share – New Share P = 2/5 –1/3 = (6-5)/15 = 1/15 Q = 2/5 – 1/3 = (6-5) /15= 1/15 R = 1/5 – 1/3 = (3-5)/15 = (-) 2/15 (Gain)</div></div>									

EXISTING GOODWILL IS NOT WRITTEN OFF BUT RETAINED IN BOOKS

CHANGE IN PSR TABLE B

EXISTING GOODWILL IS NOT WRITTEN OFF BUT RETAINED IN BOOKS			
Note: * BV _{GW} is Book Value of Goodwill (i.e. Existing Goodwill) or Value Given in the Balance Sheet.			
Goodwill Account doesn't Exist in the Books	Goodwill Account exists at Less than Present Value.	Goodwill Account exists at Present Value.	Goodwill Account exists at a Higher Value.
B1 BV _{GW} = 0	B2 BV _{GW} < PV _{GW}	B3 BV _{GW} = PV _{GW}	B4 BV _{GW} > PV _{GW}
BVGW = 0 PVGW = ₹ 60,000	BVGW = ₹ 30,000* PVGW = ₹ 60,000	BVGW = ₹ 60,000 PVGW = ₹ 60,000	BVGW = ₹ 90,000 PVGW = ₹ 60,000
<p>FULL PRESENT VALUE OF FIRM'S GOODWILL IS ₹ 60,000</p> <p>₹ 60,000</p> <p>Raise by PV</p> <p>0</p> <p>Existing Goodwill – [NIL]</p> <p>[₹ 30,000]</p> <p>[₹ 60,000]</p> <p>[₹ 90,000]</p> <p>Reduce</p>			
Existing Goodwill is not written off but Retained.	Existing Goodwill is not written off but Retained.	Existing Goodwill is not written off but Retained.	Existing Goodwill is not written off but Retained up to 60,000.
Steps	Steps	Steps	Steps
			<p>P's Capital A/c ...Dr. 12,000</p> <p>Q's Capital A/c ...Dr. 12,000</p> <p>R's Capital A/c ...Dr. 6,000</p> <p>To Goodwill A/c 30,000</p> <p>(Being existing Goodwill written off between old partners in old ratio i.e., 2:2:1)</p>
<p>Raise Goodwill by difference amount</p> <p>Goodwill A/c ...Dr. 60,000</p> <p>To P's Capital A/c 24,000</p> <p>To Q's Capital A/c 24,000</p> <p>To R's Capital A/c 12,000</p> <p>(Being Goodwill raised by present value crediting partners in old profit-sharing ratio i.e., 2:2:1)</p> <p>Write it off in the New profit-sharing ratio Among All Partners:</p> <p>P's Capital A/c ...Dr. 20,000</p> <p>Q's Capital A/c ...Dr. 20,000</p> <p>R's Capital A/c ...Dr. 20,000</p> <p>To Goodwill A/c 60,000</p> <p>(Being Goodwill written off among partners in their new profit-sharing ratio, i.e., 1:1:1.)</p>	<p>Raise Goodwill by difference amount</p> <p>Goodwill A/c ...Dr. 60,000</p> <p>To P's Capital A/c 24,000</p> <p>To Q's Capital A/c 24,000</p> <p>To R's Capital A/c 12,000</p> <p>(Being Goodwill raised by present value crediting partners in old profit-sharing ratio i.e., 2:2:1)</p> <p>Write it off in the New profit-sharing ratio Among All Partners:</p> <p>P's Capital A/c ...Dr. 20,000</p> <p>Q's Capital A/c ...Dr. 20,000</p> <p>R's Capital A/c ...Dr. 20,000</p> <p>To Goodwill A/c 60,000</p> <p>(Being Goodwill written off among partners in their new profit-sharing ratio, i.e., 1:1:1.)</p>		

TREATMENT OF GOODWILL – RETIREMENT / DEATH OF A PARTNER ALTERNATIVE METHODS WHEN EXISTING GOODWILL WRITTEN OFF

EXAMPLE—'P', 'Q' and 'R' were partners sharing profits in the ratio 5:3:2. 'R' retired or passed away and goodwill of the firm was valued at ₹ 60,000. Pass necessary journal entries:

RETIREMENT / DEATH OF A PARTNER CHAPTER TABLE A

<p>A) IF RETIRING OR DECEASED PARTNER'S SHARE IN PRESENT VALUE OF GOODWILL IS TO BE ADJUSTED WITHOUT RAISING IT.</p>	<p>B) IF THEY DECIDE TO RAISE AND WRITE OFF PRESENT VALUE OF GOODWILL. Note: * BVGW is Book Value of Goodwill i.e. Value of Goodwill Given in the Balance Sheet or Existing Goodwill.</p>			
<p>WRITE OFF EXISTING GOODWILL Existing Goodwill (if any), will be written off among partners in their old ratio. (suppose, it is ₹40,000).</p> <p style="margin-left: 40px;">P's Capital A/c ...Dr. 20,000 Q's Capital A/c ...Dr. 12,000 R's Capital A/c ...Dr. 8,000 To Goodwill A/c ...40,000</p> <p><i>(Being Existing Goodwill written off in their old profit-sharing ratio i.e., 5:3:2.)</i></p>	<p>Goodwill Account doesn't Exist in the Books</p> <p>B1 BVGW = 0</p> <p>↓</p> <p>BVGW = 0 PVGW = ₹ 60,000</p>	<p>Goodwill Account exists at Less Than Full Present Value.</p> <p>B2 BVGW < PVGW</p> <p>↓</p> <p>BVGW = ₹ 30,000 PVGW = ₹ 60,000</p>	<p>Goodwill Account already exists at Full Present Value.</p> <p>B3 BVGW = PVGW</p> <p>↓</p> <p>BVGW = ₹ 60,000 PVGW = ₹ 60,000</p>	<p>Goodwill Account exists at a Higher Value.</p> <p>B4 BVGW > PVGW</p> <p>↓</p> <p>BVGW = ₹ 90,000 PVGW = ₹ 60,000</p>
<p>ADJUST RETIRING OR DECEASED PARTNER'S SHARE IN PV OF GOODWILL:</p> <p style="text-align: center;">CONCEPT</p>	<p style="text-align: center;">FULL PRESENT VALUE OF FIRM'S GOODWILL IS ₹ 60,000</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>₹ 60,000</p> <p>↑</p> <p>Raise by PV</p> <p>Existing Goodwill – [NIL]</p> </div> <div style="text-align: center;"> <p>↑</p> <p>Raise by PV</p> <p>[₹ 30,000]</p> </div> <div style="text-align: center;"> <p>↑</p> <p>Raise by PV</p> <p>[₹ 60,000]</p> </div> <div style="text-align: center;"> <p>↑</p> <p>Raise by PV</p> <p>[₹ 90,000]</p> </div> <div style="text-align: center;"> <p>↓</p> <p>Write off</p> </div> </div>			
<p>Gaining Partner's Cap. ...Dr. To Retiring / Deceased Partner's Capital A/c</p> <p>P's Capital A/c ...Dr. 7,500 Q's Capital A/c ...Dr. 4,500 To R's Capital A/c ...12,000</p> <p><i>(Being R's share of goodwill adjusted among remaining partners in their Gaining ratio i.e., 5:3.)</i></p>	<p>Steps Raise Goodwill by full PVGW by crediting old partners in their old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c ...30,000 To Q's Capital A/c ...18,000 To R's Capital A/c ...12,000 <i>(Being Goodwill raised among old partners in their old PSR i.e., 5:3:2.)</i></p>	<p>Steps Write off Existing Goodwill by crediting old partners in their old profit-sharing ratio. P's Capital A/c ...Dr. 15,000 Q's Capital A/c ...Dr. 9,000 R's Capital A/c ...Dr. 6,000 To Goodwill A/c ...30,000 <i>(Being the existing Goodwill written off in 5:3:2 ratio.)</i></p>	<p>Steps Write off Existing Goodwill by crediting old partners in their old profit-sharing ratio. P's Capital A/c ...Dr. 30,000 Q's Capital A/c ...Dr. 18,000 R's Capital A/c ...Dr. 12,000 To Goodwill A/c ...60,000 <i>(Being the existing Goodwill written off in 3:2 ratio.)</i></p>	<p>Steps To Reduce it to Present Value Write off Excess Goodwill among old partners in their Old Ratio. P's Capital A/c ...Dr. 45,000 Q's Capital A/c ...Dr. 27,000 R's Capital A/c ...Dr. 21,000 To Goodwill A/c ...90,000 <i>(Being the existing Goodwill written off in 3:2 ratio.)</i></p>
<p>Working Notes: - R's share in PV of Goodwill: 2/10 of 60,000</p> <div style="text-align: center; margin-top: 20px;"> <div style="border: 1px solid black; padding: 5px; width: 60px; margin: 0 auto;">12,000</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <p>P – 5/8</p> <p>7,500</p> </div> <div style="text-align: center;"> <p>Q – 3/8</p> <p>4,500</p> </div> </div> </div>	<p>Write off it in the New Profit-Sharing Ratio Among remaining Partners:</p> <p>P's Capital A/c ...Dr. 37,500 Q's Capital A/c ...Dr. 22,500 To Goodwill A/c ...60,000</p> <p><i>(Being Goodwill written off among remaining partners in their new PSR, 5:3.)</i></p>	<p>Raise Goodwill at PV, credit old Partners in old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c ...30,000 To Q's Capital A/c ...18,000 To R's Capital A/c ...12,000</p> <p><i>(Being Goodwill raised by present value crediting old partners in old profit-sharing ratio 5:3:2.)</i></p> <p>Write off in the new PSR between partners:</p> <p>P's Capital A/c ...Dr. 37,500 Q's Capital A/c ...Dr. 22,500 To Goodwill A/c ...60,000 <i>(Being Goodwill written off among new partner in 5:3.)</i></p>	<p>Raise Goodwill at PV, credit old Partners in old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c ...30,000 To Q's Capital A/c ...18,000 To R's Capital A/c ...12,000</p> <p><i>(Being Goodwill raised by present value crediting old partners in old profit-sharing ratio 5:3:2.)</i></p> <p>Write off in the new PSR between partners:</p> <p>P's Capital A/c ...Dr. 37,500 Q's Capital A/c ...Dr. 22,500 To Goodwill A/c ...60,000 <i>(Being Goodwill written off among new partner in 5:3.)</i></p>	<p>Raise Goodwill at PV, credit old Partners in old profit-sharing ratio. Goodwill A/c ...Dr. 60,000 To P's Capital A/c ...30,000 To Q's Capital A/c ...18,000 To R's Capital A/c ...12,000</p> <p><i>(Being Goodwill raised by present value crediting old partners in old profit-sharing ratio 5:3:2.)</i></p> <p>Write off in the new PSR between partners:</p> <p>P's Capital A/c ...Dr. 37,500 Q's Capital A/c ...Dr. 22,500 To Goodwill A/c ...60,000 <i>(Being Goodwill written off among new partner in 5:3.)</i></p>

EXISTING GOODWILL IS NOT WRITTEN OFF BUT RETAINED IN BOOKS

RETIREMENT/DEATH OF A PARTNER CHAPTER
TABLE B

EXISTING GOODWILL IS NOT WRITTEN OFF BUT RETAINED IN BOOKS			
<p>Note: * BVGW is Book Value of Goodwill (i.e. Existing Goodwill) or. Value Given in the Balance Sheet. * PVGW is Present Value of firm's Goodwill i.e. Value at the time of Admission of a New Partner.</p>			
Goodwill Account doesn't Exist in the Books	Goodwill Account exists at Less than Present Value.	Goodwill Account exists at Present Value.	Goodwill Account exists at a Higher Value.
<p>B1 BV_{GW} = 0</p> <p>BVGW = 0 PVGW = ₹ 60,000</p>	<p>B2 BV_{GW} < PV_{GW}</p> <p>BVGW = ₹ 30,000* PVGW = ₹ 60,000</p>	<p>B3 BV_{GW} = PV_{GW}</p> <p>BVGW = ₹ 60,000 PVGW = ₹ 60,000</p>	<p>B4 BV_{GW} > PV_{GW}</p> <p>BVGW = ₹ 90,000 PVGW = ₹ 60,000</p>
<p style="text-align: center;">FULL PRESENT VALUE OF FIRM'S GOODWILL IS ₹ 60,000</p>			
Existing Goodwill – [Nil]	[₹ 30,000]	[₹ 60,000]	[₹ 90,000]
<p>Existing Goodwill is not written off but Retained.</p> <p>Steps</p>	<p>Existing Goodwill is not written off but Retained.</p> <p>Steps</p>	<p>Existing Goodwill is not written off but Retained.</p> <p>Steps</p>	<p>Existing Goodwill is not written off but Retained up to 30,000.</p> <p>Steps</p> <p>P's Capital A/c ...Dr. 15,000 Q's Capital A/c ...Dr. 9,000 R's Capital A/c ...Dr. 6,000 To Goodwill A/c 30,000 (Being existing Goodwill written off between old partners in old ratio i.e., 5:3:2)</p>
<p>Raise Goodwill by difference amount</p> <p>Goodwill A/c ...Dr. 60,000 To P's Capital A/c 30,000 To Q's Capital A/c 18,000 To R's Capital A/c 12,000 (Being Goodwill raised by present value crediting old partners in old profit-sharing ratio i.e., 5:3:2) Write it off in the New profit-sharing ratio between Partners:</p> <p>P's Capital A/c ...Dr. 37,500 Q's Capital A/c ...Dr. 22,500 To Goodwill A/c 60,000 (Being Goodwill written off among new partners)</p>	<p>Raise Goodwill by difference amount</p> <p>Goodwill A/c ...Dr. 30,000 To P's Capital A/c 15,000 To Q's Capital A/c 9,000 To R's Capital A/c 6,000 (Being Goodwill raised by present value crediting old partners in old profit-sharing ratio i.e., 5:3:2) Write it off in the New profit-sharing ratio Among All Partners:</p> <p>P's Capital A/c ...Dr. 18,750 Q's Capital A/c ...Dr. 11,250 To Goodwill A/c 30,000 (Being Goodwill written off between new partners in their new profit-sharing ratio, i.e., 5:3:2)</p>		

4

DISCOUNT OR LOSS ON ISSUE OF DEBENTURES

Discount or Loss on Issue of Debentures is a capital loss arising from the issue of debentures. Till last year, Discount or Loss on Issue of Debentures was written off over the life of the debentures i.e., during the redemption period of the debentures.

CBSE has prescribed the change in manner of writing off Discount or Loss on Issue of Debentures from this year. Henceforth, Discount or Loss on Issue of Debentures shall be written off in the first year i.e., in the year when debentures are issued.

The changed method of writing off Discount or Loss on Issue of Debentures is discussed hereunder giving the reasoning for the changed method.

Discount or Loss on Issue of Debentures is to be written off in the year Debentures are issued from:

- (a) Securities Premium Reserve, if it exists; and/or
- (b) Statement of Profit and Loss.

Till last year, Discount or Loss on Issue of Debentures was written off over the period of redemption of debentures, which was not in accordance with AS 16, *Borrowing Cost*. CBSE has brought change in the method of writing of Discount or Loss on Issue of Debentures. Henceforth, Discount or Loss on Issue of Debentures is to be written off in the year when debentures are issued from *Securities Premium Reserve, if it has a balance and thereafter from Statement of Profit and Loss*.

Basis for Change in the method of Writing Off Discount or Loss on Issue of Debentures in the year of redemption?

AS 16, Borrowing Cost, prescribes that Borrowing Cost may be capital cost or revenue cost. *Para 6 of AS 16, Borrowing Cost* prescribes that borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of cost of that asset. It should be capitalised in accordance with this standard. ***Other borrowing costs should be recognised as an expense in the period in which they are incurred.***

CBSE has prescribed that Discount or Loss on Issue of Debentures is to be written off in the first year i.e., in the year when debentures are issued. CBSE thus, has prescribed that Discount or Loss on Issue of Debentures is to be treated as Revenue Expense Since, Discount or Loss is incurred at the time when debentures are issued. Thus, they should be written off in the year when debentures are issued.

Accounting Standards are notified under section 133 of the Companies Act, 2013 and are mandatory for every company to follow. If the financial statements are not drawn following the accounting standards, the financial statements do not give a true and fair view. They thus, do not have the qualitative characteristics.

Section 52(2) of the Companies Act, 2013

Section 52(2) of the Companies Act, 2013 prescribes the purposes for which Securities Premium Reserve can be used. The purposes for which it can be used are:

- (a) towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares;
- (b) in writing off the preliminary expenses of the company;
- (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company;
- (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or
- (e) for the purchase of its own shares or other securities.

AS 16, Borrowing Cost prescribes that Borrowing Costs of revenue nature should be written off in the year when debentures are issued. Section 52(2) of the Companies Act, 2013 allows use of Securities Premium Reserve for writing off Discount/ Loss on Issue of Debentures. The change brought by CBSE in the syllabus for current year with respect to Writing Off Discount or Loss on Issue of Debentures *in the year when debentures are issued* is correct. Thus, they should be written off in the year when debentures are issued.

In effect, the change is in accordance with the legal provisions, i.e., Writing off Discount or Loss in the year when debentures are issued and also first from Securities Premium Reserve, if it has a balance and thereafter from Statement of Profit and Loss.

Accounting Treatment

The following process should be followed for Writing off Discount or Loss on Issue of Debentures:

(i) When Written off from Securities Premium Reserve Account:

Discount or Loss on Issue of Debentures should be written off from Securities Premium Reserve (if it has a balance) and balance from Statement of Profit and Loss Account as Finance Cost.

If it is written off from Securities Premium Reserve, the journal entry is:

Securities Premium Reserve A/c	...Dr.
To Discount/Loss on Issue of Debentures A/c	

(ii) When written off from Statement of Profit and Loss:

Since, Discount or Loss on Issue of Debentures should be written off in the year when debentures are issued, if balance in Securities Premium Reserve is not adequate to write off total Discount or Loss on Issue of Debentures, balance should be written off from Statement of Profit and Loss as Finance Cost. The Journal entry is:

Statement of Profit and Loss (Finance Cost)	...Dr.
To Discount/Loss on Issue of Debentures	

(iii) When written off partly from Securities Premium Reserve and partly from Statement of Profit and Loss (Finance Cost):

Securities Premium Reserve A/c	...Dr.
Statement of Profit and Loss (Finance Cost)	...Dr.
To Discount/Loss on Issue of Debentures A/c	

Illustration 1

ABC Ltd. issued 10,000, 9% Debentures of Rs. 100 each on 1st April, 2018 at a discount of Rs.10 redeemable at a premium of 10%. The company has a balance of Rs. 5,00,000 in Securities Premium Reserve Account.

Pass the Journal Entries for Issue of Debentures and Writing off Loss on Issue of Debentures.

Solution:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2018				
April 1	Bank A/c ...Dr. To Debenture Application and Allotment A/c (Being the Application Money received on 10,000, 9% Debentures)		9,00,000	9,00,000
April 1	Debenture Application and Allotment A/c ...Dr. Loss on issue of Debentures A/c ...Dr. To 9% Debentures A/c Premium on Redemption of Debentures To A/c (Being 10,000, 9% Debentures Issued)		9,00,000 2,00,000	10,00,000 1,00,000
2019 March 31	Securities Premium Reserve A/c ...Dr. To Loss on issue of Debentures A/c (Being the Loss on issue of Debentures written off from Securities Premium Reserve A/c)		2,00,000	2,00,000

Illustration - 2

Woodsmith Ltd issued 20,000, 8% Debentures of Rs. 100 each on 1st April, 2018 redeemable at 20% premium. The Company has Rs. 1,50,000 balance in Securities Premium Reserve Account.

Pass the necessary Journal Entries for Issue of Debentures and Writing Off Loss on issue of Debentures.

Solution:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2018				
April 1	Bank A/c ...Dr. Debentures Application and Allotment To A/c (Being the Subscription received for 20,000, 8% Debentures of Rs. 100 each)		20,00,000	20,00,000
April 1	Debentures Application and Allotment A/c ...Dr. Loss on issue of Debentures A/c ...Dr. To 8% Debentures A/c Premium on Redemption of To Debentures A/c (Being the 20,000, 8% Debentures Issued)		20,00,000 4,00,000	20,00,000 4,00,000
2019				
March 31	Securities Premium Reserve A/c ...Dr. Statement of Profit and Loss (Finance Cost) ...Dr. To Loss on issue of Debentures A/c (Being Loss on issue of Debentures written off)		1,50,000 2,50,000	4,00,000

Illustration 3

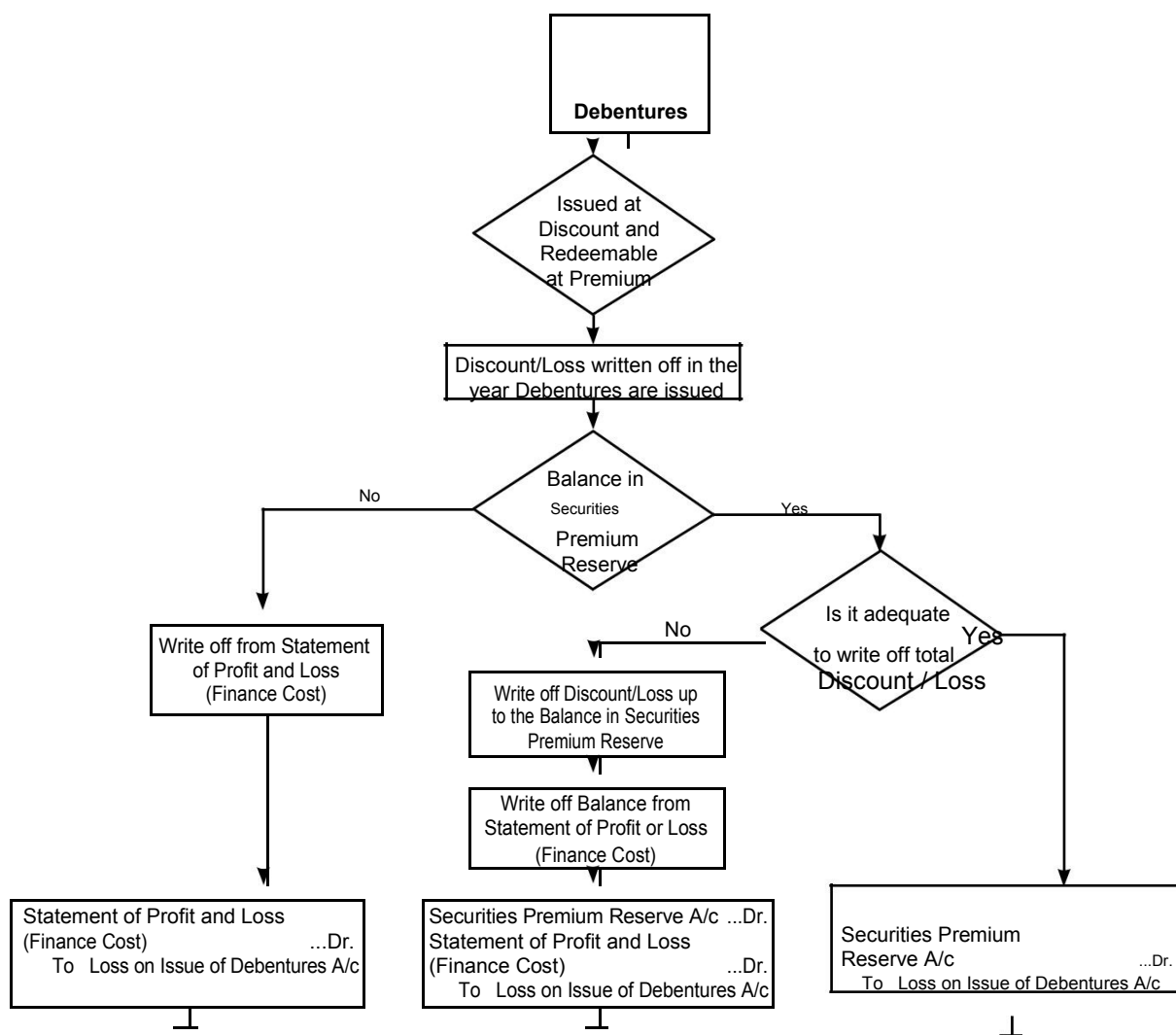
Wordsworth Ltd. issued 20,000, 8% Debentures of Rs. 100 each on 1st April, 2018 redeemable at 20% premium.

Pass the necessary Journal Entries for Issue of Debentures and Writing Off Loss on issue of Debentures.

Solution:

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2018				
April 1	Bank A/c ...Dr. To Debentures Application and Allotment A/c (Being the subscription received for 20,000, 8% Debentures of ₹ 100 each)		20,00,000	20,00,000

April	1	Debentures Application and Allotment A/c	...Dr.	20,00,000	
		Loss on issue of Debentures A/c	...Dr.	4,00,000	20,00,000
		To 8% Debentures A/c			
		Premium on Redemption of			
		To Debentures A/c			4,00,000
		(Being 20,000, 8% Debentures Issued)			
<hr/>					
2019					
March	31	Statement of Profit and Loss (Finance Cost)	...Dr.	4,00,000	4,00,000
		To Loss on issue of Debentures A/c			
		(Being the Loss on issue of Debentures written off)			



Effect of Writing Off Discount or Loss on Issue of Debentures on Cash Flow Statement When Written off from Securities Premium Reserve

It will not affect Cash Flow from Operating Activities since it has not been an element to determine profit or loss for the year.

- (i) *If Debentures were issued at a discount*, amount received for debentures is shown as inflow under Cash Flow from Financing Activities at net amount received, i.e., Nominal Value less Discount. Thus, it will not affect Cash Flow from Operating Activities. It will not affect Cash Flow from Operating Activities.
- (ii) *If Debentures were issued at par or premium and are redeemable at premium*, amount received for debentures is shown as inflow under Cash Flow from Financing Activities at amount received. Loss on Issue of Debentures written off from Securities Premium Reserve will not affect Cash Flow Statement. It will be shown in Cash Flow Statement as Outflow under Cash Flow from Financing Activities in the year when debentures are redeemed. It will not affect Cash Flow from Operating Activities.
- (iii) *If Debentures were issued at discount and are redeemable at premium*, amount received for debentures is shown at net value received (Nominal Value less Discount) as inflow under Cash Flow from Financing Activities. Discount or Loss on Issue of Debentures written off from Securities Premium Reserve will not affect Cash Flow Statement. Premium payable on redemption will be shown as Outflow under Cash Flow from Financing Activities in the year when debentures are redeemed. It will not affect Cash Flow from Operating Activities.

When Written off from Statement of Profit and Loss

It will affect Cash Flow from Operating Activities since it has been an element to determine profit or loss for the year. Stating differently, it has affected net profit or loss.

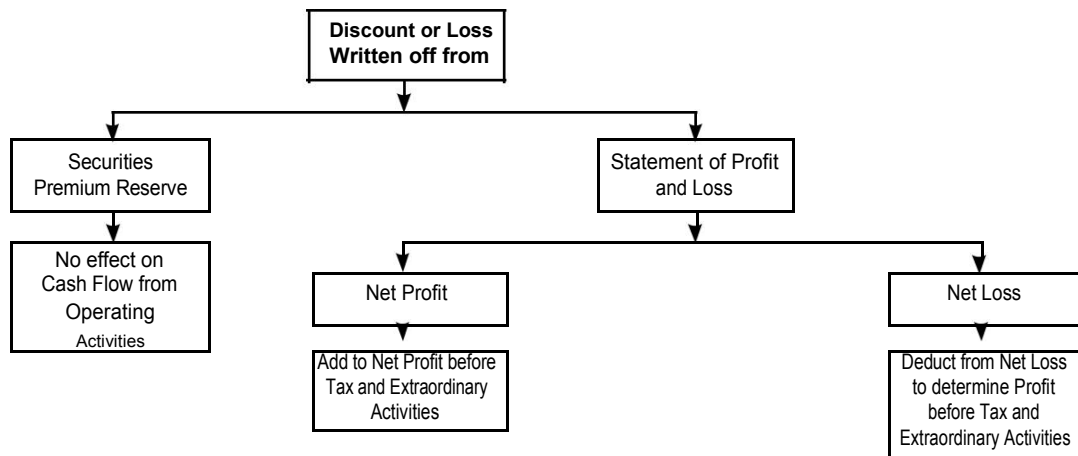
- (i) *If Debentures were issued at a discount*, amount received for debentures is shown as inflow under Cash Flow from Financing Activities at net amount received, i.e., Nominal Value less Discount. Discount or Loss on Issue of Debentures written off from Statement of Profit and Loss is added to Net Profit before Tax and Extra – ordinary Items because it is considered for determining profit or loss for the year. In case of Net Profit the amount of Discount or Loss written off is added because it decreased profit. In case of Net Loss, the amount of Discount or Loss written off is deducted from the loss because it increased the loss.
- (ii) *If Debentures were issued at par or premium and are redeemable at premium*, amount received for debentures is shown as inflow under Cash Flow from Financing Activities. Loss on Issue of Debentures written off from Statement of Profit and Loss affects Cash Flow from Operating Activities since it is an element that determined profit or loss for the year.

Loss on Issue of Debentures written off from Statement of Profit and Loss is added to Net Profit Before Tax and Extra-ordinary Activities in Cash Flow from Operating Activities. It will be shown in Cash Flow Statement as Outflow under Cash Flow from Financing Activities in the year when debentures are redeemed.

When Written off from partly from Securities Premium Reserve and partly from Statement of Profit and Loss

The amount written off from Securities Premium Reserve will not affect Cash Flow from Operating Activities whereas the amount written off from Statement of Profit and Loss will affect Cash Flow from Operating Activities in the manner it is discussed above.

Effect of Discount/Loss Written off on Cash Flow from Operating Activities



5

CASH FLOW STATEMENT

Cash Flow Statement is prepared as per AS 3, Cash Flow Statement. CBSE has prescribed that Indirect Method of preparing Cash Flow Statement is in syllabus whereas Direct Method of preparing Cash Flow Statement is not in syllabus. Therefore, Cash Flow Statement is prepared from financial statements i.e., Balance Sheet, Statement of Profit and Loss, Notes to Accounts and additional information.

Financial Statements are prepared following the applicable accounting standards, one of which is AS 4, Contingencies and Events Occurring After the Balance Sheet Date. AS 4 prescribes that unless the Proposed Dividend is declared i.e., approved by the shareholders (which in the AGM). AGM of the shareholders is held after the end of the financial year in which dividend is proposed. Therefore, Proposed of the previous year is accounted in the books of account whereas Proposed Dividend of the current year is not provided. Henceforth, Proposed Dividend is not shown as Short term Provisions but is shown as Contingent Liabilities in the Notes to Account.

Since, Proposed Dividend of previous year is accounted in the books of account, it will be added under Operating Activities and shown as outflow under Financing Activities. However, care should be taken to adjust Unpaid Dividend / Unclaimed Dividend.

It has been discussed in detail hereunder.

Effect of Changed AS 4, Contingencies and Events Occurring after the Balance Sheet

Cash Flow Statement, under Indirect Method, is prepared on the basis of Financial Statements, i.e., Balance Sheet and Statement of Profit and Loss.

Financial Statements are prepared to determine financial performance and financial position following Accounting Standards except AS 3, Cash Flow Statement. Cash Flow Statement is prepared as per AS 3, Cash Flow Statement.

As a result, treatment of items in Cash Flow Statement may differ from that in Financial Statements. An item shown as Current Liability (Say Bank Overdraft) may not be part of Operating Activity (Bank Overdraft is shown as Financing Activity).

AS 4, *Contingencies and Events Occurring after the Balance Sheet Date* prescribes that a company shall show Proposed Dividend as Contingent Liability. The reason being:

Proposed Dividend is proposed by the Board of Directors and declared (approved) by the Shareholders in their Annual General Meeting (AGM). AGM of a company is held after the end of the financial year.

Shareholders have the power to reduce the Proposed Dividend but do not have the power to increase it. Since, declaration of final dividend is contingent upon approval of the shareholders, it is not accounted in the books but is shown as Contingent Liability. Once it is declared by the Shareholders, it becomes a liability and is accounted in the books of account by passing the following Journal entry:

Surplus, *i.e.*, Balance in Statement of Profit and Loss A/c ...Dr.
To Dividend Payable A/c
(Being the Dividend payable after being declared in AGM)

Let us take an example for more clear understanding. Section 96 of the Companies Act, 2013 prescribes that every company must hold its AGM within six months from the end of its financial year. Thus, a company must hold its AGM for the financial year ending 31st March, 2019 by 30th September, 2019.

Suppose, the company proposes Dividend of Rs. 10,00,000 on Equity Shares for the year ended 31st March, 2019. It will be considered and declared by the Shareholders in their AGM to be held by 30th September, 2019, which comes in the next financial year. If the shareholders declare the Proposed Dividend, it will become the liability of the company in the next financial year and the above Journal entry will be passed.

Paragraph 14 of AS 4

If an enterprise declares dividend to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the Balance Sheet Date unless the statute requires otherwise. Such dividends should be disclosed in notes.

DIVIDENDS AND CASH FLOW STATEMENT

Interim Dividend

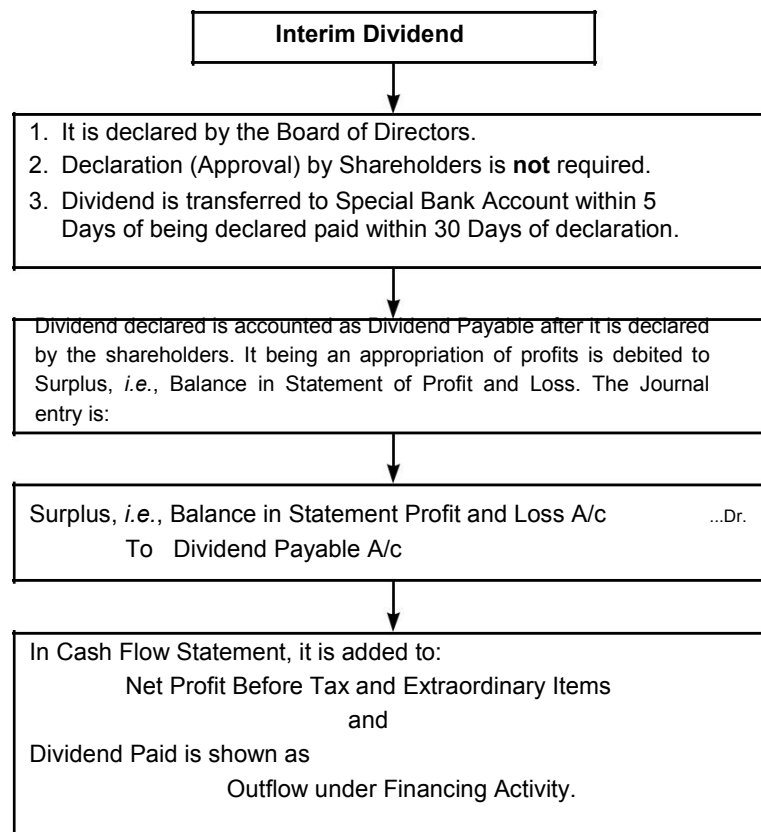
1. Interim Dividend is declared by the Board of Directors of the Company. It **does not** require approval (declaration) by the shareholders.
2. After Interim Dividend is declared by the Board of Directors, it is accounted in the Books of Account
by passing the following Journal entry:

Surplus, *i.e.*, Statement of Profit and Loss A/c ...Dr.
To Dividend Payable A/c

It is an appropriation of profits and is debited to Surplus, *i.e.*, Balance in Statement of Profit and Loss.

3. It is paid during the year.
4. The amount of Dividend declared is transferred to a Special Bank Account within 5 days of its declaration, out of which payment of dividend is made. If any balance remains in the special bank account, it means it is Unclaimed or Unpaid Dividend.
5. Dividend is paid within 30 days of declaration.
6. In Cash Flow Statement, the amount of Interim Dividend declared is added to Net Profit before Tax and Extraordinary Items under Cash Flow from Operating Activities since, it is the amount debited to Surplus, *i.e.*, Balance in Statement of Profit and Loss if the starting point is Difference between Closing and Opening Balances of Surplus, *i.e.*, Balance in Statement of Profit and Loss.
7. Amount of dividend paid (Dividend Declared – Unclaimed / Unpaid Dividend) is shown as outflow in Cash Flow from Financing Activity.

Flow Chart explaining process of declaration, accounting and payment of Interim Dividend



Proposed Dividend on Equity Shares

1. Proposed or Final Dividend is proposed by the Board of Directors of the Company and approved (declared) by the shareholders in their Annual General Meeting (AGM).
2. AGM of the shareholders is held after the end of the financial year, *i.e.*, in the next financial year. Therefore, in the year, Proposed Dividend of previous year is approved (declared) and paid.
3. Proposed Dividend is shown in the Notes to Accounts as Contingent Liability. After it is declared by the shareholders, it becomes a liability of the company and is accounted in the books of account by passing the following journal entry:

Surplus, *i.e.*, Statement of Profit and Loss A/c ...Dr.
To Dividend Payable A/c

4. The amount of Dividend declared is transferred to a Special Bank Account within 5 days of its declaration, out of which payment of dividend is made. If any balance remains in the special bank account, it means it is Unclaimed or Unpaid Dividend.
5. Dividend is paid within 30 days of declaration.
6. In Cash Flow Statement, the amount of Dividend (Final) declared is added to Net Profit before Tax and Extraordinary Items under Cash Flow from Operating Activities because the amount of dividend is debited to Surplus, *i.e.*, Balance in Statement of Profit and Loss and the starting point is Difference between Closing and Opening Balances of Surplus, *i.e.*, Balance in Statement of Profit and Loss.
7. Amount of dividend paid (Dividend Declared – Unclaimed / Unpaid Dividend) is shown as outflow in Cash Flow from Financing Activity.

Proposed Dividend on Preference Shares

1. Dividend on Preference Shares is also proposed by the Board of Directors of the Company and approved (declared) by the shareholders in their Annual General Meeting (AGM) like it is in the case of Equity Dividend.
2. AGM of the shareholders is held after the end of the financial year. Therefore, in the year, Proposed Preference Dividend of previous year is approved (declared) as is in the case of Equity Shares.
3. Proposed Preference Dividend is also shown in the Notes to Accounts as Contingent Liability. After it is declared by the shareholders, it becomes a liability of the company and is accounted in the books of account by passing the following journal entry:

Surplus, *i.e.*, Statement of Profit and Loss A/c ...Dr.
To Dividend Payable A/c

4. The amount of Dividend declared is transferred to a Special Bank Account within 5 days of its declaration, out of which payment of dividend is made. If any balance remains in the special bank account, it means it is Unclaimed or Unpaid Dividend.
5. Dividend is paid within 30 days of declaration.

6. In Cash Flow Statement, the amount of Preference Dividend declared is added to Net Profit before Tax and Extraordinary Items under Cash Flow from Operating Activities. It is added because the amount of dividend is debited to Surplus, *i.e.*, Balance in Statement of Profit and Loss, if the starting point is difference between Closing and Opening Balances of Surplus, *i.e.*, Balance in Statement of Profit and Loss.
7. Amount of dividend paid (Dividend Declared – Unclaimed / Unpaid Dividend) is shown as outflow in Cash Flow from Financing Activity.

Flow Chart explaining process of declaration, accounting and payment of Proposed Dividends on Equity Shares and Preference Shares

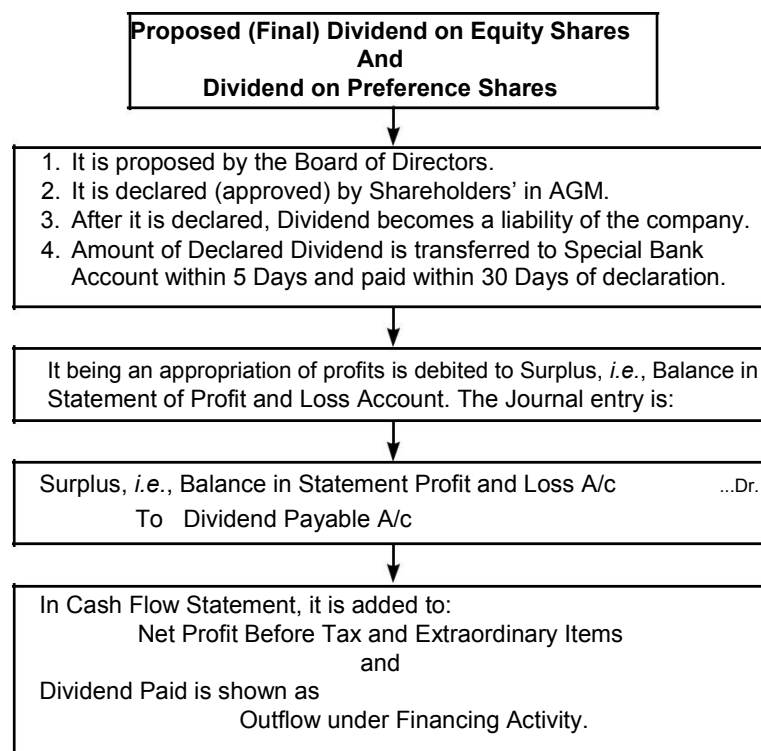


Illustration 4.

Prepare Note on Surplus, *i.e.*, Balance in Statement of Profit and Loss as at 31st March, 2018.

	2017–18 (Rs.)	2016–17 (Rs.)
Equity Share Capital	5,00,000	5,00,000
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss (Opening)	2,00,000	1,95,000
Profit for the year	1,00,000	75,000
Interim Dividend	25,000	20,000
Proposed Dividend	15%	20%

Proposed Dividend for the year ended 31st March, 2016 was 10% on Rs. 5,00,000 (Equity Share Capital).

Solution:

Particulars	31st March, 2018 Rs.	31st March, 2017 Rs.
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss (Opening Balance)	2,00,000	1,95,000
Add: Profit for the year	1,00,000	75,000
	3,00,000	2,70,000
Less: Interim Dividend	25,000	20,000
Proposed Dividend (PY)	1,00,000	50,000
Net Profit for the year	1,75,000	2,00,000

TREATMENT OF DIVIDEND IN CASH FLOW STATEMENT**CASH FLOW FROM OPERATING ACTIVITIES**

Particulars	Rs.
A. Net Profit Before Tax and Extraordinary Items	
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss (Closing Balance)	1,75,000
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss (Opening Balance)	2,00,000
	(25,000)
Add: Interim Dividend	25,000
Final Dividend	1,00,000
Net Profit Before Tax and Extraordinary Items	1,00,000
B. Cash Flow from Financing Activities	
Dividend Paid—Interim Dividend	(25,000)
Dividend Paid—Final Dividend	(1,00,000)

Illustration 5.

From the following Balance Sheet of Ankit Ltd. as at 31st March, 2018 and additional information, prepare Cash Flow Statement for the year:

Particulars	Note No.	31st March, 2018 Rs.	31st March, 2017 Rs.
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Equity Share Capital		20,00,000	20,00,000
(b) Reserves and Surplus	1	9,00,000	5,00,000
2. Non-Current Liabilities			
10% Debentures		10,00,000	10,00,000
3. Current Liabilities			
(a) Trade Payables		15,50,000	6,00,000
(b) Other Current Liabilities	2	1,00,000	70,000
Total		55,50,000	41,70,000
II. Assets			
1. Non-Current Assets (a)			
Fixed Assets			
(i) Tangible (Machinery)		30,00,000	20,00,000
(ii) Intangible (Goodwill)		3,00,000	3,40,000
(b) Non-Current Investments		2,00,000	1,50,000
2. Current Assets			
(a) Inventories		4,00,000	6,00,000
(b) Trade Receivables		7,00,000	9,00,000
(c) Cash and Cash Equivalent		9,50,000	1,80,000
Total		55,50,000	41,70,000

Notes to Accounts

Particulars	31st March, 2018 Rs.	31st March, 2017 Rs.
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	9,00,000	5,00,000
2. Other Current Liabilities		
Unpaid Dividend	60,000	Nil
Outstanding Expenses	40,000	70,000
Total	1,00,000	70,000

Additional Information:

(i) Machinery costing Rs. 4,00,000, on which depreciation provided was Rs. 2,20,000 was sold at a profit of Rs. 60,000 during the year.

(ii) Depreciation debited to Statement of Profit and Loss for the year was ₹ 7,00,000.

(iii) *Contingent Liability:*

Proposed Dividend	2017-18	2016-17
	25%	20%

Solution:

CASH FLOW STATEMENT OF ANKIT LTD.
for the year ended 31st March, 2018

Particulars		₹
A. Cash Flow from Operating Activities		
Closing Balance of Surplus, i.e., Balance in Statement of Profit and Loss		9,00,000
Less: Opening Balance of Surplus, i.e., Balance in Statement of Profit and Loss		5,00,000
		4,00,000
Add: Proposed Dividend (Previous Year)		4,00,000
Net Profit before Tax and Extraordinary Items		8,00,000
Add: Non-Cash/Non-operating Expenses:		
Depreciation	7,00,000	
Amortisation of Goodwill	40,000	
Interest on Debentures	1,00,000	8,40,000
		16,40,000
Less: Non-Operating Incomes:		
Gain (Profit) on Sale of Machine		60,000
Operating Profit before Working Capital Changes		15,80,000
Add: Decrease in Current Assets, Increase in Current Liabilities:		
Inventories	2,00,000	
Trade Receivables	2,00,000	
Trade Payables	9,50,000	13,50,000
		29,30,000
Less: Increase in Current Assets, Decrease in Current Liabilities:		
Outstanding Expenses	30,000	30,000
Cash Flow from Operating Activities		29,00,000
B. Cash Flow from Investing Activities		
Payment for Machinery	(18,80,000)	
Proceeds from Sale of Machinery	2,40,000	
Payment for Purchase of Investments	(50,000)	
Cash Used in Investing Activities		(16,90,000)
C. Cash Flow from Financing Activities		
Payment of Interest on Debentures	1,00,000	
Dividend Paid	4,00,000	
Less: Unpaid Dividend	60,000	3,40,000
Cash Used in Financing Activities		(4,40,000)
Net Increase in Cash and Cash Equivalents (A + B + C)		7,70,000
Add: Opening Cash & Cash Equivalents		1,80,000
D. Closing Cash and Cash Equivalents		9,50,000

SUGGESTED ACTIVITIES FOR TEACHERS

1. Preliminary Expenses of Rs. 50,000 is debited to Other Expenses in Statement of Profit and Loss. What will be its treatment in Cash Flow Statement?

2. A company sold its Marketable Securities of Book Value Rs. 20,000 for Rs. 15,000 and debited the loss to Statement of Profit and Loss.
How will be the loss of Rs. 5,000 shown in Cash Flow Statement?
3. Preference Shares redeemed at a premium of Rs. 1,00,000 and premium was written off from Securities Premium Reserve.
What will be the treatment in Cash Flow Statement?
4. Loss on Issue of Debentures of Rs. 2,00,000 written off from Securities Premium Reserve. What will be the treatment in Cash Flow Statement?
5. Discount on Issue of Debentures Rs. 1,00,000 is written off from Statement of Profit and Loss. What will be the treatment in Cash Flow Statement?
6. From the following Statement of Profit and Loss and information determine Net Profit before Tax and Extraordinary Activities:

Particulars	Rs.
I. Income:	
Revenue from Operations	10,00,000
II. Expenses:	
Change in Inventories	2,00,000
Employees Benefit Expenses	4,00,000
Other Expenses	1,00,000
	7,00,000
Profit Before Tax	3,00,000
Provision for Tax	90,000
Profit After Tax	2,10,000

Interim Dividend declared during the year was Rs. 50,000
Other Expenses are Preliminary Expenses.

6

UNDERSTANDING ONLINE TRADING-SEBI

Online trading is simply buying and selling assets through a brokerage's internet-based proprietary trading platforms. The use of online trading increased dramatically in the mid to late-'90s **with the introduction of affordable high-speed computers and internet connections. Stocks, bonds, mutual funds, ETFs, options, futures, and currencies can all be traded online.** Also known as e-trading or self-directed investing, traditionally, investors and traders had to call their brokerage firms to make a trade for them.

If John wanted to purchase 50 shares of Intel, he would call his broker with a buy order request. The broker would let John know the market price and confirm the purchase order. If the investor is making a limit order, the broker has to confirm the limit price, how long to keep the order open for, what account to purchase the shares in (if John has multiple investment accounts), etc.

The investment representative must also confirm the commission costs for making the trade. The client would receive a trade confirmation by mail and a monthly or quarterly statement of account showing a list of his investments. If John wanted to transfer some cash from his trading account to his checking account, and vice versa, he would also have to call in to make that transaction request.

Today, with the advent of the internet in the digital era, more and more investors are using online trading platforms offered by their brokers for DIY (do-it-yourself) investing. The online trading platforms serve as a hub with multiple tools for the investor or trader. The investor can place buy and sell orders; place market, limit, stop, stop-loss, and stop-limit orders; check the status of an order; view real-time stock quotes; read news on companies; view the list of securities currently held through the dashboard; etc. An investor can also access his or her investment statements, confirmation statements, and investment tax forms using the online system. Most discount brokerages that are affiliated with banks also provide added convenience for their digital clients by linking their bank accounts to their investment accounts. This way, an investor can easily initiate a transfer between accounts held under the same financial institution.

The advent of online trading has reduced costs for both investors and discount brokers. To encourage people to do their investing themselves, brokers have lower commissions for trades placed online than for trades placed over the phone with a representative.

****For Detailed Terminology and Online Trading pl SCAN QR CODE in Google link given in Appendix.***

7

TYPES OF PLAN

*Planning function of Management is most important and the prime function. Its pervasiveness (*Found behind each activity of human life, let alone business world), sets it apart from other functions, Rather it provides direction, goal setting and laying down Rules, Policies and Procedures. Here teachers have expressed the need and clarity on the different 'Types of Plan'. The present section attempts to bring conceptual clarity on the same with different examples. Try to find more from day-to-day life and different fields of profession to make students understand the conceptual difference and its application in the context with its importance.*

Introduction

Recap the definition of **Planning** –

Planning is the process or function of Management by which an organization can analyze or predict the business activities which are related to the object and their **future goals**. In an organization, the managers help to plan the business activities at all levels of management like; top, middle, or lower level. In top-level management, the plan for the whole organization, in middle-level management, the managers plan for their particular departments, and in lower level management, the managers do plan for day-to-day business works.

Planning also means where you are to where you want to go. In other words, planning is considered as a primary function of management, **it also means making decisions regarding, what to do, when to do, why to do, how to do, and where to do-**

- **'What'** indicates the particular actions that have to be chosen to do the tasks,
- **'When'** indicates the time position,
- **'Why'** indicates the purpose or object which the business wants to achieve,
- **'How'** indicates framing plans, policies, and procedures,
- **'Where'** indicates the place for planning (like domestic, national, or international place).

Features of Planning-

Briefly see the features/characteristics

(i) Primary function or process-

Planning is the primary function of management and all other relevant functions follow the planning.

(ii) Continuous activity-

Planning is a part of a continuous process because it wants a flow of ideas and thoughts for executing a particular task. It is execute so that the business can survive in the changing environmental scenario.

(iii) Future-oriented-

Planning is always looking forward. It helps to fill the gap between where we are and where we want to go. It always works for the organization to meet or face future benefits or opportunities or challenges also.

(iv) Goal /Object-oriented-

Planning is done, when the object of an organization is completed. If we plan in an organization, then there is also a particular motive that we know by the name of the goal of the organization.

(v) Pervasive Function-

Planning is also known as pervasive function. It is applicable in all organizations like business or non-business, small or big, profitable or non-profitable. In an organization, it is done at all levels of management (whether it is top, middle, or lower).It is, found behind each activity.

In this backdrop , let's explore the Types of Plan –

Planning allows a manager to determine organizational **Goals** and define a means of achieving them. ... A manager can focus attention on organizational goals and results. A manager is able to create ownership of the **plan** and develop a team that buys into and accepts accountability for their **role** in the **plan**.

Goals and Objectives

A **Goal** is a specific target, an end result or something to be desired. It is a major step in achieving the vision of the organisation.

In the strategic planning context a-

Goal is a place where the organisation wants to be, in other words a destination.

For example, a goal for a sporting organisation might be to have 50 qualified and active coaches. An organisation may set several goals that will outline a path to achieving the vision.

The goal of attaining 50 qualified and active coaches will be an important step in achieving the vision of becoming most dynamic, most respected and best achieved club in the district league.

Example Goals

Key Result Area	Example Goals
Membership	To attain 1000 members
Club Development	To attain 30 clubs, each properly constituted.
Facilities	To own and operate a national standard training facility
Funding and Finance	To attain self-funding capability and financial independence
Administration	To achieve a standards of administration that are commensurate with the association's vision.

OBJECTIVES

A measure of change in order to bring about the achievement of the goal. The attainment of each goal may require a number **of objectives** to be reached (see figure below).

There is often much confusion between goals and objectives. Whereas as a goal is a description of a destination, an objective is a measure of the progress that is needed to get to the destination. The following table serves to illustrate the difference between goals and objectives.

Difference between goals and objectives

Example Goal	Example Objective
50 qualified and active coaches	Increase qualified/active coaches by 50% by December 2019
Membership base of 500 persons	Increase membership by 25% by December, 2019
Profile in the community as a club of excellence in health and safety	Reduce incidences of injury on the field by 50% by December, 2019
Achieve financial independence	Increase sponsorship by 100% by December, 2019

It is important to understand that a number of goals must be attained before the strategic plan can be achieved. Similarly, each goal in the strategic plan will in turn require a number of objectives to be successfully achieved. The table below also shows how a number of objectives (in this case four) is needed for a goal to attain 1000 members.

An important principle in formulating objectives is that they should be ***specific, measurable, and achievable and have time lines*** associated. Words like increase and reduce indicate change.

Objectives – The Must-Buy Mast Toys is a company dealing in Toys. It aims to get profit of Rs. 50 crores by the end of year 2019-20

Strategy – To compete with domestic players and MNCs and also to comply with ‘**Digital India**’ campaign, the recent Demonetisation policy, the company plans to show videos and GIF(**Graphics Interchange Format**) technology for demonstrating safe use of toys/games by use of social media including Whats app and Face book. Hence using this marketing strategy, the company wishes to achieve its objectives. For this, the company allocates Rs.50 lakhs for this purpose.

Policy – The toys/games will be sold on-line through its official website **must-buymasttoys.com** or through company’s owned outlets. Another policy is to deliver the toys/games within 10 days of placement of order within the country.

Procedure – There are steps such as ***Opening an account and registering in the website and procuring login and password before placement of the order.***

Program – The Company plans to organise a **Training Program** for all its marketing executives as well as salespersons for facilitating smooth online sale transactions. The program will be organised at ***all India level for all 10 branches*** of the company.

Each branch will be deputing 5 marketing executives for stay in Delhi to attend this program. All the expenses will be borne by the company only. The program is going to be conducted for a period of 4 days. ***The company allocates Rs. 2 lakhs for this program.***



METHOD – The senior marketing executives will be provided Orientation Training whereas the Salespersons will be given Vestibule Training to enable them handle the online transactions judiciously.



The following three methods of payment will be acceptable:
COD, Net Banking and Digital Wallet.

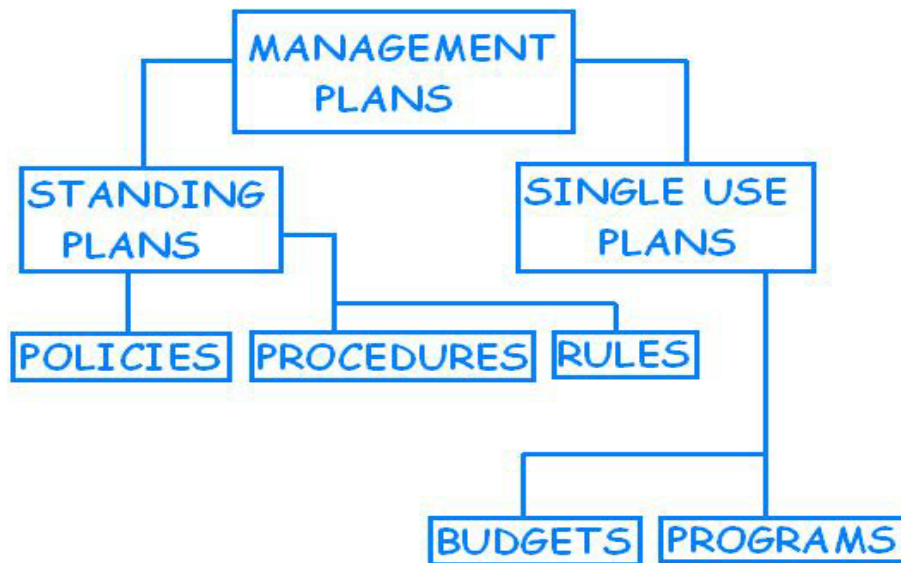
RULE – No employee, once deputed for Training Program, will be allowed to take a leave, unless the leave is of extreme urgency and sanctioned by the CEO of the Company.

All the employees are given their individual laptops. No employee is allowed to exchange his/her laptop with any other employee, in any case.



BUDGET : The sales budget for different zones for the next quarter is as follows:

Number of units to be sold	North Zone	East Zone	West Zone	South Zone	Total number of units sold	Price Per Unit(Rs.)	Total Sales (Rs.)
Mechanical Toys	2500	2365	5620	2150	12635	1500	1,89,52,500
Electrical Toys	4520	1545	2580	2100	10745	3500	3,76,07,500
Games	1280	2550	1620	1250	6700	2200	14,74,00,00
Total	8300	6460	9820	5500			7,13,00,000



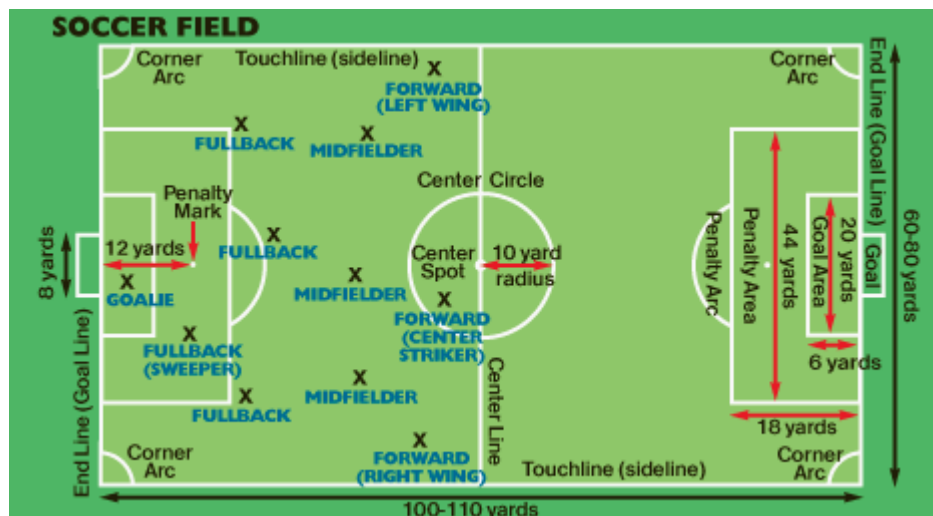
Single-Use and Standing Plans are part of Operational Planning Process.

Objectives and Strategy – Both neither Single-use nor Standing plans

Example – *Procedure* adopted for organising workshop is **Standing Plan**, but for each workshop, a **Program** is made, which is **Single-Use Plan**.

Understanding **TYPES OF PLAN** in a Game of SOCCER –

The game of Football is played by two teams each with a maximum of 11 players ;one must be the Goal Keeper. A Match may not start or continue if either team has fewer than 7 Players



Goal –Win all Matches played in the year 2019-20

Goal- Goal scored

A goal is scored when the whole of the ball passes over the goal line, between the goalposts and under the crossbar, provided that no offence has been committed by the team scoring the goal.

If a referee signals a goal before the ball has passed wholly over the goal line, play is restarted with a dropped ball.

Winning team

The team scoring the greater number of goals is the winner. If both teams score no goals or an equal number of goals the match is drawn.

When competition rules require a winning team after a drawn match or home-and-away tie, the only permitted procedures to determine the winning team are:

- away goals rule
- two equal periods of extra time not exceeding 15 minutes each
- kicks from the penalty mark

Objectives-Time bound –in a given time for the two teams to score more goals over the other will be the winning team

A combination of the above **procedures** may be used

Kicks from the penalty mark

Kicks from the penalty mark are taken after the match has ended and unless otherwise stated, the relevant Laws of the Game apply

Rules

The 17 Rules for Soccer from the Laws of the Game

• <u>PEEWEE</u>	• <u>Travel</u>	• <u>Recreational</u>	• <u>Positions</u>
• <u>Indoor</u>	• <u>Parent Spectator</u>	• <u>Soccer Shoes</u>	• <u>Terminology</u>
• <u>Soccer Parenting 101</u>	• <u>Nutrition for Soccer Players</u>	• <u>How to Prepare for Soccer Tryouts</u>	• <u>17 Soccer Rules - Laws of the Game</u>
• <u>Soccer Articles</u>	• <u>Snack Ideas for the Soccer Player</u>	•	•

The official soccer rules are called the "Laws of the Game" and are revised annually and published by FIFA, which is the world soccer governing body. Youth organizations usually adjust the rules to fit children. For instance field sizes, ball sizes, length of games & rules vary by age group. The FIFA rules do not require separate teams for girls and boys, but many soccer clubs and associations have separate leagues for boys and girls. For current rules check the "Laws of the Game" at www.fifa.com.

Read the newspaper clipping below to see WHAT THE GAME OF FOOTBALL TELLS YOU ABOUT MANAGEMENT –

Ad Land Gurgaon

What the game of football tells you about management



By Invitation
Sanjeev Jasani
CHIEF DIGITAL OFFICER,
CHEIL WW INDIA

Yes, you read that right. I do see similarities between playing football and managing an agency. Both can get fairly demanding and technical. Yet, both keep the process fun. Allow me to explain why.

One goal, different roles
I love the simplicity of football. In this game, all your team members are only focused on putting the ball into the opponent's net. One simple goal. However, different players have different roles. Some defend, some attack, and some just need to ensure great ball distribution. Tell me, how is this different from running an agency? Every agency has a goal (at least, I would like to believe it does), and all disciplines and functions have a specific role to play while working towards it.

Formations & cultures
In football, different teams deploy different formations. The selection is largely based on their playing styles. And it's pretty much the same story across organisations. Let us assume that the centre-forwards or strikers are your creative unit, the

midfielders your planning team and the defenders your servicing department. Playing them in different formations shows your point of emphasis and area of expertise (it also determines your footballing philosophy).

For example, the most classic formation is 4-3-3 (also known as total football). Creative agencies tend to structure themselves like this, with more emphasis on the creative product (read, scoring goals). Here, even the planners have a flair for creativity, and play high up.

you. It can lead to injuries, loss of form and attrition. Thus, it's important for managers to have a strong bench, which they can call upon anytime, to fill any role. It's the same in an agency. The churn rate is anywhere between 30% and 40%. So, it's important to have bench strength, especially for key roles, to keep the engine going and prevent a shutdown. Agencies who don't plan for this can expect catastrophic results.

Scouting will help bolster the bench. Good teams hire scouts, whose only job is to

practice, and blood and sweat, to become a great footballer. You may have talent but if you don't practise, you can't become great. Ronaldo, one of the modern greats, spends hours and hours practising and training to perfect his skills.

Similarly, it doesn't matter who you are or what level you work at. If you are not practising your craft daily, you can't keep up and will be replaced very easily. Training is of utmost importance for your people — teach them new skills, help them evolve, and keep them updated.

Captain vs Manager
The captain is just another player whose one job is to motivate his team and lead by example. The manager, on the other hand, doesn't play but stands on the sidelines barking orders and making tactical changes. Two different roles but both critical. If you are team leader, be hands on and lead by example. If you are manager, don't take your eyes off the game. Be involved. Strategise and tell your players what you expect from them. Set the direction. They will follow you and implement your strategy. Management by delegation is a recipe for disaster (don't expect your captain to tell you what to do next). Hence, good managers are people with great vision. They are builders and shapers of businesses and people.

If you are not practising your craft daily, you can't keep up and will be replaced very easily. Training is of utmost importance for your people — teach them new skills, help them evolve, and keep them updated

Clients who come to agencies for good creatives tend to prefer only this formation.

Then, there's 4-5-1, a highly defensive style of playing and quite boring to watch. As you may have guessed, the emphasis is not on scoring but blocking the opposition out. Zero creativity, more operations. Agencies playing this formation tend to have high churn. Still, it's not without its benefits.

Managing your bench
A typical football season is quite long, spanning several months. Some footballers play over 70 matches in a season, and this can take a lot out of

find talent that's best suited to delivering the team's goal. At an agency, scouting is important not only for talent but also for new ideas that can add value to its client's business.

Practise, practise, practise
My son once asked me, "Papa, what kind of offices do footballers go to? What work do they do?" I replied, "Well, they don't go to office — their job is to only play football." His eyes lit up instantly. "Well, that's an easy job," he said. "I want to do that when I grow up." It took me a while to convince him that it's not an easy job at all.

It takes years of constant

PROJECT WORK IN BUSINESS STUDIES CLASS XII

INTRODUCTION

Project work is a learning experience which aims to provide students with the opportunity to synthesise knowledge from various areas of learning and critically and creatively apply it to real life situations.

Objectives

1. develop a practical approach by using modern technologies in the field of business and management.
2. get an opportunity for exposure to the operational environment in the field of business management and related services.
3. inculcate important skills of teamwork , problem solving , time management , information collection ,processing ,analysing and synthesizing relevant information to derive meaningful conclusions.
4. get involved in the process of research work .
5. demonstrate his or her capabilities while working independently and
6. make students an enjoyable experience to cherish.

Guidelines for teachers

1. Help students to select ONE Topic for the entire year.
2. The topic should be assigned after discussion with the students in the class and should then be discussed at every stage of the submission of the project.
3. The students must make a presentation of the project before the class.
4. The teachers must ensure that the students self-esteem and creativity is enhanced and both the teacher and the student enjoy this process.
5. The teachers should feel pride in the fact that they have explored the different dimensions of the project in an innovative way and their students have put in genuine work

Presentation and submission of project report

At the end of the stipulated term, each student will prepare and submit his/her project report.

Following essentials are required to be filled for its preparation and submission.

1. The total length of the project will be 25 to 30 pages.
2. The project should be handwritten.
3. The project should be presented in a neat folder.
4. The project report should be developed in the following sequences:-

*** Cover page should include the title of the project, student information, school and year.**

***List of contents:**

Acknowledgements and preface (acknowledging the institution, the places visited and the persons who have helped).

- **Introduction**

- Topic with suitable heading
- Planning and activities done during the project, if any.
- Observations and findings of the visit.
- Conclusions (summarised suggestions or finding, future scope of study).
- Photographs (if any).
- Appendix
- Teacher's observation
- Signatures of the teachers
- At the completion of evaluation of the project, it should be punched in the centre so that the report may not be reused but is available for reference only.
- The project will be returned after evaluation. The school may keep the best project

ASSESSMENT-Allocation of marks = 20 Marks

The marks will be allocated under the following heads:

1. Initiative, cooperativeness and participation.	2 marks
2. Creativity in presentation	2 marks
3. Content, observation and research work	4 marks
4. Analysis of situations	4 marks
5. Viva	8 marks
Total	20 Marks

ELEMENTS OF BUSINESS ENVIRONMENT

Students should be actively encouraged by the Teacher-Guide to explore hitherto less explored topics, indicated as below-

1. Changing role of the women in the past 25 years relating to joint families, nuclear families, women as a bread earner of the family, changes in the

requirement trend of mixers, washing machines, micro wave and standard of living

2. The changes in the pattern of import and export of different Products.
3. The trend in the changing interest rates and their effect on savings.
4. A study on child labour laws, its implementation and consequences.
5. The state of 'anti plastic campaign,' the law, its effects and implementation.
6. The laws of mining /setting up of industries, rules and regulations, licences required for running that business.
7. Social factors affecting acceptance and rejection of an identified product. (Dish washer, Atta maker, etc)
8. What has the effect of change in environment on the types of goods and services?

The students can take examples like:

- a) Washing machines, micro waves, mixers and grinder.
 - b) Need for crèche, day care centre for young and old.
 - c) Ready to eat food, eating food outside, and tiffin centres.
9. Change in the man-machine ratio with technological advances resulting in change of cost structure.
 10. Effect of changes in technological environment on the behaviour of employee.

This will equip students to assume leadership role, enhancing their creativity, research skills and motivate them to think 'Out of the Box'.

Teacher-Guide should sensitise students to prepare their Project files in such a manner that it is **Eco-friendly, bio-degradable** after use and should leave **least possible carbon footprints**. Use of plastic files, plastic covers and plastic leaves for each page of the files should be firmly discouraged. Even the art work on the files should be **child's handiwork**, in place of coloured printouts or pasting of plastic wrappers and labels. The latter are not so much an illustration of a child's own creative potential as the former. In addition, the waste that such projects generate in the form of non-biodegradable material, is completely avoidable.

Let us all work together to make Project work truly meaningful and a journey of self discovery, creativity and joy for our students. The end product of the project should be the child's original research work, done painstakingly, honestly and one that leaves the young learner enriched. The student's own personality should be reflected through the pages of the Project file, instead of a hurriedly done copy-paste work; one that cares for the environment and adds to the pool of innovative ideas in our country and the wider world.

Find in the following pages, find a student write up on "**In-house**" project. Encourage students to write 'briefs' of Projects undertaken. Choose the best ones and try to show case these in '**School Magazine**' by introducing a "**Commerce Section**" to motivate students writing skills.

Student Practices-At Global Level : An Exemplar

NAOC

Canada, NATO, and the 'Dumbbell' Concept

Anvesh Jain, Canada's NATO May 17, 2019 May 15, 2019 Anvesh Jain

Facebook Twitter LinkedIn Share

After 70 years of construction and maintenance, the organizational hierarchies of the North Atlantic Treaty Organization (NATO) seem established, entrenched, and eternal. Yet, in a twist of irony, NATO has seemingly fallen victim to its own success – with the Soviet threat vanquished in 1991 and the memory of the Cold War rapidly fading, the publics of NATO's 29 member-states largely take today's hard-fought peace for granted.

That peace, a result of NATO's structural integrity, is an abnormal one in the scope of human history. NATO is the longest standing defensive alliance ever, and has expanded its membership as recently as 2017. While its original mission has been fulfilled in deterring Soviet aggression, NATO's modern existence and operation is more than an institutional hangover from bygone days. With a resurgent Russia making moves in the Sea of Azov, and NATO's new focus on counterinsurgency and international peacemaking, the alliance's shifting role across the Atlantic – and Canada's role within the alliance – is as relevant as it was at the time of its 1949 inception.

NATO's contemporary structure reflects the ideals of 'Atlanticism', or 'Transatlanticism'; a notion that there are deep civilizational, cultural, and political ties that bind together the people and nations of Europe and those of North America. These twin-destinies will, in theory, form the nexus of global stability by ensuring the inalienable security of the Atlantic zone, and therefore guarantee peaceable commerce and the proliferation of democratic thought therein. When NATO leaders convene in the Brussels headquarters each year, they do so around a circular – or rather, oblong – table, representing the nominal equality of each member in relation to the others. As simple and natural as this arrangement appears, it was not, however, an inevitable one. Indeed, there was much initial dispute about what NATO would look like in application, even after surpassing the hurdle that was getting its founders to agree upon its necessity in the first place.

After the end of the Second World War, American strategists knew that a perpetual commitment to the reconstitution of war-torn Europe bore with it an associated set of political risks, especially when presented before a U.S Senate that was habitually prone to bouts of isolationism. In response to these fears, George Kennan, high-ranking diplomat and author of the 1947 'Containment' doctrine, was one of the first to advocate for the 'Twin-Pillar', or 'Dumbbell' concept of NATO.

This model advances the existence of two strategic 'pillars' or 'weights' that would exist at either end of a transatlantic dumbbell, connected by a consultory linkage between the two. One such pillar would be formed by the Western Europeans, and the other would be comprised of the North Americans – that is, Canada and the United States. In Kennan's theory, the sheer weight of American hegemony would roughly ensure equality between the twin-pillars, and in doing so the dumbbell of the alliance was meant

to achieve balance and effectiveness. Western European leaders would be free to independently assess their security needs, and after negotiation, the Americans and Canadians would gracefully come to their aid. Yet, evidently, the contemporary NATO looks nothing like the vaunted dumbbell. So why did this continental model never come to fruition?

European leaders fretted that an American end of the dumbbell meant the U.S military would be stationed in North America, separated from Europe by the vast expanses of the Atlantic Ocean, and therefore distant from the frontlines of the Soviet menace in Germany. In the event of a Soviet invasion, the Europeans needed to know that the Americans had an unwavering and personal stake in joint protection.

Even on the North American end, Canada vehemently dissented to the idea of the dumbbell, viewing the notion of a 'North American' community as one imposed on them by European aspirations and conceptualizations of their own polities. If Ottawa had to share decision-making responsibility with Washington, it would inevitably be crowded out in any discussions to be had with Brussels, and the Canadian perspective would invariably be lost. For these reasons, Canada viewed it as necessary that NATO would not be the result of bicontinental cooperation, but rather the synthesis of each member-states' commitments to every other member-state within the alliance.

The Canadian view of collective security ultimately won out in 1949, and has informed the shape and structure of NATO today – but Canada's fears of the dumbbell are not entirely dead and buried yet. Should the process of European integration take on an armed "security and defence identity" that provides for its own self-defence on the continent, then Canada, as the only "mid-size non-European member", could suffer a heavily reduced role in future NATO negotiations. The natural gravities of an armed European project on the one end, with the continued predominance of the United States on the other, might yet find Canada the loser in any potential reversion to the 'Dumbbell' schematic of NATO.

Featured Image: Visualizing the two ends of NATO's dumbbell – one in North America and the other in Europe. Graphic produced internally.

Disclaimer: Any views or opinions expressed in articles are solely those of the authors and do not necessarily represent the views of the NATO Association of Canada.

About Anvesh Jain

Anvesh Jain is a student pursuing an Honours Bachelor of Arts at the University of Toronto - St. George, with a specialization in International Relations. He is actively involved both on and off campus in Toronto, as well as back home in Calgary, from the school level itself he used to wrote for scheme magazine & other social/political forums. View all posts by Anvesh Jain →

Post navigation

AI in Canada, part 1: Ottawa's plan to reverse the brain drain of AI talent ?

9

Multiple-Choice Questions –Strategies-Exemplar Question Bank

**In a multiple choice exams you need to know the process of elimination.*

Recent changes by the CBSE regarding pattern of question paper in Commerce at Senior secondary level includes 25 % of the syllabus or 20 marks weightage in the form multiple-choice question (MCQs) .This significant change calls for a different mindset and skill for answering those MCQs in Board Examinations. These types of questions require thorough reading of test and comprehension of the text. Choosing one option to the question asked may appear a bit challenging as all options appear to be somewhat similar .Teachers are required to frame as many questions as possible in each topic to give enough practice to students. Cramming or mugging of texts especially in Business Studies will not suffice as understanding of concepts and question asked are more important. This unit will expose you some basic underlying principles/ideas as to how to strategies while preparing for this portion from Board point of view. The section will be followed by MCQs /Question bank based on different topics as exemplar .Keep adding to this based on your own insights as these are not exhaustive.

College entrance exams, classroom tests, and most other examinations contain multiple-choice questions. As it is now introduced in class XII by CBSE, Teachers require to train and give tips to students for effective answering.

Few may be as under-

Read the entire **question**. Read a multi-**choice question** in its entirety before glancing over the answer **options**. ...

1. Answer it in your mind first. ...
2. Eliminate wrong **answers**. ...
3. Use the process of elimination. ...
4. Select the best answer. ...
5. Read every answer **option**. ...
6. Answer the **questions** you know first. ...
7. Make an educated guess.
8. Test strategies:
9. Answering options. Improve your odds, think critically:
10. Cover the options, read the stem, and try to answer. Select the option that most closely matches your answer.
11. Read the stem with each option. ...
12. Strategies for answering difficult questions:

13. Guessing:

14. Remember that you are looking for the best answer,

Read the entire question

Read a multi-choice question in its entirety before glancing over the answer options. Students often think they know what a question is asking before reading it and jump straight to the most logical answer. This is a big mistake and can cost you dearly on multiple-choice exams. Read each question thoroughly before reviewing answer options.

Answer it in your mind first

After reading a question, answer it in your mind before reviewing the answer options. This will help prevent you from talking yourself out of the correct answer.

Eliminate wrong answers

Eliminate answer options which you're 100 percent sure are incorrect before selecting the answer you believe is correct. Even when you believe you know the right answer, first eliminating those answers you know are incorrect will ensure your answer choice is the correct choice.

Use the process of elimination

Using the process of elimination, cross out all the answers you know are incorrect, then focus on the remaining answers. Not only does this strategy save time, it greatly increases your likelihood of selecting the correct answer.

Select the best answer

It's important to select the *best* answer to the question being asked, not just an answer that seems correct. Often many answers will seem correct, but there is typically a best answer to the question that your professors is looking for.

Read every answer option

Read every answer option prior to choosing a final answer. This may seem like a no brainer to some, but it is a common mistake students make. As we pointed out in the previous section, there is usually a *best* answer to every multiple-choice question. If you quickly assume you know the correct answer, without first reading every answer option, you may end up not selecting the *best* answer.

Answer the questions you know first

If you're having difficulty answering a question, move on and come back to tackle it once you've answered all the questions you know. Sometimes answer easier question first can offer you insight into answering more challenging questions.

Make an educated guess

If it will not count against your score, make an educated guess for any question you're unsure about. (Note: On some standardized tests incorrect answers are penalized. For example, a correct answer may be worth 2 points, an unanswered question 0 points,

and an incorrect answer -1 points. On these tests, you can still make an educated guess, but only when you're able to eliminate at least one or two incorrect answers.)

Pay attention to these words

Pay particularly close attention to the words *not*, *sometimes*, *always*, and *never*. An answer that includes *always* must be irrefutable. If you can find a single counterexample, then the answer is not correct. The same holds true for the word *never*. If an answer option includes *never* a single counterexample will indicate the answer is not the correct.

It's usually best to stick with your first choice--but not always

It is best to stick with the answer you first chose after reading the question. It is usually counterproductive to constantly second guess yourself and change your answer. However, this doesn't mean your first answer choice is necessarily the correct answer choice. While multiple choice tests aren't usually intentionally designed to trick or confuse students, they are designed test students' knowledge and ability. To this end, the answer options provided will often include the *the most common wrong answer* among the choices or answers that seem logical but are ultimately incorrect, or the *best* answer.

"All of the above" and "None of the above"

When you encounter "All of the above" and "None of the above" answer choices, do not select "All of the above" if you are pretty sure any one of the answers provided is incorrect. The same applies for "None of the above" if you are confident that at least one of the answer choices is true.

When there are seemingly two correct answers

When two answers are correct in a multiple choice question with an "All of the above" option, then it's probably the correct choice.

Place your bet on the positive option.

In most cases, a positive option is probably true if there is also a negative one.

The more information the better it is

More often than not, the correct answer usually contains more information than the other options. This is good to know if you must **Multiple Choice tests**

****EXEMPLAR objective type/ MCQs (based on the recent changes by CBSE) in Accountancy and business studies for class XII are given in the following pages for practice.***

These are exemplar not exhaustive you may develop on your own

Please Note

*Objective Types Questions include Multiple Choice Type, Multiple Response Type, Matching questions, Fill in the blanks, Ranking questions, Sequencing questions and Reason Assertion type etc. These Questions preclude the subjectivity of evaluator and also consume less time of both students as well as evaluator. The workshops would not only provide teachers an opportunity to learn to prepare these questions but it, at the same time, present them an occasion to collaborate and contribute in the preparation of a bank of such questions that would be used by all stakeholders in coming time.

SOME POINTERS FOR CREATING THE MULTIPLE CHOICE QUESTIONS (MCQs)

1. MCQ's items should be based on logical meaningful ideas that can be expressed independently.
2. The item of MCQ should clearly indicate a significant direct question. There should be no ambiguity.
3. A MCQ should be framed in a manner where only one option should indicate the correct answer.
4. They should be based on the general consensus from authoritative source.
5. A good MCQ should not be asking "to examine" types.
6. MCQ should not be framed ideally from "Recall" typology of questions, however, they may exist."
7. There should not be two "No's"* in one MCQ to avoid confusion. (*Negative Statements)
8. The stem of MCQ should be precise without any confusion or conflict.
9. Brevity (Briefness) is most desirable in the response.
10. True statements sometimes do not provide good answer. So take caution while framing.
11. All MCQ's responses should be structured in similar manner in terms of content & grammatical structure.
12. The intended answer to an MCQ should be clear,concise, accurate and free of prompts/clues.
13. A MCQ having various options may appear similar but they should be less correct than the answer.

EXEMPLAR

Question Bank-Objective Type and MCQ

Class – XII

Subject- Accountancy

Section -1

Not for profit organizations accounts

1. Which of the following is generally considered as a Not for profit oriented organization?
 - A) Charitable organization
 - B) Corporation
 - C) Banking Companies
 - D) Insurance companies
2. The receipts and payments account of a Not for profit organization is a/an
 - A) Nominal account
 - B) Asset account
 - C) Liabilities account
 - D) Capital Account
3. Not for profit organizations prepare all of the following accounts except the
 - A) Receipts and payment accounts
 - B) Income & Expenditure accounts
 - C) Balance sheet
 - D) Statement of Profit and loss
4. Expenditures in excess of incomes of a Not for profit organization results into
 - A) Loss
 - B) Profit
 - C) Surplus
 - D) Deficit
5. An advance receipt of subscription from a member of the Not for profit organization is considered as a/an
 - A) Expense
 - B) Liability
 - C) Income
 - D) Asset
6. Income and expenditure account is prepared on
 - A) Cash basis of accounting
 - B) Accrual basis of accounting
 - C) Cost accounting
 - D) Management accounting
7. Which of the following is to be recorded in an income and expenditure account?
 - A) Purchase of a fixed asset
 - B) Loan taken from Bank
 - C) Profit on the sale of a fixed asset
 - D) Sale of a fixed asset

8. Honorarium is a kind of remuneration paid to a person who is not the employee of a Not for profit organization. Which of the following statements is true about the honorarium payment?
- It's a revenue expenditure
 - It's a Capital expenditure
 - It is not recorded in the books of accounts
 - It is a revenue receipt
9. The Accumulated Fund of a Not for profit organization is also known as
- Equity
 - Capital fund
 - Cash fund
 - Financial reserve
10. When cash is received for life membership, which one of the following double entries is passed?
- Cash Debit and capital Credit
 - Life membership Debit and cash Credit
 - Investment Debit and cash Credit
 - Cash Debit and life membership fund Credit
11. Which of the following is the accounting equation for a Not for profit organization?
- Asset = Capital + Liabilities
 - Capital + Liabilities = Assets
 - Accumulated fund + Liabilities = Assets
 - Liabilities = Asset + Accumulated fund
12. Subscription received but not yet earned is considered as a/an
- Asset
 - Liability
 - Income
 - Expenditure
13. A Not for profit organization received Rs 10,000 as the entrance fee of a new member. The management intends to show Rupees 2,000 as capital receipt and Rs 8000 as revenue receipt. The accountant informs that it will be income because what is the amount of fee needs to be shown in the income and expenditure account?
- Rs 2000
 - Rs 8000
 - Rs 9000
 - Rs 10,000
- (*Entrance fee is Revenue Receipt and should be credited to Income & Expenditure Account.)*
14. Rs 10,000 received as the annual membership subscription. Out of this, Rs.2000 is pertaining to the previous accounting period whereas Rs.1000 is receivable at

the end of the current accounting period. Calculate the amount of subscription that will be shown in the income and expenditure account for this accounting

- | | |
|--------------|--------------|
| A) Rs 10,000 | C) Rs 12,000 |
| B) Rs 9,000 | D) Rs 8,000 |

15. The balance sheet of a Not for profit organization such as a charitable hospital doesn't contain the

- | | |
|-------------|-------------------|
| A) Assets | C) Debts |
| B) Building | D) Owner's equity |

16. Income and expenditure accounts show

- A) Cash available to an organization
- B) Closing capital of an organization
- C) Cash available in the bank account
- D) Surplus or deficit for the current accounting period

17. On what basis the receipts and payments account is prepared?

- | | |
|------------------|--------------------------------|
| A) Cash basis | C) Both accrual and cash basis |
| B) Accrual basis | D) None of the above |

18. The amount or property received by a non-profit organization as stated by the will of a deceased person is commonly referred to as

- | | |
|---------------|--------------|
| A) Donation | C) Legacy |
| B) Honorarium | D) Endowment |

19. In Not for profit organisation, the sale of old newspapers is generally considered as a/an

- | | |
|----------------|--------------------|
| A) Expenses | C) Income |
| B) Expenditure | D) Capital receipt |

20. State True or False (T/F)

- i. That N.P.O. can distribute its profits (surplus) as dividend. (T/F)
- ii. Receipts and Payments account is prepared on cash basis of accounting. (T/F)
- iii. Income and Expenditure account is a personal account. (T/F)
- iv. Fund means amount received or set aside by a N.P.O., for any general purpose. (T/F)
- v. Receipts and Payments account records all receipts and payments of both revenue nature and capital nature. (T/F)

21. Fill in the Blanks

- i. That Income and Expenditure account records only those incomes, expenses and losses which are relate to _____ accounting period, whether paid or not.
- ii. Life membership fee is accounted as a _____ Receipt and added to _____ fund on the liabilities side of the balance sheet.
- iii. _____ donation is capitalized and is shown on the liabilities side of the Balance Sheet.
- iv. Entrance Fees are treated as _____ Receipts and credited to _____ account.
- v. _____ is the amount received as donation by NPO under WILL of a deceased person for a specific purpose.

Section -2

Objective type Questions on Ratio Analysis

1. Debt-equity ratio is a sub-part of
 - A) Short-term solvency ratio
 - B) Long-term solvency ratio
 - C) Turnover ratio
 - D) Profitability ratio
2. Determine Working Capital Turnover Ratio if, Current assets are Rs 1,50,000, current liabilities are Rs 1,00,000 and Cost of goods sold is Rs 3,00,000.
 - A) 5 times
 - B) 6 times
 - C) 3 times
 - D) 1.5 times
3. Liquidity Ratio is expressed in
 - A) Pure ratio form
 - B) Percentage
 - C) Times
 - D) None of the above
4. If sales is Rs 10,00,000, sales returns is Rs 2,00,000, Profit Before Tax is Rs 2,00,000, Income tax is 40%, Net profit ratio is
 - A) 12.63%
 - B) 25%
 - C) 18%
 - D) 50%
5. Which ratio is considered to test the safe margin of short term solvency?
 - A) Liquid Ratio
 - B) Debt Equity Ratio
 - C) Current Ratio
 - D) Return on Equity Ratio

Cash Flow Statement

- Which of the following is Cash Flow from Investing Activities?
A) Interest received
B) Dividend received
C) Sale of fixed assets
D) Purchase of fixed assets
A) Both A and B
B) Both A and C
C) Both B and C
D) A, B, C and D
- ABC Ltd had investment of Rs 68,000 as on 31.3.2018 and investment of Rs 56,000 as on 31.3.2019. During the year ABC Ltd sold 40% of its investments being held in the beginning of period at a profit of Rs 16,800. Determine cash flow from investing activities.
A) Rs 69,200
B) Rs 28,800
C) Rs 32,800
D) Rs 45,000
- For year 2018 Equity Share Capital is Rs 3,00,000 Preference Share Capital is 1,00,000 10% debentures is 2,00,000 and Share premium is 30,000. For year 2019 Equity Share Capital is Rs 4,00,000 Preference Share Capital is 60,000 10% debentures is 1,00,000 and Share premium is 40,000. Also given, Dividend paid on shares Rs 15,000 and Interest paid on debentures RS 20,000. Determine net cash flow from financing activities.
A) Cash inflow of Rs 65,000
B) Cash outflow of Rs 65,000
C) Cash inflow of Rs 56,000
D) Cash outflow of Rs 56,000
- In the case of financial enterprises, the Cash Flow resulting from interest and dividend received and interest paid is classified as cash flow from
A) Operating activities
B) Financing activities
C) Investing activities
D) None of the above
- which of the following is not a Cash Outflow?
A) Increase in Prepaid expenses
B) Increase in debtors
C) Increase in stock
D) decrease in creditors
- The objectives of Cash Flow Statement are
A) Analysis of cash position
B) Short-term cash planning
C) Evaluation of liquidity
D) all of the above
- When a fixed asset is bought as hire purchase, interest element is classified under _____ and loan element is classified under _____.
A) Operating activities, financing activities
B) Financing activities, investing activities
C) Investing activities, operating activities
D) None of the above

8. Which of the following is not a cash inflow?

A) payment received from debtors	B) Issue of shares
C) Decrease in creditors	D) Sale of fixed assets

9. Which of the following is not a Cash Flow from "Operating" Activities?

A) Payments for Inventory	B) Goodwill Amortised
C) Tax Payments	D) Issue of Equity Shares

Section -4

Financial Statements of a Company

1. Debentures redeemable after 8 years of the issue are shown as:

A) Long term Borrowings	C) Short term Borrowings
B) Other long-term Liabilities	D) Other short-term Liabilities

2. Securities Premium Reserve is shown on the liabilities side in the balance sheet under the head :

A) Reserve and surplus	C) Current liabilities
B) Share capital	D) None of the above

3. Dividend is paid on:

A) Authorised capital	C) Subscribed capital that is paid up
B) Issued capital	D) None of the above

4. Wages paid to worker is shown in the statement of profit and loss under:

A) Cost of material consumed	C) Employee Benefit Expenses
B) Other Expenses	D) Finance Cost

5. Interest income of a non financial company is shown in the statement of profit and loss as:

A) Revenue from operation	C) Any of the above
B) Other income	D) None of the above

Section -5

Company Accounts

1. A Ltd. issues shares of ₹ 100 each at a premium of 25% M who has 2000 shares of A Ltd. Failed to pay first and final call of ₹ 5. At the time of Forfeiture of M's shares the amount to be debited to Securities Premium Reserve Account will be

A) 5,000	C) 15,000
B) 10,000	D) Nil

2. The amount which should be credited to 10% Debentures Account on 10th October, 2018 will be

- A) 12,00,000
- B) 10,80,000
- C) 9,00,000
- D) 10,00,000

3. The amount which should be debited to Loss on Issue of Debentures on 10th October, 2018 will be

- A) 2,00,000
- B) 2,40,000
- C) 5,00,000
- D) 1,20,000

4. Below all are the objectives of financial statement analysis except

- A) To assess financial stability of enterprise
- B) To compare intra firm position
- C) To ignore price level changes
- D) To assess short and long term solvency

5. Match the column and select the correct option.

Column I

- (a) Interest on debentures paid
- (b) Income tax paid on gain on Sale of assets
- (c) Cash received against revenue From services rendered
- (d) Marketing securities purchased

Column II

- (i) Investing activity
- (ii) Operating activity
- (iii) Cash and cash equivalents
- (iv) Financing activity

- | | | | | |
|----|-------|-------|------|-------|
| | (a) | (b) | (c) | (d) |
| A. | (iii) | (i) | (ii) | (iv) |
| B. | (ii) | (i) | (iv) | (iii) |
| C. | (i) | (iii) | (ii) | (iv) |
| D. | (iv) | (i) | (ii) | (iii) |

Section -6

Partnership Fundamentals

1. In the absence of Partnership deed, which one is incorrect:

- A) No Salary is paid to the partners
- B) No interest is charged on drawing from partners
- C) No interest is paid on Capital
- D) No interest is allowed on Loan by a Partner.

2 When Fixed Capital Accounts Method is followed, how many accounts of each partner is/ are opened:

- A) 1
- B) 2
- C) 3
- D) 4

- 3 Interest on Loan from Partner under fluctuating capital account method is credited to
 A) Partner's capital A/c C) Partners' Current A/c
 B) Interest Payable A/c D) Profit & Loss Appropriation A/c
- 4 Interest on Partner's Drawing under Fixed Capital Method is debited to
 A) Partner's Capital A/c C) Partners' Current A/c
 B) Profit & Loss A/c D) Profit & Loss Appropriation A/c
5. If a partner withdraws Rs. 2,000 in the middle of every month, then interest on Drawing will be calculated on 24,000 for how many months:
 A) 12 C) 6
 B) 9 D) 3
- 6 what will be the Partner's commission, after charging such commission, if net profit (Before Commission) is Rs. 77,000 and rate of Commission is 10%
 A) Rs. 7,700 C) Rs.0
 B) Rs.7,000 D) Rs.770
- 7 If a partner withdrew Rs.2,40,000 at the end of each quarter and interest on drawing is @ 10%p.a., what will be the interest on Drawing at the end of year:
 A) Rs.57,600 C) Rs.36,000
 B) Rs.48,000 D) Rs.96,000
8. What will be the interest on Drawing @10% p.a. if drawing were Rs.60,000 during the year:
 A) Rs.6,000 C) Rs.0
 B) Rs.3,000 D) Rs. 2,000
- 9 If interest on capital comes to Rs.4,000 and Rs. 6,000 respectively for partners A and B but Net Profit is Rs. 5,000, then how much interest on capital will be given to A:
 A) Rs.3,000 C)Rs.6,000
 B)Rs.4,000 D) Rs, 2,000
10. In a partnership firm of A and B (sharing profit and loss equally), B is given guarantee of Rs.20,000 share of profit per year, but firm incurred a loss of Rs.10,000 . By what amount, A's Capital will be debited:
 A) Rs.10,000 C) Rs.25,000
 B) Rs.20,000 D) Rs. 30,000
- 11 what is the maximum number of partners that a partnership firm can have:
 A) 40 C) 20
 B) 100 D) 50
- 12 Which one is not the feature of partnership firm:
 A) 2 or more persons as members

- B) have an agreement to do the unlawful business
- C) Agreement to share profit and loss.
- D) Business is carried by one partner on the behalf of all the partners.

13 Interest on Drawing charged from partners in absence of partnership:

- A) 6% p.a.
- B) 3% p.a.
- C) No interest is charged
- D) 10% p.a.

14 Which item is not part of Partner's Capital A/c, in case of fixed capital method:

- A) Permanent withdrawal of capital
- B) Fresh capital introduced
- C) Interest on Drawings
- D) Capital in the beginning of year.

True / False

- 1 To calculate interest on drawings by product method, product is totaled and interest is calculated thereon for 6 months.
- 2 If a partner withdraws fixed amount at the end of every month, interest is charged for 6.5 months on the total amount.
- 3 Interest on Drawings is @ 10%, if he withdrew Rs. 1,20,000 during the year interest will be Rs 6,000.

Fill in the Blanks

1. A Partnership firm cannot have more than _____ members.
2. Written agreement among partners is known as _____
3. Registration of the firm is not _____.
- 4 _____ account is prepared to distribute profit or loss among partners.
- 5 Partners' current accounts are prepared in _____ capital method.
6. Rent paid to a partner is a _____ on profit.

Section -7 Goodwill

MCQs

1 : "Profit earned by an enterprise in recent years is more relevant as compared to earlier years"..... Which method of calculating Goodwill reflects the above:

- A) Average Profit Method
- B) Weighted Average Profit Method
- C) Super Profit Method
- D) Capitalisation Method

2: Super Profit =(1) - (2)

What are 1 and 2 :

- A) Normal Profit and Average Profit.

- B) Average Profit and Capital Employed
- C) Average Profit and Normal Profit.
- D) Average Profit and Capital Employed.

3 Which of the followings is not true in case of Goodwill:

- A) It is an intangible asset.
- B) It helps in earning higher profits.
- C) It has an existence separate from that of an enterprise.
- D) It is an attractive force which brings in customers regularly to the place of business.

4: In which situation, no need arises for valuing Goodwill:

- A) When a new partner is admitted.
- B) When a partner retires or dies.
- C) When a new firm is established.
- D) When a partnership firm is converted into a company.

True / False

1. Goodwill is a tangible asset, it enables the business to earn higher profits.
2. Trade Investments are those investments that are made in some other enterprise for furtherance or promotion of own business.
3. Super Profit= Normal Profit- Actual Average Profits.
4. Net Assets of the Firm = Total Assets – Current Liabilities.
5. Capitalised value of the business = $\frac{\text{Normal profit} \times 100}{\text{Normal rate of return}}$
6. Unfavorable location of the business does have a positive impact on the goodwill of the firm.

Fill in the Blanks

1. Goodwill is the ____ force which brings in customers regularly to the place of business.
2. _____ Goodwill is not purchased for a consideration but is earned by the efforts of the partners or management.
3. _____ method is considered better as compared to simple average profit method of goodwill as it gives more weightage to the profits of recent years.
4. _____ is the capital invested in the firm to carry on the business.

Section -8 Change in Profit -Sharing Ratio

1 Partners	A	B	C
Old Profit share	$\frac{1}{2}$	$\frac{1}{3}$	$\frac{1}{6}$
New Profit share	$\frac{3}{8}$	$\frac{1}{2}$	$\frac{1}{8}$

Who are / is the sacrificing partners:

- A) A, B
- B) B, C
- C) A, C
- D) Only B

2 Partners	A	B
Old Profit share	$\frac{1}{2}$	$\frac{1}{2}$
New Profit share	$\frac{1}{3}$	$\frac{2}{3}$

Workmen Compensation Reserve (W.C.R.) appears in Balance Sheet at Rs. 30,000 and no other related information is given, then

- A) W.C.R. will be distributed Rs.30,000 in new ratio
- B) W.C.R. will remain in the Balance Sheet as it is.
- C) W.C.R will be distributed Rs. 30,000 in Old Ratio.
- D) Gaining partner will be given Rs. 20,000 to the sacrificing partner.

3 In the Balance sheet of the firm, following items appear:

Investment (Market Value is Rs.10,000)	Rs 40,000
Investment Fluctuation Reserve (IFR)	Rs. 20,000

Which of the following is false in case there is change in profit sharing ratio:

- A) IFR will be distributed among the partners in old profit sharing ratio.
- B) Revaluation a/c will be debited with Rs. 10.000
- C) Investment a/c will be credited with Rs. 30.000
- D) Partners' Capital A/c will be debited with Rs. 10.000

4 Machinery A/c Dr	40,000
To Revaluation A/c	40,000

[Before Revaluation, Machinery was appearing in the balance sheet at Rs. 60,000]

Which of the following is true:

- A) Machinery is increased by 1,00,000
- B) Machinery is increased by 40,000
- C) Machinery is decreased by 40,000
- D) Machinery is increased to 60,000

5 Revaluation A/cDr	15,000
To Sundry Creditors A/c	15,000

[Before Revaluation, In the Balance sheet Sundry creditors appeared at Rs 40,000]

Which is true in respect of the above?

- A) Sundry creditors are decreased to Rs. 25,000
- B) Sundry creditors are increased to Rs. 55,000
- C) Sundry creditors are increased by Rs. 55,000
- D) Sundry creditors are decreased by Rs. 25,000.

6	Partner	x	y	z
	Old Ratio	5	: 3	: 2
	New Ratio	2	: 3	: 5

Before change in profit sharing ratio, following items appear in the balance sheet:

General Reserve	60,000
Contingency Reserve	20,000
Profit & Loss a/c (Dr)	10,000

In case of adjustment entry w.r.t. above, which one is not true:

- A) Y's Capital A/c will not be affected.
- B) Z'S Capital A/c will be debited with 21,000
- C) X's Capital A/c will be debited with 21,000
- D) X's Capital A/c will be credited with 21,000

True / False

1. When goodwill is adjusted through partners' capital accounts, Gaining Partners' Capital Accounts are credited.
2. Revaluation Account is debited to record unrecorded asset at the time of change in profit sharing ratio.
3. A ,B and C are partners sharing profits and losses in 5 : 2 : 2. They decided to share profits equally in future . As a result, B and C are gaining equally.
4. For adjusting shortage of capital, on change in profit sharing ratio, concerned partner's capital account is debited and cash account is credited.
5. When revaluation expenses are paid by partner, partners' capital account is debited

Fill in the Blanks

- 1 In revaluation of Assets and Liabilities,_____ account is debited for increase in the amount of a liability.
- 2 _____ = new share – old share.
- 3 The compensation payable by Gaining Partners for his /their gains to the sacrificing partner/ partners is known as _____.
- 4: When estimated workmen compensation claim is more than the amount of Workmen Compensation Reserve, the amount in excess of reserve is debited to _____ account in case there is change in profit sharing ratio.
5. In case when there is change in profit sharing ratio among partners and book value and market value of investment are same , the investment fluctuation reserve is transferred to _____ accounts in their _____ profit sharing ratio.

Section -9

Admission of a partner

- 1 When new partner brings in his share of premium for goodwill in cash, it is adjusted by crediting to
 - A) Premium for Goodwill a/c
 - B) Gaining Partners' Current Accounts
 - C) Sacrificing Partners' Capital Accounts
 - D) Incoming Partner's Capital Accounts

- 2 A and B are partners sharing profit and losses in the ratio of 4 : 3, admitted C as a partner giving him $\frac{1}{4}$ th share of profits. In which ratio C will get his share from A and B:
 - A) Equally
 - B) In the ratio of their Capitals
 - C) In their Profit-sharing Ratio.
 - D) in the ratio of 3 : 4.

- 3 On the admission of T as partner, at what amount furniture will be shown in the balance sheet if book value of furniture is Rs 20,000 and it is to be increased by 25% on reconstitution of firm:
 - A) Rs. 20,000
 - B) Rs. 25,000
 - C) Rs. 15,000
 - D) Rs. 45,000

- 4 If the expenses on revaluation are Rs 10,000 and paid by a partner Ajay , what will be the journal entry to record the above :
 - A) Revaluation A/cDr 10,000
 To Cash A/c 10,000
 - B) A's Capital A/cDr 10,000
 To Cash A/c 10,000
 - C) Revaluation A/cDr 1,0000
 To Ajay's Capital A/c 10,000
 - D) Ajay's Capital A/cDr 10,000
 To Revaluation A/c 10,000

- 5 If the book value of the stock is Rs 22,000 and it is overvalued by 10% at the time of admission of a new partner, what will be the journal entry to rectify the above:
 - A) Stock A/cDr 2,200 To Revaluation A/c 2,200
 - B) Stock A/cDr 2,000 To Revaluation A/c 2,000
 - C) Stock A/cDr 22,000 To Revaluation A/c 22,000
 - D) Revaluation A/cDr 2,000 To Stock A/c 2,000

- 6 On the admission of new partner it is found that Mohan, a debtor, paid Rs 12,000 in full settlement, whose due of Rs 20,000 were written of last year. What will be the journal entry for the above:
 - A) Cash A/cDr 12000 To Mohan 12000

Fill in the Blanks

1. In a partnership firm of X,Y and Z , Y's share of profits is $\frac{3}{5}$ and he sacrifices $\frac{1}{5}$ th of his share in favour of T, a new partner. The share of T will be _____.
2. _____ goodwill is not accounted in the books of account as consideration in money is not paid for it.

Section -10 Retirement/Death of a partner

MCQs

1. In which of the following cases, Revaluation A/c will be credited:
 - A) For increase in the value of asset.
 - B) For decrease in the value of asset.
 - C) For increase in the amount of liabilities.
 - D) For payment of partner's loan.
2. After the retirement of the partner C, total capital of the newly constituted firm is fixed at Rs 50,000, to be divided equally between A and B. After all adjustments, the capitals of A, B and C stood at Rs 21,000, Rs. 20,000 and Rs. 19,000 respectively. What amount will be brought in by A:
 - A) Rs. 23,000
 - B) Rs. 29,000
 - C) Rs. 6,000
 - D) Rs. 4,000
3. A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. C retired from the firm and his share is taken by A and B in 3:2. The new profit sharing ratio between A and B is :
 - A) 4 : 3
 - B) 3 : 2
 - C) 2 : 1
 - D) 3 : 1
4. At the time of retirement, reserves and accumulated profits are distributed in ;
 - A) New Profit sharing Ratio
 - B) Old Profit sharing Ratio
 - C) Sacrificing Ratio
 - D) Gaining ratio.
5. Which of the following is not credited to the retiring partner's Capital A/c:
 - A) Share in profit on revaluation.
 - B) Share of profit till the date of his retirement.
 - C) Share of Goodwill of the firm
 - D) Advance or Loan taken by him from the firm, if any.
6. According to Indian Partnership Act, 1932, interest payable to the representative of deceased partner on the amount left by him will be:
 - A) 8 % p.a.
 - B) 6% p.a.
 - C) 10% p.a.
 - D) 6%

7. The share of goodwill of the retiring partner is debited to the remaining partners in their
- | | |
|------------------|-----------------------------|
| A) Gaining Ratio | C) Sacrificing Ratio |
| B) Capital Ratio | D) New profit sharing Ratio |
- 8 As per section 37 of Indian Partnership Act, 1932, the executors would be entitled at their choice to take interest calculated from the date of death of a partner till the date of payment on the final amount due to the deceased partner @ percent per annum.
- | | |
|------|-------|
| A) 7 | C) 6 |
| B) 4 | D) 12 |

True / False

- Retiring Partner's Loan Account will appear as an asset in the balance sheet of the new firm.
- In adjustment of capitals, Surplus Capital arises when proportionate capital is less than present capital.
- Retiring partner's share of profit, from the date of last Balance Sheet to the date of retirement, is debited to retiring partner's capital a/c.

Fill in the Blanks

- On the death of a partner, the balance in Capital account of deceased partner is transferred to _____ a/c .
- When profit sharing ratio of remaining or continuing partners does not change, adjustment with regard to share of profit of a deceased partner passed through _____ a/c.
- Share of goodwill of retiring partner is debited to remaining partners in their _____ ratio.
- A , B and C are partners sharing profits in the ratio of 2 : 3 : 3. B retired. The new profit sharing ratio between A and C will be _____.

Section -11 Dissolution of a Partnership Firm

- Which statement is not true in case of dissolution of partnership firm:
 - Business of the firm comes to an end.
 - It is always by the order of the court.
 - Books of the account of the firm are closed.
 - Assets of the firm are realised and liabilities are settled.
- Which is not the mode by which a firm may be dissolved:
 - By mutual agreement.
 - On the happening of completion of venture.
 - By the order of the court.
 - By giving notice, even when partnership is not at will.

- 9 X,Y and Z are partners in the firm in the ratio of 4:3:2. On firm's dissolution, firm's total assets are Rs15000, realisation expenses are Rs 2100. Assets realised is 15% more than the book value. Creditors were paid 2% more. For profit/loss on realisation, Y's capital account will be debited/credited with

A) Credit ₹ 8100
B) Credit ₹ 2700

C) Debit ₹ 5,050
D) Debit ₹ 2400

- 10 . On dissolution of a firm, Partners Capital Account balance was ₹ 63,000; Creditors balance was ₹ 12,000 and Profit and Loss Account debit balance was ₹ 6,000. Profit on realisation of assets was ₹ 7,800. Total amount realised from assets was

A) ₹ 81,000
B) ₹ 76,800

C) ₹ 70,800
D) None

True / False

1. In Dissolution of firm, business of the firm continues.
2. Realisation Account is prepared only once during the life of a firm.
3. If the Question is silent about the realization of Goodwill, it is assumed that goodwill has realized book value.

Fill in the Blank

- 1 Books of accounts of the firm are closed in _____.
- 2 In Dissolution of firm, the firm's property is applied first towards the payment of _____ debts.
- 3 The firm may be compulsory dissolved when all the partners or all the partners except one, become _____.
- 4 When the business of the firm becomes unlawful, the firm is _____ dissolved.
- 5 _____ Account is prepared to close the books of accounts of dissolved firm.
- 6 Balances of fictitious assets are transferred to _____ Accounts at the time of dissolution of the firm.
- 7 No entry will be passed when realization expenses are borne and paid by the _____.
- 8 Concerned Partner's Capital Account is _____ when realisation expenses are borne by a partner but paid by the firm.

Answer Key

Section -1

Not for profit organizations accounts

MCQs

1(A); 2(B); 3(D); 4(D); 5(B); 6(B); 7(C); 8(A); 9(B); 10(A); 11(C); 12(B); 13(D); 14(B); 15(D); 16(D); 17(A); 18(C); 19(C).

True / False

(i) (F); (ii)(T); (iii) (F); (iv) (F); (v) (T);

Fill in the Blanks

((I) Current);(ii) (Capital; Capital) ;(iii)(Specific); (iv)(;Revenue Income and expenditure); (v) (Legacy)

Section -2

Objective type Questions on Ratio Analysis:

1(B); 2(B); 3(C); 4(B); 5(C); 6(A); 7(A); 8(C); 9(A); 10(D); 11(A); 12(A).

Section -3

Cash Flow Statement

1(D); 2(B); 3(B); 4(A); 5(D); 6(D); 7(B); 8(C); 9(B).

Section -4

Financial Statements of a Company

1(A); 2 (A); 3 (C) ; 4 (C) ; 5(B).

Section -5

COMPANY ACCOUNTS

1(D); 2 (D); 3 (A); 4(C); 5(D);

Section -6

Partnership Fundamentals

MCQs

1(D); 2(B); 3(B); 4(C); 5(C); 6(B); 7(C); 8(B); 9(D); 10(D); 11(D); 12(B); 13(C); 14(C).

True / False

1(F); 2(F); 3(F).

Fill in the Blanks

1 (50); 2(Partnership Deed); 3(Compulsory); 4(Profit and Loss Appropriation Account); 5(Fixed); 6(Charge).

Section -7

Goodwill Nature and Valuation

MCQs

1(B); 2(C); 3(C); 4(C);

True / False

1(F); 2(T); 3(F); 4(F); 5(T); 6(T).

Fill in the Blanks

1(Attractive); 2 (self Generated) ; 3 (Weighted Average Profit Method); 4 (Capital Employed);

Section -8

Change in Profit Sharing Ratio

MCQs

1(C); 2(C); 3(A); 4(B); 5(B); 6(C).

True / False

1(F); 2(F); 3(T); 4(T).5. (F)

Fill in the Blanks:

1(Revaluation); 2(Gaining Share); 3(Premium for Goodwill); 4(Revaluation);5(Partners' Capital A/cs , Old Profit Sharing Ratio).

Section -9

Admission of a partner

MCQs

1(A); 2(C); 3(B); 4(C); 5(D); 6(D); 7(B).8.(C)

True / False

1(T); 2(T); 3(F); 4(F); 5(F); 6(F); 7(T); 8(F).

Fill in the Blanks

1(3/25); 2 (Self Generated).

Section -10

Retirement/Death of a partner

MCQs

1(A); 2(D); 3(B); 4(B); 5(D); 6(B); 7(A).8.(C) 9.(C) 10.(D)

True / False

1(F), 2(T), 3(F).

Fill in the Blanks

1(Decreased Partner's Executors A/c); 2(Profit & Loss Suspense A/c); 3(Gaining); 4(2:3).

Section -11

Dissolution of a Partnership Firm

MCQs

1(B); 2(D); 3(C); 4(D); 5(B); 6(C);7(A); 8(A).9.(C)10.(D)

True / False

1(F); 2(T); 3(F).

Fill in the Blanks

1(Firm); 2(Firm's); 3(Insolvent); 4(Compulsory); 5(Realisation); 6(Capital); 7(Partner); 8(Debited).

BUSSINESS STUDIES CLASS XII - MCQs

Section -1

NATURE AND SIGNIFICANCE OF MANGEMENT

Select the correct alternative:

1. Formulation of policies is the function of
 - a. Middle level mangers
 - b. Top level managers
 - c. Operational level managers
 - d. All of the above

2. Mohan's Father is working as Finance Manager in an organization.
At which level of management he is working:
 - a. Middle Level Management
 - b. Top Level Mangement
 - c. Operation Level Mangement
 - d. None of the above

3. A Company's target production of 5000 units in a year and estimated cost Rs. Is 25,000 per unit. The production manager achieved the target but at a cost of Rs. 30,000 per unit. In this case the manager was:
 - a. Efficient only
 - b. Effective only
 - c. Both effective and efficient
 - d. Neither effective nor efficient

4. A garment company made major changes in its range of products to survive in the market. Which characteristics of management is highlighted in the above statement?
 - a. Management is intangible
 - b. Management is multi-dimensional
 - c. Management is dynamic
 - d. Management is pervasive

5. The process by which synchronization of activities of different departments is known as:
 - a. Coordination
 - b. Cooperation
 - c. Supervision
 - d. Observation

Fill in the blanks with appropriate words:

6. ----- implies application of knowledge and personal skills to achieve desired result.
7. The designation of CEO is included inlevel management.
8. A software company's installation effluent treatment plant for treatment of dirty water in industrial area is an example ofobjective.
9. The organizational objective of a company include survival, and
10. The..... objectives aims at satisfying the needs of the work force.

State whether the following statements are True or False: (T/F)

11. Management is a pure science (T/F)
12. Management is only concerned with achieving target even at a higher cost. (T/F)
13. Management is management of work, people and operations. (T/F)

14. Policy formulation is the task of middle level management. (T/F)
15. Foreman and Supervisors are first line managers. (T/F)

Section – 2

BUSINESS ENVIRONMENT

1. Identify briefly the type of dimension of environment to which in the following are related .
 - a) Banks reducing interest rates on housing loan
 - b) An increasing no. of working women
 - c) Booking of air tickets through internet
 - d) Alcoholic beverages are prohibited to be advertised on 'DOORDARSHAN'
 - e) A stable government has built up confidence among the firms to invest in big projects
2. Many business are using social media like facebook and twitter to promote themselves .this is an example of with dimension of business environment?
 - a) Social
 - b) Economics
 - c) Legal
 - d) Technology
3. Liberalisation means
 - a) Integration among economics
 - b) Reduced government control and restrictions
 - c) Policy of planned disinvestment
 - d) None of these
4. Which of following does not explain the impact of government policy changes on business and industries?
 - a) More demanding customers
 - b) Increasing competition
 - c) Change in agriculture prices
 - d) Market orientation
5. Recently the government has decontrolled the price of petrol and diesel.this is an example
 - a) Privatisation
 - b) Globalisation
 - c) Liberalisation
 - d) Demonitisation
6. Which of the following does not characterise the business environment?
 - a) Uncertainty
 - b) Employees
 - c) Relatively
 - d) Complexity
7. Which of the following best indicates the importance of business environment?
 - a) Identification
 - b) Improvement in performance
 - c) Coping with rapid changes
 - d) All of them

8. which of the following is an example of social environment?
 - a) Money supply in the economy
 - b) Consumer protection act
 - c) The constitution of the country
 - d) Composition of the family

9. Which of the following does not explain the impact of government policy changes on business and industry?
 - a) More demanding customers
 - b) Increasing competition
 - c) Change in agriculture prices
 - d) Market orientation

Section – 3

ORGANISING

Select the best alternative:

1. The framework within which managerial and operating tasks are performed is known as
 - a. Organisation Structure
 - b. Functional Structure
 - c. Divisional Structure
 - d. Department

2. 'Identifying and dividing the work' is the first step in the process of one of the functions of management. Identify the function of the following.
 - a. Directing
 - b. Controlling
 - c. Organising
 - d. Planning

3. Systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points is known as:
 - a. Centralisation
 - b. Decentralisation
 - c. Accountability
 - d. Responsibility

4. The following are the elements of delegation:
 - a. Authority, Responsibility, Accountability
 - b. Department, Responsibility, Accountability
 - c. Decentralisation, Authority, Responsibility
 - d. Centralisation, Responsibility, Authority

5. The main purpose of decentralization is to :
 - a. Reduce the burden of manger
 - b. Create more department
 - c. Decrease the role of subordinates in the organization by snatching their existing authority.
 - d. Increase the role of subordinates in the organization by giving more authority

Fill in the blanks with appropriate words:

6. The organization which is designed by the management to accomplish its objectives is known as..... organization.
7. The number of subordinates that can be effectively managed by a superior is known as of management.
8. The process of dividing the work into small and manageable activities and grouping them together on the basis of their nature is known as.....
9. The organization which develops spontaneously as a result of social interaction and interpersonal relationships is known as organization.
10. In an organization when grouping of activities is done on the basis of different products is known as..... structure.

State whether the following statements are True or False: (T/F)

11. Dispersal of decision making authority is called centralization. (T/F)
12. Accountability can be transferred. (T/F)
13. Product specialization is an advantage of Divisional Structure. (T/F)
14. Occupational specialization is an advantage of Functional Structure. (T/F)
15. In delegation of authority, the employee has more freedom of action as compared to decentralization. (T/F)

Section – 4

FINANCIAL MANAGEMENT

1. The cheapest source of finance is
 - a. debenture.
 - b. equity share capital.
 - c. preference share
 - d. retained earning.
2. A decision to acquire a new and modern plant or to upgrade an old is a
 - a. financing decision
 - b. working capital decision
 - c. investment decision
 - d. dividend decision
3. Companies with higher growth potential are likely to
 - a. pay lower dividends
 - b. pay higher dividends
 - c. dividends are not affected by growth considerations
 - d. none of above
4. Financial leverage is called favourable if
 - a. Return on investment is lower than cost of debt

- b. RoI is higher than cost of debt
 - c. debt is readily available
 - d. the degree of existing financial leverage is low
5. A company raises finance from 12% loan. It pays corporate tax @ 30%. The actual cost of capital would be
- a. 12%
 - b. 3.6%
 - c. 84%
 - d. 15.6%
6. The decision which maximises shareholder ' wealth is-
- a. dividend decisions
 - b. investment decisions
 - c. financing decisions
 - d. All of above
7. Cost of capital is related to-
- a. investment decisions
 - b. financing decisions
 - c. dividend decision
 - d. none of above
8. Fixed capital requirements will increase if-
- a. stock of inventories need to increase
 - b. business plan to diversify
 - c. decrease have to be paid
 - d. none of above
9. Trading on equity takes place when
- a. RoI less than rate of interest on debt
 - b. RoI more than the rate of interest on debt
 - c. RoI is less than the ROE
 - d. RoI is more than the ROE
10. Higher debt – equity ratio results in
- a. lower financial risk
 - b. higher degree of operating risk
 - c. higher degree of financial risk
 - d. higher EPS

Section – 5

PLANNING

Select the correct alternative:

1. Which one of the following is the importance of planning?
 - a. Identifying alternatives
 - b. Selecting most appropriate plan
 - c. Reducing uncertainty
 - d. Developing premises
2. Which one of the following plans prescribe steps in chronological order for performing task?
 - a. Rule
 - b. Procedure
 - c. Method
 - d. Policy
3. A company has planned its sales for 2018-19 at Rs. 20 crores. What type of plan is it?
 - a. Budget
 - b. Strategy
 - c. Policy
 - d. Rule

4. Which of the following is standing plan?
 - a. Budget
 - b. Policy
 - c. Programme
 - d. Project
5. "Smart Co." has stated that the employees should be promoted on seniority." Name the plan which has been formulated by the 'Smart Co'.
 - a. Rule
 - b. Strategy
 - c. Objective
 - d. Policy

Fill in the blanks with appropriate words:

6. is a statement of expected results expressed in numerical terms.
7. The first step of planning is
8. Planning does not work inenvironment.
9. Planning are the assumptions made about the future on the basis of which the plans are drawn.
10. A is a statement which specifies what to be done or not to be done.

State whether the following statements are True or False:

(T/F)

11. Planning does not guarantee success. (T/F)
12. Planning increase creativity. (T/F)
13. A Standing plan is developed for one time event or project. (T/F)
14. Policies, procedures, methods and rules are Standing plans. (T/F)
15. Objectives are the end points for which an organization is formed and carried on. (T/F)

Section – 6

MARKETING

1. Match the marketing philosophies against their respective focus :

Marketing Philosophy

Focus

- A. Production Concept
- B. Product Concept
- C. Selling Concept
- D. Marketing Concept

1. Persuading buyer to purchase
2. Customer needs
3. Quality of the product
4. Quantity of product

Choose the correct option :

- A. A1, B2, C3, D4
- B. A4, B3, C1, D2

- B. A3, B4, C1, D2
- D. A3, B4, C2, D1

2. According to which concept of marketing, availability and affordability of the product are considered to be the key to the success of the firm?
 - A. Production Concept
 - B. Product Concept
 - C. Sales Concept
 - D. Marketing Concept

3. Which concept of marketing emphasises greater importance to attracting and persuading customers to buy the products?
 - A. Production Concept
 - B. Product Concept
 - C. Sales Concept
 - D. Marketing Concept

4. The level of packing used to present a gift to your friend on his birthday
 - A. Primary Packaging
 - B. Secondary Packaging
 - C. Transportation packaging
 - D. None of the above

5. Manufacturer uses wholesalers and retailers to distribute goods to the customers. Which channel of distribution is the manufacturer using?
 - A. Zero level channel
 - B. One level channel
 - C. Two level channel
 - D. Multi-level channel

6. It is an impersonal and paid tool of promotional mix.
 - A. Publicity
 - B. Personal selling
 - C. Advertising
 - D. Sales promotion

7. Which of the tools of public relations maintain healthy relationship with Government officials?
 - A. Press release
 - B. Counselling
 - C. Annual reports
 - D. Lobbying

8. 'Pepsodent' is a
 - A. generic name of a product
 - B. Brand name of a product
 - C. brand mark of a product
 - D. None of the above

9. This marketing concept evolved as a result of self regulation of social responsibilities by a business organisation.
 - A. Marketing concept
 - B. Product concept
 - C. Social marketing concept
 - D. None of the above

10. The function of marketing which informs about needs and wants of consumers.
 - A. Market planning
 - B. Customer support services
 - C. Promotion
 - D. Gathering and analysing information

11. Reebok a shoe making company sells its products through its own website. This method of selling comes under which level of distribution?

- A. Zero level channel
- B. One level channel
- C. Two level channel
- D. Three level channel

12. Which of the following is not a component of physical distribution?

- A. Order processing
- B. Channel of distribution
- C. Inventory control
- D. Transportation

Section – 7

CONSUMER PROTECTION

Answer the multiple questions:

1. Name the quality mark used for food products:

- (a) AGMARK
- (b) FPO
- (c) HALLMARK
- (d) ISI

2. Which quality certification must a consumer look for while purchasing gold jewellery?

- (a) ISI
- (b) FPO
- (c) AGGMARK
- (d) HALLMARK

3. Right to seek Redressal allows a consumer to

- (a) file a complaint against defective goods or deficient services
- (b) seek for relief against defective goods or deficient services
- (c) seek help from consumer organisations
- (d) All the above.

4. A complaint can be made to the State Commission if the claim value is:

- (a) more than R 20 lakh
- (b) less than R 20 lakh
- (c) more than R 20 lakh but less than 1 crore
- (d) more than 1 crore.

5. Which Act lays down quality standards for goods and the need to certify the through BIS certification scheme ?

- (a) The contract Act, 1982
- (b) The Bureau of Indian Standards Act , 1986
- (c) The Sale of Goods Act , 1930
- (d) The Competition Act , 2002 .

6. A consumer means any person who buys goods for

- (a) Resale
- (b) Commercial purpose.
- (c) consumption
- (d) giving gifts.

7. The final appeal against the District Forum Order can be heard in

- (a) State Commission
- (b) National Commission
- (c) Supreme court of India
- (d) None of the above.

8. who can file a case under the Consumer Protection Act 1986?
- (a) Any consumer (c) Government.
(b) Registered consumer association. (d) All the above.
9. Which consumer right suggests that a consumer has a right to register his dissatisfaction ?
- (a) Right to be heard (c) right to safety
(b) Right to choose (d) Right to be inform
10. Which of the following is not a appropriate role for a Non Government Organisation (NGO) in consumer protection ?
- (a) Providing legal assistance to consumers
(b) Filing legal suits on behalf of the consumers
(c) Maintaining consumer documents like cash memos etc safely.
(d) Educating the general public about consumer rights.
11. _____ is the quality certification mark used in case of agricultural products.
- a) ISI c) FPO – Farmer Producer Organisation
b) AGMARK d) HALLMARK
12. Which one of the following cannot file a complaint under Consumer Protection Act. 1986 ?
- (a) Any consumer under the definition of Consumer Protection Act ?
(b) Central or State Government
(c) Legal heir of a deceased consumer
(d) A person who obtains the goods with no cosidertaion

Section – 8

Directing

Very Short Answer Type Questions/MCQs

1. Identify the term used for the inner state of a human being that energises, activates or moves and directs his/her behaviour towards goals:
- a) Need c) Motivation
b) Motive d) Incentive
2. Arrange the following steps in the process of motivation in the correct sequence:
- i. Drives iv. Satisfied need
ii. Search behaviour v. Unsatisfied need
iii. Tension vi. Reduction of tension
- a) v, iii, i, ii, iv, vi c) v, i, iii, ii, iv, vi
b) iv, i, iii, ii, v, vi d) iii, i, v, ii, iv, vi

3. In Shahenshaah Enterprises, a company dealing in electronic appliances, the employees are being given autonomy, their suggestions are welcomed and useful suggestions are rewarded as well. They are even given freedom to assume risk. Such consideration given to employees helps in developing a positive work culture which distinguishes this company from other companies. As a result, the employees of the company are satisfied and their morale is high. Identify the kind of incentive being provided to the employees by Shahenshaah Enterprises:
- a) Employee Participation
 - b) Job Enrichment
 - c) Employee Empowerment
 - d) Organisational Climate
4. 'X' is both a process and a property. It involves use of non-coercive influence to direct and coordinate the activities of the members of the organised group towards the accomplishment of organisational objectives. 'X' is an element of one of the functions of management. Identify X:
- a) Coordination
 - b) Delegation
 - c) Leadership
 - d) Communication
5. Jacky is working as a supervisor in a reputed company. He is known well for his knowledge, confidence, integrity and motivation skills. He has good rapport with his follower workmen also. Often, he changes his decisions and opinions after listening to his subordinates. Many a times, he is not able to remain firm on the orders given by him to the workers. Which quality of good leader is not being possessed by Jacky?
- a. Initiative
 - b. Motivation skills
 - c. Decisiveness
 - d. All of the above
6. Bossy Enterprises has adopted highly centralised organisation structure, due to which the employees are not encouraged to have free flow of communication. Which barrier to effective communication is reflected here?
- a. Complexity in Organisational structure
 - b. Organisation policy
 - c. Organisational facilities
 - d. Rules and regulations
7. It is important for a manager to consult others before communicating because:
- a. He himself might not be able to take rational decision
 - b. Others may feel demotivated, if not consulted
 - c. All employees in the organisation have equal right to participate in decision-making

- d. Participation of others may help to gain ready acceptance and willing cooperation of others

8. Which leadership style is being reflected in the picture given below?

- a. Democratic Style
- b. Laissez Faire Style
- c. Autocratic Style
- d. Free Rein Style



9. 'Directing fosters cooperation and commitment among the people and help to achieve balance among groups, activities and departments.'

Which significance of Directing is highlighted in the above statement?

- a. Integrates employees' efforts
- b. Initiates action
- c. Helps to bring stability and balance in the organisation
- d. Actualise the potential of employees

10. The authority, responsibility, rewards, recognition, perquisites and prestige related to job is one of the types of incentives that motivate the employees. This incentive helps in satisfying psychological, social and esteem needs of the employees. Identify the type of incentive.

- a. Employee Recognition Programme
- b. Perquisites
- c. Career advancement opportunities
- d. Status

(Q 11 – Q 15) Give the name of concept for the following phrases:

11. Needs which include protection from emotional harm _____

12. A psychological barrier to effective communication showing lack of faith between the sender and the receiver _____

13. Branch of linguistics dealing with meanings of words and sentences _____

14. All those actions of receiver which indicate that he has received and understood the message sent by sender _____

15. Style of leadership involving exercising control by using the forces within the group _____

Section – 9

Controlling

Very Short Answer Type Questions/MCQs

- Which concept of management comes to rescue of the managers to prevent damages to the overall performance of the business? This concept not only checks the progress of the activities but also ensures that such activities conform to the planned targets.
 - Planning
 - Coordination
 - Controlling
 - Directing
- 'Controlling is the last function of management.' Do you agree?
 - Yes, as it is to be done after Planning, Organising, Staffing and Directing
 - No, as it is a continuous process and is to be done from beginning till the end.
 - Yes, as after controlling, new management cycle begins from Planning.
 - No, as controlling is a pervasive function.
- Match the standards (Column A) with their respective functional departments (Column B):

S.No.	Column A	S.No.	Column B
	STANDARDS		FUNCTIONAL DEPARTMENTS
i.	Quality of output	p.	Finance Department
ii.	Inventories	q.	HRM Department
iii.	Labour absenteeism	r.	Production Department
iv.	Selling Expenses	s.	Marketing Department

- i – r; ii – p; iii – q and iv – s
 - i – p; ii – r; iii – q and iv – s
 - i – s; ii – p; iii – r and iv – q
 - i – r; ii – q; iii – s and iv – p
- Mr. ChillamChilli, an anxious production manager, who tends to get aggressive with his subordinates, approached his boss Mr. Brainy, the CEO of the Company Dhoom Dhamaka Enterprises. This time Mr. ChillamChilli went to CEO for filing a complaint and request for termination against one of the sincere foreman of the

company, Mr. BholeyNath. The reason for complaint was a deficiency of 25 units in this month's production target of 200 units. Identify the most appropriate course of action, to be adopted by Mr. Brainy:

- a) Mr. Bholey Nath should be terminated, as he did not achieve the targets.
- b) Mr. Bholey Nath should not be terminated, as he is a sincere employee.
- c) Appropriate corrective action should be taken after analyzing the deviation, considering the decided acceptable range of deviations.
- d) Mr. Chillam Chilli should be terminated, as he is complaining against a sincere employee.

5. Improving goodwill and motivation level of employees are examples of a type of standards. Identify the type.

- a. Quantitative standards
- b. Qualitative standards
- c. Super Standards
- d. Management Standards

6. What serves as a pre-requisite for controlling?

- a. CCTVs
- b. Directing
- c. Personal Supervision
- d. Planning

7. Jain Limited is engaged in manufacturing of machine components. The target of production is 200 units daily. The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 150-170 units. Which of the following could not have been the cause of such deviation?

- a. Power Shortage
- b. Demoralised workforce
- c. High quality machines
- d. Under – staffing

8. Which of the following is not a Key Result Area for a manufacturing organization?

- a. Cost of Raw Materials
- b. Labour Cost
- c. Cost of stationary
- d. Cost of selling

9. Fill in the blank with the correct word:

The difference between standard performance and actual performance is termed as _____.

10. Fill in the blank with the correct word:

Planning is prescriptive whereas Controlling is _____

Section -1

NATURE AND SIGNIFICANCE OF MANGEMENT

MCQ

1(b) 2(a) 3(b) 4(c) 5(a)

Fill in the blanks

6 Art 7. Top 8. Social 9. Profit, Growth 10. Personal

True or False:

11. False 12. False 13. True 14. False 15. True

Section – 2

BUSINESS ENVIRONMENT

Section – 3

ORGANISING

Answers

1(a) 2(c) 3(b) 4 (a) 5(d) 6 Formal
7. Span 8. Departmentalisation 9. Informal 10. Divisional
11. False 12. False 13. True 14.True 15False

Section – 4

FINANCIAL MANAGEMENT

Section – 5

PLANNING

Ans.

1(c) 2(b) 3 (a) 4(b) 5 (d) 6 Budget
7. Setting Objectives 8. Dynamic 9. Premises 10 rule 11 True
12. False 13. False 14. True 15. True

Section – 6

MARKETING

ANSWERS:

1. B 3.C 5.C 7.D 9.C 11.A
2. A 4.B 6.C 8.B 10.D 12.B

Section – 7

CONSUMER PROTECTION

ANSWER KEY

1. b 2. d 3. b 4. c 5. b 6. c 7. b
8. d 9. a 10. c 11. b 12. d

Section – 8

Directing

ANSWER KEY

- | | | | | | |
|--------------|---------------|--------------|-------|---------------------------|------|
| 1. b | 2. a | 3. d | 4. c | 5. c | 6. b |
| 7. d | 8. c | 9. c | 10. d | 11. Safety/Security needs | |
| 12. Distrust | 13. Semantics | 14. Feedback | | 15. Democratic leadership | |

Section – 9

Controlling

ANSWER KEY

- | | | | | | | |
|------|--------------|----------------|------|------|------|------|
| 1. c | 2. b | 3. a | 4. c | 5. b | 6. d | 7. c |
| 8. c | 9. deviation | 10. evaluative | | | | |

These are exemplar not exhaustive you may develop on your own.

10

PEDAGOGY OF TEACHING COMMERCE

Few Energizers

CLASSROOM ENERGIZERS FOR STUDENTS

Students often find it difficult to sit for long time especially they are apprehensive when it comes to school. There is not much of physical stimulation. Of course, there are teachers who teach in a very interactive way, but that doesn't mean that school schedule isn't exhausting. Focusing most of the time on subject specific curricular areas all the time can be draining.

Some fun and engaging energizer activities for commerce stream in the classroom are suggested in this section for doing it in classroom for involving students. They can relax and take an interactive break. It will take their pressure off their minds and motivate them to stay focused for the next hour.

When is the right time for an energizer?

For some reason your students aren't listening anymore. They are not focused and start talking. **There are a lot of reasons why students get distracted:**

- It is the last hour of the day
- It's Friday afternoon
- Students get tired after lunch
- It's Monday morning
- The content is boring (that happens!)
- The content is not relevant to your students (*"why should I learn this?"*)
- You have been talking for a long time without interaction
- Students are tired or didn't sleep well
- The room is too hot or too cold
- And many more.....the list may be endless

If you notice that students are losing attention for one of these reasons, it is time to think about an energizer.

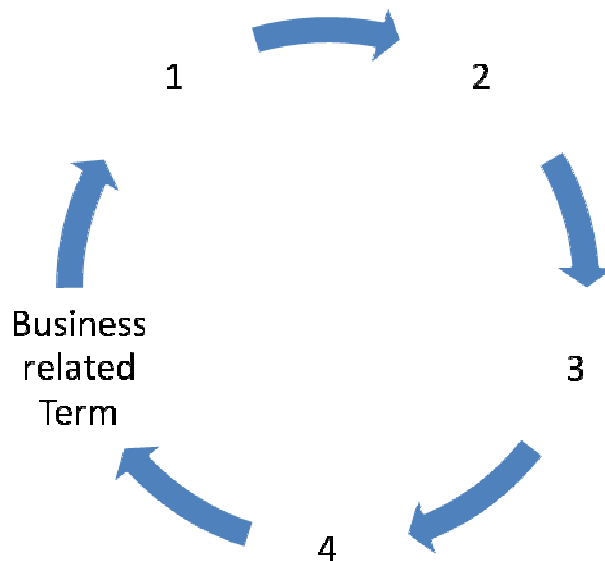
ENERGIZERS FOR ADOLESCENT STUDENTS-Even adults need to be encouraged from time to time. College or University students don't take breaks that often. That makes it harder to focus sometimes. If you think

they'll dislike energizers for adults, you're wrong. Small classrooms work better though, but energizers in the classroom always shake things up!

EXEMPLARS to teachers are given below. They can develop more on their own.

1. **Buzz** Ask the group to stand up and to form a circle.

*For example: 1 - 2 - 3 - **business** - 5 - 6 - 7 - **production** - 9 - 10 - 11 - **purchase** - 13 - **regular basis** - 15 - **for a price** - 17 - 18-19-**profession**-21-22-23-**employment**...*



Everyone takes turns saying a number starting with 1, 2, 3 and so on. Of course, there is a catch. At every number with a 4 in it or a multiple of 4, that person **needs to say a term/feature/concept stated in the chapter instead of the number. E.g.**(Chapter 1 In Business Studies ,the students have to recall the concepts /terminology from that chapter and have to speak aloud at their respective turns. See example above

DON'TS

Avoid repetition

You can choose any number that might be relevant and replace the *term* with another word. This game is great when teaching different concepts in one chapter, or teaching how hard it is to do two things at the same time (thinking while listening for your turn) and to recapitulate or to test previous knowledge of the students in the class.

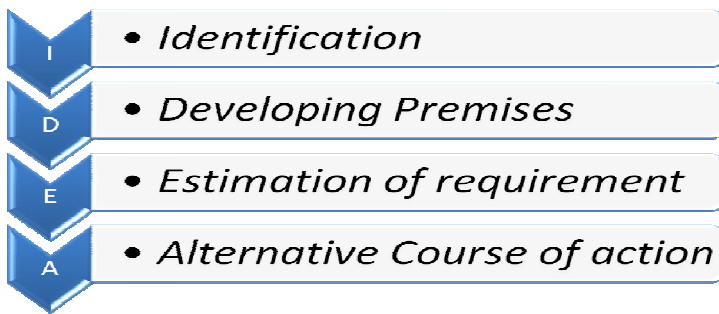
2. Body letters

Split your class into small groups (4-5 students per group). Each group has to think of an ***acronym** about what they have learned so far. The acronym can't be longer than the number of people in the group. If there are 4 people in a group, the acronym will only have 4 letters.

When they found an acronym the groups have to use their bodies to spell the letters. Other groups have to discuss what the letters stand for. Afterwards, you write the words on a paper. You pass them around the classroom and refer to them in the rest of your lesson. With this energizer, you can see what your students remembered and give your students a tool to back on.

**For example: - For Process of Planning*

***IDEA** –Identification-Developing Premises-Estimation of requirement-Alternative Course of action*



4. Jigsaw

Divide your students into four groups. Use four blank jigsaw puzzles, available in arts and craft stores, and ask the groups to fill in the puzzle with something they learned today. (Drawing, quote, word cloud, etc.)

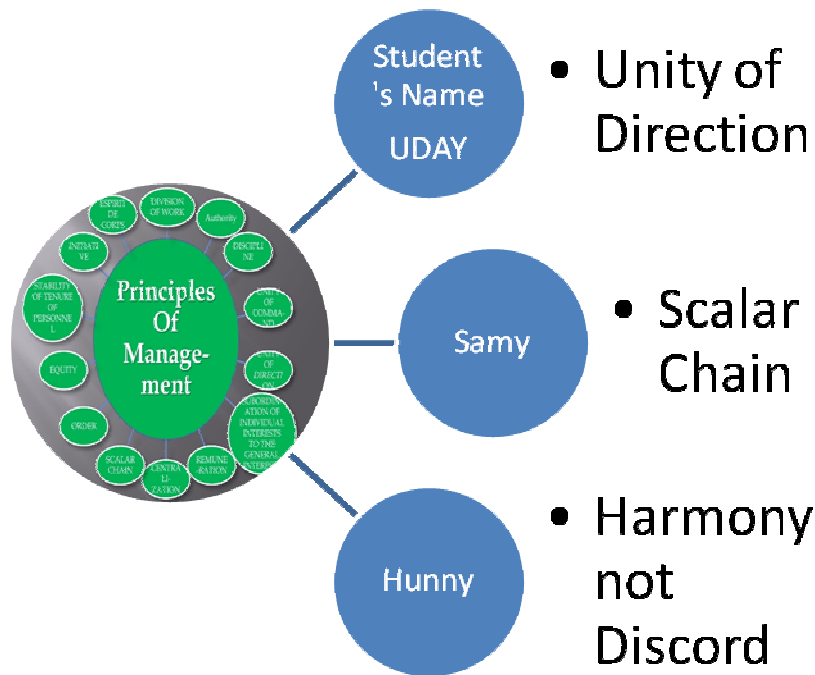
Afterwards, as a revision and energizer, you can let the students solve each other's jigsaw puzzle. You can also design the puzzles yourself and let the students make them. That will take less time. Another option is to use a photo and make a jigsaw puzzle with Book Widgets.

5. Likeable Principle (Enhancing Memory)

Students think of a principle of management to describe themselves. The adjective must suit the student and may start with the first letter of their name.

The students have to memorize every name. The first student just says his name, but the second and the rest of the students have to name the previous names before saying their name. The last students will have to do the hard work.

For example: 1. Likeable principle unity of direction- 2. Likeable principle unity of direction, scalar chain - 3. Likeable principle unity of direction, scalar chain, harmony not discord and so on..



6. Give a compliment (SELF AWARENESS)

No one's too old for compliments! This energizer lets students feel better about them by sharing compliments. Each student gets a paper on their back. Every student has to write down a compliment on the paper on the backs of every other student. They cannot miss a single one. Afterwards the students can read their paper and all the compliments they have been given.

For example:- To teach qualities of a good leader, this seems to be most interesting energizer for them.

7. Commerce Antakshari

Children are fond of playing Antakshari. This energizer lets students feel better about themselves to recapitulate the topic or by the teacher to test previous knowledge. It will help the students to remember the new terminology in an easy manner.

Exemplar

A teacher may speak out a word used in a particular topic taught then it will be continued by the students.

Commerce->Economic Activities->Service->Employment->Tertiary Service

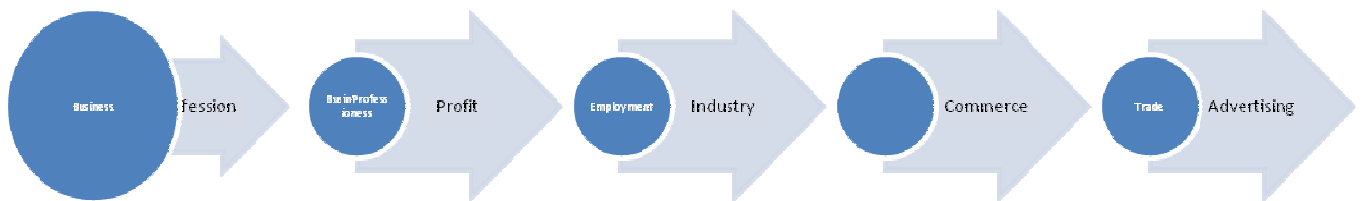
8. Word -Train

This energizer will be helpful to memorize or to recall the terms used in the subject and new to them. Teacher plays the role of facilitator and students get help in remembering the terminology.

Exemplar

Business-Profession-Employment-Profit-Industry-Commerce-Trade-Auxillaries to trade-wholesale-Retail-Warehousing-Transportation-Communication-Advertising....

Those who are unable to speak the word will be out from the game, even who takes more time to respond will be out and those who will play till end declared winner. It can be stopped any time in between.



9. Feature Chain

To engage the students in fun based activity; in all the topics of 'Features' this will be useful. A topic will be given by the teacher, a student from each row will call out one feature, other row student will speak out another feature, and similarly it will be Continued till all features will be covered. Different topic may be taken if more students will be there in the class.

Exemplar:- Business

Economic Activities- Production and procurement of goods and services,Sale or exchange of goods and services-Dealing in goods and services on regular basis-Profit Earning-Uncertainty of return-Element of risk.



COMPARISON OF BUSINESS, PROFESSION AND EMPLOYMENT

Basic	Business	Profession	Employment
1. Mode of establishment	Entrepreneur's decision and other legal formalities, if necessary	Membership of a professional body and certificate of practice	Appointment letter and service agreement
2. Nature of work	Provision of goods and services to the public	Rendering of personalised, expert services	Performing work as per service contract or rules of service
3. Qualification	No minimum qualification is necessary	Expertise and training in a specific field is a must	Qualification and training as prescribed by the employer
4. Reward or return	Profit earned	Professional fee	Salary or wages
5. Capital investment	Capital investment required as per size and nature of business	Limited capital needed for establishment	No capital required
6. Risk	Profits are uncertain and irregular; risk is present	Fee is generally regular and certain; some risk	Fixed and regular pay; no risk
7. Transfer of interest	Transfer possible with some formalities	Not possible	Not possible
8. Code of conduct	No code of conduct is prescribed	Professional code of conduct is to be followed	Norms of behaviour laid down by the employer are to be followed.

***NOTE THAT THESE ARE SUBJECT BASED ACTIVITIES LEADING TO JOYFUL LEARNING**

11

ASSESSMENT AND TYPOLOGY OF QUESTIONS IN BUSINESS STUDIES

Find Case Studies and the questions that follow are based on the typology of questions as given in your syllabus. An attempt has been made to take up one case study and different questions from different domains-Remembering, understanding, Application, Create and Evaluating are formed for comprehending the difference and also the purpose.

As NCF'2005 focuses on the departure from ROTE learning to child centred and construction of knowledge at the end of learner. A caution is required that even Assessment should also be accordingly testing different Domains not only recalling questions from Knowledge. A very significant finding of Yash Pal committee report reinforces this that the Evaluation/Assessment pattern has a impactful bearing on the teaching-learning processes in the classrooms.

This section has few Cases for discussion in the classroom on different types of questions at the end of each case to bring the clarity and how it should be answered

CASE-1

Aarohan Limited an automobile manufacturer was diversifying into manufacturing two wheelers. They knew India is on a growth path and a new breed of consumers is eager for a first vehicle. The market responded very well to the new product. The company did not have to allow credit as it had advance orders for four to six months with deposits paid. Ranjan is the managing director of Aarohan Limited. Also due to efficient operations, as soon as vehicle is off the assembly line it is out to dealers for selling. To meet the increased sales and to reap the benefits of market potential, the board of directors want to start a full-fledged Marketing department for the product. Mr. Kumar is entrusted with the task of finding a suitable candidate to head the proposed marketing department. After considering a number of candidates he identifies 2 people: Mr. Vishwanath Dutt and Mr, Rajnarain. Mr. Vishwanath Dutt has an excellent track record in the company. In his tenure of 10 years he has always shown a high degree of enthusiasm and initiative in his work. He is young dynamic and aggressive. He is result oriented and is interested in ends rather than means. He is harsh at times, and he let subordinates know where they stand. He appreciates and rewards if good job is done by subordinates. He is always willing to take additional responsibilities. He decides things quickly and when action is required, he is always on his toes.

On the other hand, Mr. Rajnarain has endeared himself by his superior workmanship and pleasing manner. He believes in the principle of employee participation in decision making process. Unlike Mr. Dutt, he encourages his subordinates to come out with innovative ideas and useful suggestions. Before arriving at a decision he consults his subordinates. Subordinates are pleased to work under him and praise his leadership qualities. The participative climate under his leadership has encouraged subordinates to use their skills and talents to the fullest.

- 1) Compare the leadership styles of Mr. Vishwanath Dutt and Mr. Rajnarain.
- 2) In a given situation whom would you recommend for the position of marketing manager? Give reasons in the light of advantages and disadvantages of identified leadership style.

CASE-2

Automobile Spare Parts Limited is a major manufacturer of automatic filters mostly used in vehicles of various types. The firm deals both in bulk quantities to automobile manufacturers as well as to other smaller vendors for replacement purposes. One day the production manager called the foreman and told him that two engineers from a reputed engineering consultancy firm are visiting to inspect the production facilities and the workshop. He instructed the foreman to assist them with all required information they may ask. The objective of visit was not made clear to the foreman. During the visit of engineers, the atmosphere in the workshop was tense as the team of engineers made several enquiries from the foreman. The workers enquired from foreman but he was clueless. Later, a notice was put on the notice board asking workers to shut off motors and lights during the lunch time on daily basis. They informally discussed about this decision of production manager with the foreman and other fellow worker on different occasions. But everyone had its own observation based on unfounded information. A rumour spread that technical defects have occurred in the plant and company is not able to fulfil its contracts resulting in decline in productivity. It was disturbing for both foreman and the workers as they feared the possibility of layoff and retrenchment in coming months. They approached the union leaders who criticized the approach of management and gave notice to the production manager for a one day protest strike.

- 1) Identify the type of grapevine communication network referred to in the above case.
- 2) Give any three features of informal communication in an organization.

HINT-For Answer Refer NCERT TEXTBOOK Pages 204-205

CASE -3

Arjun is a successful businessman in the paper industry. During his recent visit to his friend's place in Mysore, he was fascinated by the exclusive variety of incense sticks available there. His friend tells him that Mysore region is known as a pioneer in the activity of Agarbathi manufacturing because it has a natural reserve of forest products especially Sandalwood to provide for the base material used in production. Moreover, the suppliers of other types of raw material needed for production follow a liberal credit policy and the time required to manufacture incense sticks is relatively less. Considering the various factors, Arun decides to venture into this line of business by setting up a manufacturing unit in Mysore.

In context of the above case:

1. Identify and explain the type of financial decision taken by Arun.
2. Identify the three factors mentioned in the paragraph which are likely to affect the working capital requirements of his business.

Answers:

1. Investment decision has been taken by Arun. Investment decision seeks to determine as to how the firm's funds are invested in different assets. It helps to evaluate new investment proposals and select the best option on the basis of associated risk and return. Investment decision can be long term or short-term. A long-term investment decision is also called a Capital Budgeting decision
2. The three factors mentioned in the paragraph which are likely to reduce the working capital requirements of his business are as follows: .
 - **Availability of raw material:** As there is easy availability of Sandalwood which is used as the base material for production, the working capital requirements of his business will be less as there is no need to stock the raw materials.
 - **Production cycle:** The production cycle is shorter and less time is required to manufacture incense sticks. Thus, the working capital requirements of his business will be low.
 - **Credit availed:** Due to the fact that the suppliers of other types of raw material needed for production follow a liberal credit policy, the business can be operated on minimum working capital.

CASE - 4

Shehanshah enterprises is a company dealing in baby products. It has its business operation in Delhi and NCR. It provides a complete range of baby products such as milk bottle, toiletries, diaper, baby toys, etc. The marketing manager of the company recorded to find that birth rate is increasing tremendously, not only in Delhi but also in other states of the country. Considering this as a forthcoming opportunity the company plans to expand its business operations country-wide by establishing branches in other states of the country.

The Finance Manager of the company has calculated the fund requirement of 5 crores, for implementing the above plan. The above fund requirement was for a period of minimum three years. He further delegated the task of deciding the different proportion of sources of funds to be used, for raising above finance. After doing analysis about the capital market, he decided to raise the entire amount by issue of equity shares only as investors were willing to assume risk.

After a span of five years, the business is able to double the amount of sales as well as profits. The profitability of the business, as visible in its audited reports of accounts, increased expectations of shareholders. But, to the surprise of everyone the EPS decline. In spite of high profits in absolute terms.

The top management held Finance Manager responsible for dissatisfied investors, as he did not make appropriate choice of sources of funds.

TYPOLOGY WISE QUESTIONS

I **Remembering Type**

Q1. Which concept involves estimating fund requirement and determining the sources of funds? 1

- | | |
|--------------------------|------------------------|
| (a) Investment decision | (c) Financial Planning |
| (b) Financial Management | (d) Financing Decision |

[Hint : 10]

Q2. State any three advantages of 'Financial Planning' as done by Finance Manager in the above case. 3

Q3. Discuss any five factors which the Finance Manager must have kept in mind before directing about the sources of funds. 5

II **Understanding Type**

Q1. The funds were required for a period of minimum three years.' Which type of financial decision is reflected in above statement?

- (a) Investment decision
 (b) Budget
 (c) Fixed Capital Decision
 (d) None of the above

1

[Hint : 10]

Q2. Read the given case study thoroughly & identify which financial decision(s) are reflected in the case.

- (a) Investment & Financing Decision
 (b) Financing Decision only
 (c) Investment Decision only
 (d) Investment, financing & Dividend decisions

1

[Hint : (d)]

- Q3. State the factor considered by the Finance Manager, for choosing the source of funds. Discuss any two other factors, relevant for this decision. 3
[Hint : Stock Market Conditions]

III Application Type

- Q1. Fill in the blanks:-
The stock market was going through a _____ phase. The investors were willing to take risk. That is why, the Finance Manager decided not to issue _____. 1
[Hint : bullish; debt]
- Q2. The company decided to issue equity shares for raising the required finance.
(a) Which specific type of financial market must have been approached by the company?
(b) Discuss any two methods of issuing securities in the above identified market, if the company wishes to raise funds economically and conveniently.
[Hint : (a) Primary Market (b) Offer Sale, Private Placement] 5

V Evaluative Category

- Q1. Identify the most appropriate reason for declining EPS, inspite of increasing profits in the business:
(a) The Finance Manager must have done fraud.
(b) All profits were taxable, so very low amount was left for distribution as dividend.
(c) There was no debt in the capital structure. So company could not get benefit of Trading on Equity.
(d) ROI must have been less than cost of debt. 1
[Hint : (c)]
- Q2. In the given case study, the finance manager considered only one factor affecting choice of capital structure and ignored many other factors, Discuss any four such factors, which if he had considered, would have led to issue of debt along with equity.
- Q3. State what advantages the company & the shareholders would have got, by having both equity as well as debt in the capital structure. 5
[Hint : Cost of debt, Control, Cash flow position, ROI
Benefit : Increased EPS, maximisation of shareholders wealth]

12

TEACHER LEADERSHIP

The role of teacher is not merely the transaction of curriculum but to ensure that desired student learning take place. In order to achieve this goal, they have to act as a facilitator, as a guide, as motivator, as an initiator, as an assessor and as a role model. But a teacher can't play these different roles without possessing a combination of leadership qualities and demonstrating them in order to accomplish important tasks while connecting with students, parents, peers and community. In fact, teacher is a leader by virtue of being a teacher as the ultimate goal of teaching is to lead and influence the teaching learning process in such a manner that the desired learning outcomes are achieved and success of each and every student is ensured. Therefore, for an effective and successful teacher, teaching and leading are inseparable and are two sides of the same coin. *Hand & Penuel* has rightly said that the concepts of leading and teaching are so intertwined that every leader is a teacher, and every teacher is a leader. The art of leading students is one of the greatest challenges faced by the teacher today.

After going through this module, you will be able to answer the following questions:

- What is leadership and how several theories of leadership are evolved a over a period of time?
- How assigned leadership is different from emergent leadership?
- How leadership is different from management?
- What is teacher leadership?
- Why is teacher leadership?
- Who are teacher leaders or what are the model standards of teacher leadership?

Leadership

Leadership, as defined by Northouse, is a process whereby an individual influences a group of individuals to achieve a common goal". Gary Yakul have defined leadership as "the process of influencing others to understand and agree about what needs to be done and how to do it, and facilitating individual and collective efforts to accomplish shared objectives". According to John P. Kotter, "Leadership is, most fundamentally, about changes". The above definitions suggest the following features of leadership:

1. **Process:** Leadership is a process wherein individual exerts influence on others. It is a two way interaction between leaders and followers and not a linear one. Leadership is not confined just to the person holding a formal position as leader rather it is for everyone.

2. Influence: Leadership is the non-coercive influence on subordinates, peers and bosses to shape organizational goals and motivate them to strive willingly towards the accomplishment of common goals.

3. Groups: Leadership operates in/with groups of people i.e. employees or followers who are influenced by leadership and who willingly accept guidance and direction given by leaders. This group may be a small one comprising of a few teachers and a principal in a small school having less than hundred students and a large group or national or international organizations running thousands of large size schools at national and international level.

4. Goals: Leadership is to attain goals by directing a group to enthusiastically engage in task and complete for the accomplishment of goals. For example, a school can set a goal either to improve the result of class XII commerce or to win the National Inter School Hockey Tournament or both. Thus leadership occurs in a context and influences group of people to move in the direction of a goal.

5. Shared Objectives: Leadership essentially means that leader and followers work together in order to determine what is to be achieved and how it is to be achieved. More a leader is engaged with followers in goal setting, more are the chances for goal attainment. Goals imposed by a leader are generally harder and achieved less effectively than goals developed together.

6. Authority and Responsibility: Leadership involves both authority and responsibility in order to decide what is way ahead and being held responsible for what is achieved and what is not in the context of agreed objectives.

7. Unequal Distribution of Power: Leadership involves unequal distribution of power between leader and other members in the group. Group members are not without power. They can shape the activities of the group in a number of ways. In many schools, one can observe that a teacher may be more influential than the principal /designated leader in determining the course of action.

Trait Theory of Leadership

According to this theory, leaders share some inborn personality traits. The early theory in this context was the “great man” theory which says that leaders are born not made. Recently, some key leadership traits have been identified which include leadership motivation (having a desire to lead but not hungry for power) Drive (achievement, energy, ambition, initiative and tenacity), Honesty and integrity, Self-confidence (including emotional stability), Cognitive ability, and understanding of the business.

The study of leadership in terms of traits could not be successful approach for explaining leadership as all leaders do not possess all the traits mentioned in these theories, whereas many non-leaders possess many of them. Moreover, the trait theory does not give an estimate of how much of any given trait a person should possess. So far, studies reveal no agreement about which traits are leadership traits.

Behavioural Theories of Leadership

Researchers tried to study the behavioural aspects of effective leaders when it became evident that effective leaders did not seem to have a particular set of distinguishing traits. In other words, they tried to determine what effective leaders do rather than try to figure out who effective leaders are as was the case with trait theory. This theory emphasized on the way leaders delegate tasks, communicate with and try to motivate their followers and carry out their tasks. ***Behavioural theorists identified three distinct behaviours of leadership and categorised them as autocratic, democratic/participative, and laissez-faire.***

Autocratic leader makes decisions without involving subordinates, spells out work methods, provides workers with very limited knowledge of goals, and sometimes give negative feedback.

Democratic or participative leader encourages participation on proposed actions and makes decisions involving subordinates and let the group determine work methods, make overall goals known, and use feedback to help subordinates.

Laissez-faire leader rarely uses his/her power very rarely, gives complete freedom to subordinates and largely depends upon subordinates to set their own goals and the means of achieving them and avoids giving feedback to subordinates.

Situational or Contingency Theories of Leadership

Limitations of trait theories and behavioral theories, as none of identified traits was common to all effective leaders and none of the three styles was effective in all situations, led the researchers to identify the factors in different situations responsible for the effectiveness of a particular leadership style.

Transformational Leadership

The essence of transformation leadership lies in developing commitment among individuals to put in their best efforts in order to achieve organizational goals rather than focusing on their immediate self interests. Under this leadership, followers are more interested in intrinsic high-level goals such as self-actualization than extrinsic lower-level goals such as safety and security. According to Bass and Riggio, a transformational leader displays the following four attributes:-

Idealized/ Charismatic Influence- This refers to the ability of a leader to inspire others in such a positive manner that he/she becomes role model. Transformational leader leads by example and lives by his/her word.

Inspirational Motivation- Leaders behave in a ways that motivates those around them by providing meaning and challenge to their follower's work. Individual and team spirit is aroused. Enthusiasm and optimism are displayed.

Intellectual Stimulation- Leaders get the followers continuously engaged in questioning the tried ways of solving problems, encourages them to question the methods they use to improve upon them.

Individual Consideration- Focuses on understanding the needs of each follower and work continuously to get them to develop to their full potential.

Distributed Leadership

Distributed leadership emphasizes on the sharing of leadership functions in an organization. This approach of leadership is based on five assumptions.

- The power and functions of a leader are shared and are not limited only to a particular person or an elite group.
- Individuals are capable to lead if they are provided proper training and support in leadership.
- Leadership if distributed makes Individuals, groups and organizations effective.
- Leadership is a process not just a set of independent characteristics.
- Leadership is organizational-centered rather than person-centered.

In order to achieve the benefits of distributed leadership, a strong and effective communication system is essential at and among all levels so that individual leaders may relate to each other. The key to success of distributed leadership involves freedom to operate to each leader in the organization.

Assigned versus Emergent Leadership

When someone is appointed in a formal position of authority in an organization like principal of a school, vice chancellor of a university, director of an institution, head of a department and subject leader in school and exercise his/her leadership, it is called assigned leadership. Emergent leadership is a leadership which is exercised by one member of group not due to his assigned position but because of the manner in which other group members perceive and react to him or her. Therefore, it is possible in an organization that others may treat a person their leader other than one who has formally been assigned the leadership role to perform.

Emergent leader is one who is perceived by others the most influential member of their group or organization, regardless to the person's assigned formal position. Emergent leadership is in consequence of acceptance, support, and encouragement of/to a person by other members of a group in an organization and it emerges over time through positive communication behaviors.

Leadership versus Management

There are similarities as well as differences between leadership and management. Both involve influencing others. Both require working with people. Both are concerned with

the attainment of common goals. Teachers work with their fellow teachers and students in school and classroom respectively to influence others in order to attain common goals of learning. There are differences between the two which are given in the table below. The understanding of these differences will help you to identify yourself as manager or leader or both or none.

Leadership	Management
The essence of leadership is change	The essence of leadership is stability
The focus of leadership is leading people	The focus of management is managing work
Leadership belongs to followers	Management belongs to subordinates
Leadership have long-term perspective	Management have short-term perspective
Leadership seeks vision	Management seeks objectives
Leadership sets direction	Management plans details
Leadership facilitates decision	Management makes decision
Power of leadership lies in Personal charisma	Power of management lies in formal authority
Leadership appeals to heart	Management appeals to head
Leadership puts its energy for passion	Management puts its energy to control
Leadership shapes culture	Management enacts culture
Leadership is dynamic and pro-active	Management is reactive
Leadership is persuasion to sell	Management is persuasion to tell
Leadership is transformational in nature	Leadership is transactional in nature
Leadership exchange excitement of work	Management exchange money for work
Leadership likes striving	Management likes action
Leadership takes risk	Management avoids risk
Leadership breaks rules	Management makes rules
Leadership uses conflict	Management avoids conflict
Leadership gives credit	Management takes credit
Leadership takes blame	Management blames others

Teacher Leadership: What it is?

Teacher Leadership is the process by which teachers, individually or collectively;

influence their colleagues, principals and other members of the school community to improve teaching and learning practices with the aim of increasing student learning and achievement (York-Barr & Duke, 2004). Teacher leadership operates within and beyond the classroom; makes contribution by way of positively influencing the educational practices of fellow teachers and school..

From the above description, it is clear that the teacher leadership is reasonably close to and identify with other conceptions of leadership such as Designated and Emergent Leadership, Participative Leadership and Distributed Leadership due to its emphasis upon collective action, empowerment and shared responsibility. Teacher leadership is centrally and exclusively concerned with the idea that all organizational members can lead and that leadership is a form of agency that can be distributed or shared (Gronn, 2000).

Teacher Leadership: Why it is?

Over the last few decades, many issues have contributed for the advocacy of teacher leadership and its role in the improvement of student learning and schools. Some of the important factors are as under:

- Not all students are acquiring required knowledge, skills, and attitudes which are essential to succeed in the competitive world.
- Unsatisfactory outcomes of worldwide interventions designed and implemented for school improvement and school reform.
- Teacher attrition worldwide.
- Issue of diverse student population which has made teaching a challenging profession.
- Meeting expectations of a school in the context of reducing role of other concerned government departments and dwindling public resources.
- Demand for accountability

Teacher Leader Model Standards: who are teacher leaders?

Teacher leadership is essential to serve the needs of students, schools and the teaching profession. Teacher leadership is dynamic in nature and may virtually involve different actions in different schools aligning to their specific needs. In order to meet the needs of 21st century, the Teacher Leadership Exploratory Consortium has developed some Teacher Leader Model Standards (TLMS) to codify, promote and support teacher leadership as a vehicle to transform school.

(1) Fostering a Collaborative Culture to Support Educator Development and Student Learning

This domain refers to the competence of teacher leaders to use group processes to help other teachers to work together and develop a collaborative culture of collective

responsibility in the school. The teacher leaders do that by promote an environment of trust, and respect for continuous improvement in instruction and student learning. The teacher leaders demonstrate effective skills in listening, presenting ideas, leading discussions in order to identify the needs of self and others in order to advance shared goals and professional learning.

(2) Accessing and Using Research to Improve Practice and Student Learning

This domain emphasizes the need of teachers to be competent enough not only to conduct research into their own practices but interpreting and using other research studies in order to bring improvement in teaching and learning. The teacher leaders not only conduct research themselves but also provide support to their colleagues in accessing, using and doing research to make their teaching interesting and engaging for better student learning.

(3) Promotion of professional learning for continuous improvement

This refers to the teacher leader's belief and understanding that improvement is an unending process and this is also the case with teaching and learning. Advancement of knowledge, inventions and innovations in different fields has tremendous potential to bring improvement in teaching and learning.

(4) Facilitating Improvements in Instruction and Student Learning

This domain refers to the competence of teacher leaders to demonstrate a deep understanding of the teaching and learning processes and use it to advance the professional skills of their colleagues. They are continuous learner and model reflective practices based on student results. The teacher leaders promote the culture of collaboration to ensure the execution of those instructional practices which are helpful in achieving the vision, mission and goals of student learning and achievement.

(5) Promoting the Use of Assessments and Data for School and District Improvement

The teacher leaders are well informed about the current research and statistics/data which proves to be instrumental in improvement of a school and other schools in the District. They are expert in choosing and developing appropriate formative and summative assessment methods and using them for informed decision for improvement in student learning.

(6) Improving Outreach and Collaboration with Families and Community

The teacher leaders are well acquainting about the critical role of families, cultures, and communities in student learning. They are familiar with the culture and languages of local community. They are successful in engaging their colleagues to work closely with families, community members, business and community leaders, and other stakeholders to improve the educational system and expand opportunities for student learning.

(7) Advocating for Student Learning and the Profession

The teacher leaders understand the process of formation of educational policy at the local, state, and national level and know the roles of teachers, principals, teacher educators, educationists, boards of education, legislators, and other stakeholders in formulating those policies. Considering themselves as the most important stake holders, the teacher leaders find ways for advocacy of student need as well as their professional need at school, local, district, state and national level. By doing so, they influence the policy decisions at different levels.

They also share and discuss with their colleagues how trends and policies can impact classroom practices and expectations for student. The teacher leaders understand how to access financial, human, professional and other material resources that allow them and their colleagues to spend significant time learning about effective teaching practices and develop a professional learning community focused on improvement in student learning and school.

Conclusion: An effective teacher essentially plays the role as leader by influencing the acts of others in school and classroom for the common goal of student learning. Teacher can do so by assuming a wide range of roles. Teacher can serve as leader by assuming the role of Resource Provider, Instructional Specialist, Curriculum Specialist, Classroom Supporter, Learning Facilitator, Mentor, School Leader, Data Coach, Catalyst for Change, and Learner. By doing so, teacher leader positively impacts teacher collaboration, instructional practice, teacher autonomy, and school culture and climate which is essential for achieving the desired student learning and success.

ART INTEGRATED LEARNING: AN APPROACH TO JOYFUL LEARNING

Abstract:

This paper is an attempt to make the teachers and guardians aware about the new pedagogical approach, “Art Integrated Learning” (AIL). There is no dearth of researches that have proved the positive impact of use of AIL pedagogy in classrooms like, positive impact on personality development, better academic performance, improved attendance in school, development of creative potential, resourcefulness, peer learning etc. This paper focuses on the concept of AIL, its importance, what are the various art forms that can be used as part of AIL pedagogy, researches on brain development and how this pedagogy can be used in our classrooms citing one AIL lesson exemplar.

Key words: *Art Integrated Learning (AIL), Brain development and student learning.*



Background

India became one of 135 countries to make education a fundamental right of every child on the historic day on 1 April 2010 when the act ‘The Right of Children to Free and Compulsory Education Act or Right to Education Act (RTE)’ came into force. This act provides for the children in the age group 6-14 years the Right to free and compulsory education till completion of elementary education in a neighbourhood school.

Although India has made tremendous progress in terms of expanding the enrolment figures and the gross enrolment is 99.3 percent at primary level (DISE 2013-14). But the quality of education is still a major challenge. According to the findings of the Annual Status of Education Report (ASER) (2018), “only a quarter of all children in a standard are at ‘Grade Level’”. This means that a majority of children need immediate help in acquiring foundational skills in literacy and numeracy. The ASER report (2018) has clearly stated three National trends: Basic maths levels remain low, in standard VIII, more than half of all children are still struggling with division, Additional ‘value added’ in terms of math skills for each year of schooling is low, and Experience of each subsequent cohort is unchanged over time.

In the 14-18 year age group, over one in two students could not do a simple division. “Only 43% are able to do such problems correctly”, similarly nearly 47%, 14 year olds could not read a simple sentence of English; the proportion was two out of five for 18 year olds.....(ASER 2017)

These findings point towards making a number of changes in our existing school scenario which may vary from strengthening of school infrastructure, teacher recruitment, professional development of teachers, changes in classroom teaching practices, in-service teachers training etc. Some of the factors are administrative in nature and others are the academic factors which a teacher can take care of in his/her classroom.

The National Curriculum Framework 2005 has recommended, “Art as a subject at all stages covering all four major spheres, i.e. music, dance, visual arts and theatre.... We must bring the arts squarely into the domain of the curricular, infusing them in all areas of learning while giving them an identity of their own at relevant stages.” It also states, of the India’s heritage crafts, both in terms of their economic and aesthetic values, they should be recognised as being relevant to school education”.

Foremost the teacher should appreciate the idea that teaching should aim at enhancing children’s natural desire and strategies to learn. Activity is the heart of child’s attempt to make sense of the world around him/her. Therefore, every resource must be deployed to enable children to express themselves, handle objects, explore their natural and social milieu, and to grow up healthy (NCF, 2005). NCF recommends the softening of subject boundaries so that children get a taste of integrated knowledge and joy of understanding.

NCF 2005 has recommended the need to integrate Art education-visual and performing, in the formal schooling for our students. It has urged that in order to retain our unique cultural identity in all its richness and diversity, there is a need to integrate art education on regular basis in all levels of school education rather than reducing them to be mere tools for enhancing the prestige of school on various occasions.

Arts education must become both a tool and a subject taught in every school as a compulsory subject (up to class X) and facilities for the same may be provided in every

school. All the four main streams covered under arts i.e. music, dance, visual arts and theatre should be included. However, the emphasis should not be on attaining some adult standards or notions of 'perfect art' but on supporting the child's own expression and style through exposure to material, skills and technique. (NCF, 2005)

The CBSE has also recommended that the CBSE schools must adopt and adapt Arts in all its forms, as an integral part of teaching learning process. Even it has been recommended to implement at Sr. Secondary stages as a powerful tool to make the learning joyful. (Art Integration- Towards Experiential Learning, CBSE, 2019)

Concept of Art Integrated Learning

Art is a universal form of communication and creative expression throughout the world since times immemorial. It is often a medium through which we express our thoughts, ideas, share our experiences and perceptions of the world around us in different ways. Arts as a medium of expression are not a new idea. India has a rich store of varied art forms with unique regional distinctions being practiced since ages, be it the visual art forms or performing art forms. There is no dearth of art in our culture, be it folk art, heritage crafts, folk songs, folk dances, our story treasures like 'the *Panchtantra*' etc. Art has been the life line of our culture since ages.

Now Art has been used extensively in educational practices in many schools with evidence of its benefits to the learners. The research evidence shows that using different art forms as a means to teach certain concepts of different subjects have positive and lasting impact on the learning of the students. Most of the time of children during infancy and childhood is spent on play which includes activities like singing, dancing, drawing etc. These are natural forms of art. These activities engage all the senses and wire the brain for successful learning.

When children enter school, these art activities need to be continued and enhanced.

Integration of Arts with Education means an approach to learning in which students develop an understanding of different concepts or construct new knowledge through the use of different art forms by engaging themselves in a creative process that connects an art form with the concept being taught. It is a seamless integration of Arts with different subjects such that Arts becomes the medium of teaching learning process and different concepts can be easily grasped in a joyful manner.

Kennedy Centre has defined Arts Integrated Learning as "Arts Integration is an approach to teaching in which students construct and demonstrate understanding through an art form. Students engage in a creative process which connects an art form and another subject area and meets evolving objectives in both".

Integration of Arts with content reduces the curricular burden by making learning process more meaningful and joyful. Besides this, AIL helps promote holistic development by taking care of all the three domains namely; Cognitive, Affective and Psycho-motor.

Development of Brain during early years

Researches on Brain development during early years show that brain development takes place at a very fast pace when neural connections are being made at a very fast pace. This neuron network increases as children grow in a stimulating environment. Experience plays a very crucial role in the wiring of a young child's brain. Early childhood is the time to build a strong and supportive foundation and in case the child is not given enough opportunities to be active, engaging and explorative, it would have fragile foundation.

At birth the brain has already grown 25 percent of adult size. At age 3 the brain has reached 80 percent of its adult size. Brain's capacity develops 90 percent by the time child is 5 years old. Experience plays a very crucial role in the wiring of a young child's brain. Hence, early stimulation (love, care, protection, scope for exploration, observation, experimentation, sensory activities, questioning, memory games etc.) are important. Brain is far more impressionable (plastic) in early years than maturity. Hence it is more open to learning and enriching experiences.

On the other hand, it is also more vulnerable to developmental problems if the environment is impoverished/ un nurturing. Early years are critical years for brain development as the child learns incredible number of skills and amount of information that they will need to function throughout the rest of their lives. Every new experience creates new connections in the brain. Repeated experiences strengthen the connections. Unused experiences disappear if not used. These connections develop over time. Hence it is important that the children should be provided opportunities to develop in a stimulating environment for their proper development.

Why Art Integrated Learning?

Researches have proved that there is a connect between the engagement in a art form and development of specific areas in brain. Like, children are engaged in art activities like, singing songs, rhymes, creating drawings or performing role play, the neural activity in certain parts of the brain is enhanced and development of those parts of the brain takes place. For example, the dancing movements during play develop gross motor skills and sum of these activities enhances emotional well-being. Sharing art work enhances social skills. The arts are not just expressive and affective, they are deeply cognitive. They also develop essential thinking tools like, Mental representations of what is observed, imagination, observations of the world, abstractions from complexity, pattern recognition and holistic development.

Use of AIL pedagogy in classrooms has established its developmental and learning benefits for students. Students in schools where arts are an integral part of an academic programme tend to have an academic advantage over students for whom that is not the case. There is a deep connection in the cognitive, social and emotional development and Arts. Once a child experiences through the combination of 3 domains, the experience becomes holistic.

Brain research shows that certain brain areas respond only to music, while others respond to coordinating movements. Music helps develop social relations, mathematical abilities. Visual arts promote the internal visual processing system to recall reality, while drama focuses on spoken language and stimulate emotions. Brain scans show that listening to certain music stimulates the parts of brain responsible for memory recall and visual imagery. Music enhances various types of spatial and temporal reasoning tasks, even mathematics is closely connected to music. How aesthetic ability and art education correlate with improvements in children's reading abilities, the research findings indicate that amount of improvements in children's reading fluency over 3 year period. Arts are also now being used for therapeutic reasons.

“Therefore, when art is integrated with education, it helps the child art-based enquiry, investigation and exploration, critical thinking and creativity for a deeper understanding of the concepts/topics. Secondly, Art Integrated Learning is a strong contender for experiential learning as it enables the students to derive meaning and understanding directly from the learning experience. Thirdly, this kind of integration not only makes the teaching and learning process joyful, it also has a positive impact on the development of certain skills, such as, communication skills, reflection and enquiry skills, un-conditioning of the mind leading to higher confidence levels and self-esteem, appreciation for aesthetics and creativity etc. Fourthly, this kind of integration broadens the mind of the student, and enables her to see the multi-disciplinary links between subjects, topics and real life”..... (Art Integration- Towards Experiential Learning, CBSE, 2019)

Concluding from the latest researches on brain and impact of arts on the development of brain as well as the academic achievement of the child, and as per the recommendations of the NCF 2005 and the CSBE need of the hour is that this pedagogy be implemented in our schools and AIL should be the means of learning in our classes. Use of this pedagogy is all the more important in the Indian context where a number of students drop out of school and the learning levels of the students are also questionable. One major reason for this state of affairs is that the children do not find the learning process meaningful and interesting. Our teachers should be equipped to use those teaching methods in classroom that are child centric, appropriate for young children, attract students' attention, make classroom activities interesting, allow students to construct their own knowledge, keep them engaged and allow them to work at their own pace.

Types of Art forms that can be used in classroom

Arts can be divided into two broad categories:

1. Visual Arts
2. Performing Arts

Various art forms can be used to teach different concepts to students. These are:

Visual Art forms:

- ▶ Drawing and colouring
- ▶ Pottery
- ▶ Clay Modelling
- ▶ Paper craft

- ▶ Collage work
- ▶ Folk art
- ▶ Printing
- ▶ Oil painting
- ▶ Sketching
- ▶ Rangoli etc.

Performing Art Forms

- ▶ Role play
- ▶ Dance
- ▶ Puppetry
- ▶ Story telling
- ▶ Singing
- ▶ Miming
- ▶ Poetry
- ▶ Dance Drama
- ▶ NukkadNatak etc.

A teacher can use the above mentioned art forms and many more to teach different concepts to students. Use of art forms makes the class environment joyful and interesting and increases student engagement in classroom teaching learning processes. There is active participation of the students in the activity which leads to better learning in the class.

Teaching through use of different art forms also encourages peer learning. When students are involved in an art activity, it is not only that the conceptual understanding is taking place rather other aspects of personality are also being developed as participation in various activities gives the students opportunity to express themselves which leads to thinking, improved concentration by working on the tasks, better communication and confidence building. Such activities also promote resourcefulness and creativity among the students and the whole class becomes child/student centric instead of teacher centric where the teaching learning process happens as per the interest and true nature of the students.

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Website links:

<https://www.asercentre.org>

<http://www.kennedy-center.org>

14

ART INTEGRATION FOR EXPERIENTIAL LEARNING

It has emerged that integration of Art with education will lead to betterment of learning in the class rooms. It is realized that all disciplines being pursued by students at all stages require creative thinking and problem-solving abilities. Therefore, when Art is integrated with education, it helps the child apply art-based enquiry, investigation and exploration, critical thinking and creativity for a deeper understanding of the concepts. Also, Art



Integrated learning is a strong contender for experiential learning, as it enables the student to derive meaning and understanding, directly from the learning experience.

“Every child is an artist. The problem is how to remain an artist once he grows up.”

“Art washes away from the soul the dust of everyday life.”

— Pablo Picasso

It must be understood that Art Education and Art Integrated Education may be mutually exclusive, but they build upon each other and strengthen each other. Art Education is not only relevant for developing creativity and appreciation of art among students, but is also necessary for inculcating art-based enquiry skills in the students. Art Education is a necessary precursor for the adoption of Art Integrated learning.

“What's the big idea of arts integration?” in other streams at Sr. Secondary stages too ...

The answer is that there's a big, wide, wonderful world of teaching in and through the arts to deepen critical thinking, collaboration, communication, and creativity. First let's take a look into the broader scope of why teaching and learning through the arts is an essential foundational practice:

Critical Thinking: Contemporary artists embody critical thinking like a song embodies a harmony. What we have to gain from contemporary artists are - ***The Studio Habits Of Mind****: **Observe, Reflect, Stretch and Explore, Engage and Persist, Understand Community, Develop Craft, Envision, and Express**. These habits help students develop critical thinking skills across disciplines. They are just as important for science

and math as they are for the arts. They empower students to articulate their learning no matter what content is being addressed.

Collaboration: Collaboration is essential to contemporary arts and hence, contemporary education. Ideas are formed best when two or more minds meet. **Students can collaborate on projects from framing research questions, to developing a mural, to writing a script for an animation.**

Communication: When you collaborate you have to communicate, or nothing will get done! The **key to communication is empathy**. Empathy is the golden key to unlocking teaching and learning in our diverse world. **Artful thinking + empathy = students who are able to communicate** ideas, values, and new knowledge effectively.

Creativity: Naturally, the arts drive creativity. What is not widely known is that the arts drive creative inquiry and **creative inquiry** is the driver of all disciplines. It is through creative inquiry that we unlock questions, solve problems, and discover new possibilities.

*See the link

<https://www.teachingchannel.org/blog/2014/12/03/why-arts-integration-is-essential>

All sounds great, but how do we actually do this?

(Later in this article we will provide you with a list of arts integration lesson ideas in Business Studies. At this juncture, let us consider what is at the heart of making steps towards integrating the arts☺)

1. Identify the arts that move you, and also who your favorite contemporary artists are. Examine what they bring to the world and how. What form do they express their ideas in? What questions do they have for the world? What is it they want you to understand as the viewer? Bring these same questions to your curriculum.

2. Develop a strategy to introduce the habits of mind (discussed above). Examine where in your life you use the habits naturally. Start to examine where your students engage with the habits naturally. Begin to be more explicit about when and how the students are using and forming the habits of mind.

3. Explore around and make an attempt to introduce content areas through an art form. Nothing is off limits. Commerce, math, science, history, writing, reading can ALL be learned through an art form. The easiest way to get started is to mimic a form you love.

4. Find a network to support your endeavors! Collaborating with others is important. Having someone to provide specific ideas and support is crucial. Find teachers who are like-minded and interested in the challenge and joy of teaching in and through the arts.

5. Find inspiration from the world around you. Go to a show at the theater, visit your local museums, attend a poetry reading, tour a few galleries in your neighborhood, engage artists in conversation about their process. Think about how you can try their approaches in your classroom.

Don't worry that you may not have prior experience in the field of arts integration. **Open up your curriculum**, consider your best entry points to start and explore new ways of teaching content that will surely **make learning transformative in your classroom!**

Voices of teachers in favour of Arts Integration:

The more hands-on the lesson, the more engaged the students are. I work with classes of mixed age groups, varying abilities, Special Education are integral to a student's future success are also fostered through Arts Integration in the Curriculum.

As a teacher I have found that art activities truly engage and enhance the learning. The more "hands on" that I can make a lesson, the more my students are focused and the more they learn. Art can be and is a low stress part of the school day. Even if they struggle with getting their ideas out verbally or in writing because of the limits of their command of English, art activities level the playing field.

As an educator, I understand the importance of arts education in the classroom. I have created a way for students to write first about the art they see, then make the shift to writing in other content areas using the Visual Thinking Strategies. It is amazing how these students can actively share their thinking, first through classical pieces of art, then through mentor texts. My students are engaged and motivated. Yes, art education is the gateway to real learning.

Suggested Arts integrated activities in Business Studies:

Curriculum Areas/Topics	Suggested Art Integrated Activity	Visual or Performing Art involved	Props/articles required
Leadership Styles	Dance depicting various leadership styles through body movements of the dancers	Dance	Dance costumes, colored Dupattas(optional)
Coordination in Management	An orchestrated Musical Performance	Music	Various Musical Instruments- Percussion, Wind and String instruments
Process of Planning/Organising	Sketches or Cartoon strips depicting various business scenarios where groups of employees are engaged in the management processes of planning, Organising etc.	Painting	Drawing paper/Sketch Book, Paints, Color Pens, Drawing Pencils etc.

Levels of Management, Types of Partners, Types of Cooperative Societies	Role Plays depicting scenarios developed by the students	Theatre	Costumes(optional)
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Suggested Arts integrated activities in Accountancy:

Curriculum Areas/Topics	Suggested Art Integrated Activity	Visual or Performing Art involved	Props/articles required
Bills of Exchange	Role Play depicting Drawer, Drawee, Endorsement of Bills of Exchange, Discounting with the Bank etc	Theatre	Costumes(optional)
Analysis of Financial Statement	Focussed Group Discussion	Theatre	Costumes(optional)
Bank Reconciliation Statement	Role Play portraying Cash Book and Pass Book entries	Theatre	Costumes(optional)

***VISIT LINK FOR AIL BASED LESSON PLAN IN COMMERCE**

Another important dimension A teacher must pay attention too-

BODY LANGUAGE

The conscious and unconscious movements and postures by which attitudes and feelings are communicated are source of great learning

Body language is a type of nonverbal communication in which physical behaviors, as opposed to words, are used to express or convey information. Such behavior includes facial expressions, **body posture**, gestures, eye movement, touch and the use of space. Put simply, body language is the unspoken element of communication that we use to reveal our true feelings and emotions. Our gestures, facial expressions and posture, for instance. Effective teachers use body language to communicate with students, build rapport with them, and make them feel safe and supported.

“Face the student with arms uncrossed and relaxed,” says a teacher trainer, Mrinal “and usually always smiling! Give them eye-to-eye contact, and pay attention to them! By doing this, I’m conveying the message that ‘I care!’”

Successful Teachers Blend both Verbal and Nonverbal Communication

“The ability of a teacher to establish positive rapport with students is a critical aspect of the teacher-learner relationship,” explains Maya, an experienced school psychologist “The successful teacher blends both verbal and nonverbal communication skills in establishing good rapport with students and this has a direct correlation to student achievement.”

Dos and Don'ts

Where and how you stand in the classroom speaks volumes, too.

- **Stand up straight.** Poor posture—slumped shoulders, stomach sticking out—is not only physically unhealthy, but it can convey a whole range of attitudes and degrees of interest and respect.
- **Avoid folding your arms, standing behind a desk, and using barriers.** These behaviors “simply sends the signal that you don’t want to make contact,” says Caswell. It blocks you off and makes you appear unapproachable. Don’t cross your arms or shuffle papers that aren’t related to the lesson, and refrain from looking at your watch when a child is speaking.
- **Use the whole classroom.** Walk around the students’ desks to show interest, and indicate approval with a head nod. Caswell suggests leaning slightly forward and moving momentarily into their territory in a nonthreatening way.
- **Be aware of your facial expressions (or lack thereof!).** They can easily convey any number of moods and attitudes, as well as understanding or confusion.
- **Smile.** It conveys happiness and encouragement. Frowns show sadness or anger. Big, open eyes suggest fear. An animated face draws the listener in.
- **Make eye contact.** It helps establish rapport and trust, and it shows that you’re engaged and listening to the students.
- **Adopt different poses** when you want your students to respond in a particular way.
- **Your hand on your chin** encourages students to think about the answer and shows you’re waiting for their answer.
- **Hands out and palms up** shows that you’re open to questions and answering in a nonthreatening way.
- **Observe wait time**—don’t stare and rush them. Appear relaxed and ready to listen.

**Body language helps you get your message across. Let students know that you want to create a supportive, productive learning environment.*

**Refer Link below-*

<http://www.nea.org/tools/52227.htm>

****Find Exemplar Lesson Plans on Art Integrated Learning, developed in the CBSE Manual on AIL in the following pages-***

Grade XI

Subject	BUSINESS STUDIES
Chapter Covered	International Business
Subject and Art Integrated	Economics, Statistics, Accountancy, Geography, Political Science, Psychology, Sports, English, Mathematics, Role Play

Time Required for the Project	Three Months
Objectives	<p>The students will be able to :</p> <ol style="list-style-type: none"> Understand International business and trade activities. Have updated knowledge of international business skills Understand international trading procedures/laws Compare and analyse the last five years trend of trade between India and the country selected for the project by using various quantitative and qualitative indicators. Learn about challenges and benefits of trade relations between India and the country selected for the project. Relate to topic/subject to real life situation. Develop knowledge of geographical terrain of both countries and find areas of comparative advantage. Understand Import-Export Procedures. Acquire knowledge about how free trade can benefit both the countries.
Time Required for the Project	<p>Three months</p> <p>Pre-Preparation – 1 Month (Summer Vacation)</p> <p>The teacher will:</p> <ol style="list-style-type: none"> Give a brief to students on India's trade relations with the countries given in the table 2 at page number 306 of the NCERT textbook for class XI, Business Studies (Table also given as a reference in this exemplar). Ask the students to select a country from the said table for this project. Ask students to research on the trade relation with the country selected by them covering the following points: <ol style="list-style-type: none"> Historical background of India's trade relations with the country selected by the students for their project. Current scenario, trends, composition of trade. Comparative advantages for both the countries. Impact of this trade relation on economic growth of India. Future of this trade relation.
Methodology of Activity	<p>ACTIVITY NO. 1</p> <p>(Time Required – 1 week)</p> <ol style="list-style-type: none"> Research work done in groups during summer vacations to be presented in class. The teacher to discuss, consolidate and summarise. ROLE PLAY (Time Required – 2 weeks)

	<ul style="list-style-type: none"> • The teacher divides the class into four groups. Each group comprises four students – namely (Stall owner, Translator, 2 Staff members). Each group represents an Indian company selling sports goods at their respective stalls. • Another group comprising three students representing foreigners as importers, one translator, one staff. • The group representing foreigner as importers visits each stall one by one and puts up queries relating to the product i.e. sports goods through his translator and tries to negotiate. • Both the parties display the best of their negotiating skills. • Finally, the deal is struck between one of the stall owner and the importers. • The teacher asks the student audience about the USP of the firm which clinched the deal and the weak points of other teams. <p>Subjects Integrated:</p> <ul style="list-style-type: none"> i) Role Play (Theatre) ii) Geography (While finalizing trade route) iii) Economics (While deciding forward trading) iv) Psychology (To read mind/Psychology of the other negotiator) <p>Life Skills covered:</p> <ul style="list-style-type: none"> i) Persuasiveness, ii) Marketing skills iii) Presentation skills iv) Collaborative work v) Problem solving skills
ACTIVITY NO. 2	<p>(Time required – 2 weeks)</p> <p>PowerPoint Presentation/Basic Photoshop/Corel Design</p> <p>To be presented in groups covering the following details:</p> <ul style="list-style-type: none"> i) Historical background of India's trade relations with the country selected by the students for their project. ii) Trace history of the trade, comparative advantage, and current status. iii) Trade barriers/problems iv) Major sectors of Export and Import (to and from). v) Trade initiatives taken to enhance trade by both sides. vi) Future initiatives to improve bilateral trade.
ACTIVITY NO. 3	<p>(Time required – 2 weeks)</p> <p>A PPT to be shown to students based on Export-Import procedure.</p>

ACTIVITY NO. 4	<p>(Time required – 1 weeks)</p> <p>Quiz based on trade relations – Comprising 3 rounds</p> <p>ROUND 1</p> <p>SAMPLE QUESTIONS :</p> <ol style="list-style-type: none"> 1. From which country does India have maximum imports? 2. To which country does India do maximum exports? 3. Which good was exported maximum during 2017-18? <p>ROUND 2</p> <p>State the full form of following abbreviations:</p> <ol style="list-style-type: none"> 1) DGFT 2) ECGC 3) FOB <p>ROUND 3</p> <p>Identify the following documents:</p> <ol style="list-style-type: none"> i) Registration required for an exporter to avail export benefits. ii) Official documents issued by airline for accepting goods on board. iii) The document which is issued to inform the loading of the cargo on the ship. iv) The certificate that specifies the country in which the goods to be exported were manufactured. <p>Subjects Integrated :</p> <ul style="list-style-type: none"> • Geography
ACTIVITY NO. 5	<p>(Time required – 1 weeks)</p> <ol style="list-style-type: none"> i) Friendly Football Match ii) The class to be divided into two teams. Each team comprising maximum of 11 players + 3 substitutes.
Subject Covered	<p>Sports (Physical Education)</p>
Learning Outcome	<p>The students will :</p> <ul style="list-style-type: none"> • Learn about import-export procedure. • Explore emerging trade opportunities with the country selected. • Understand the importance of learning foreign language. • Learn various life skills through activities. • Learn to improve communication and presentation skills. • Understand that bilateral trade will benefit all countries. • Learn to develop negotiation skills. • Learn to work as a team and coordinate with each other. • Enhance their general knowledge.
Self-	<p>The teacher through class feedback incorporates relevant changes in</p>

Evaluation	<p>the module.</p> <p>The teacher observes the interest, participation and enthusiasm of students in various activities and measures the impact of the methodology.</p> <p>The teacher measures the comprehension of students through various testing tools to fill-in any gaps.</p> <p>Teacher understands that by using different kinds of tools for teaching, the subjects can be made more interesting.</p> <p>Through class test, the impact of activities undertaken can be evaluated.</p>
Follow-up	<p>Students will be asked to summarise the learnings from the activities undertaken.</p> <p>The teacher will ask the students to state the activity they enjoyed the most.</p> <p>Students will be asked to keep track of trade news, collect newspaper articles pertaining to business and industry.</p> <p>Students will be asked to express their opinion on India's trade relation with the country they have selected.</p>

Further, it will not only make the teaching and learning process joyful, but will also have a positive impact on the development of certain life skills, such as, communication skills, reflection and enquiry skills, unconditioning of the mind leading to higher confidence levels and enhanced self-esteem, appreciation for aesthetics and creativity, etc. This kind of integration also helps to broaden the mind of the student, and enables to see the multi-disciplinary links between subjects, topics, and real life.

“A creative man is motivated by the desire to achieve, not by the desire to beat others.”

–Ayn Rand

15

Altering Indian Consciousness: Rising level of Substance Abuse among Adolescents

No one is immune from addiction. It afflicts people of all ages, races, classes and professionals
 –Patrick J Kennedy.



Abstract: This paper is an attempt to make aware the teachers and guardians about the issues of substance abuse among the adolescents which have to be taken care of. Most of the researches show a rapid increase of substance abuse in young children. Drugs are utilized in recreational settings to include energy and upgrade the experience. Youngsters living in extraordinary conditions use drugs to adapt to their troublesome conditions. This paper also suggests some intervention for teachers and guardians to deal with adolescents who are under the influence of substance abuse along with the information of rehabilitation facilities in severe cases.

Key word: Adolescents, Substance abuse, Teachers and Guardians.

The Bare Facts

- The harmful use of alcohol results in 3.3 million deaths each year.
- On average every person in the world aged 15 years or older drinks 6.2 litres of pure alcohol per year.
- Less than half the population (38.3%) actually drinks alcohol, this means that those who do drink consume on average 17 litres of pure alcohol annually.
- Some 31 million persons have drug use disorders.
- Almost 11 million people inject drugs, of which 1.3 million are living with HIV, 5.5 million with hepatitis C, and 1 million with both HIV and hepatitis C.

The World Drug Report, 2018 indicates around 275 million individuals around the world, which is almost 5.6 percent of the worldwide population aged 15– 64 years, utilized drugs at least once amid in 2016. Somewhere in the range of 31 million of individuals who use drugs, experience the ill effects of drug, implying that their drug utilization is destructive to the point where they may require treatment. Introductory estimations recommend that, all around, 13.8 million adolescents of age 15– 16 years utilized cannabis in the previous year. Approximately 450,000 individuals died because of drug abuse in 2015, as per WHO. Of those passings, 167,750 were straightforwardly connected with drug use issue (for the most part overdoses). The rest were indirectly attributable to drug use and included deaths identified with HIV and hepatitis C gained through hazardous infusing rehearses.

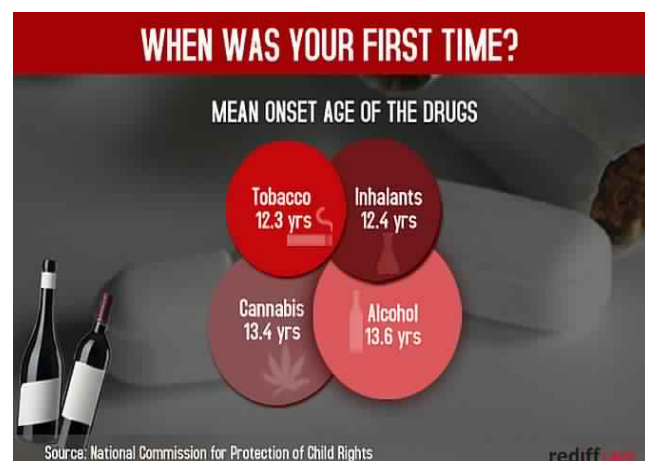
What is Substance Abuse?

Substance abuse can be defined simply as a maladaptive use of any harmful substance for the purpose of mood altering and not limited to the use of prohibited drug or the misuse of prescription and over-the-counter drugs with an intention other than that for which it is recommended or in a way or in quantities other than instructed. (Bennett & Holloway, 2005)

Extent and demographics of the drug abuse

Drug abuse is one of the rising issues in the majority of the nations related with different social and monetary elements. When all is said in done, adolescents is a time of experimentation, investigation and a scan for self and risk taking. By the time of adolescence, youth in India have been presented to different burdens like changing roles in the family and network, new duties and rivalries in the fields of education and employment. They additionally have seen their first trials to numerous drugs, particularly to those which are effectively accessible to them like whitener and different inhalants, tobacco, cannabis and liquor.

In some cases, social and peer pressures often results, fall in addictions. The street children, child laborers, those family histories of drug abuse and other emotional and behavioral problems are at particularly higher risk. In 2012, WHO stated that about 3.3 million net deaths, or 5.9% of all global deaths, were attributable to alcohol consumption (7.6% of deaths among males & 4% among females).



A study by Dasgupta et.al 2010 aimed at studying substance use among adolescent high school students in India found that out of 416 students, 52 (12.5%) used or abused any one of the substances irrespective of time and frequency in lifetime; 26 (15.1 %) were

among the urban students and 26 (10.7 %) were among their rural counterparts. More than two-thirds (73.07%) of the respondents expressed a desire to quit substance use and 57.69% had tried to stop. 'Easy availability' and 'relief from tension' were the most frequent reasons for continuation of substance use. Level of knowledge on harmfulness of substance use among students was very high (urban - 84.6% and rural - 61.5%) and they stated media as the most frequent source of information. Users were successful in influencing their peers into taking up this habit (urban - 15.4% and rural - 26.9%).

Two extreme typologies of drug use among adolescents: club drugs in nightlife settings; and inhalants among street children

Drug use among youngsters varies from nation to nation and relies upon the social and financial conditions of those included. Two differentiating settings show the wide scope of conditions that drive drug use among youngsters. From one viewpoint, drugs are utilized in recreational settings to include energy and upgrade the experience. Youngsters living in extraordinary conditions use drugs to adapt to their troublesome conditions. The typologies of drugs utilized in these two unique settings are very extraordinary. Club drugs, for example, "ecstasy", methamphetamine, cocaine, ketamine, LSD and GHB are utilized in high-pay nations, initially in confined "rave" scenes however later in settings running from school bars and local gatherings to concerts. The utilization of such substances is purportedly a lot higher among youngsters.

Among youngsters living in the streets, the most regularly utilized drugs are probably going to be inhalants, which can incorporate acetone, oil, paint, correction fluid and glue. Numerous street adolescents are presented to physical and sexual abuse, and substance use is a piece of their way of dealing with stress in the brutal condition they are presented to in the streets. The substances they use are as often as possible chosen at their ease, legitimate and far reaching accessibility and capacity to quickly actuate a feeling of happiness.

Substances Abuse among Adolescents in India

Tobacco

As tobacco is the more typical substance of abuse among teenagers in India, Most of the Indian researches on drug abuse depend on tobacco abuse when contrasted with different substances. India is the third biggest consumer and producer of tobacco in the world. As per TheGlobalAdultTobaccoSurvey(GATS), 2016-17 report, 42.4% of men, 14.2% of women and 28.6% (266.8 million) of all adults currently use tobacco (smoked and/or smokeless tobacco). 19.0% of men, 2.0% of women and 10.7% (99.5 million) of all adults currently smoke tobacco. 29.6% of men, 12.8% of women and 21.4% (199.4 million) of all adults currently use smokeless tobacco. Tobacco is for the most part smoked in the types of bidi and cigarettes or using devices, for example, chillum, hooka and so forth..

Alcohol

Studies demonstrated that alcohol is additionally getting to be a standout amongst the most pervasive substances of utilization in teenagers. National Drug Dependence Treatment Centre (NDDTC) of the All India Institute of Medical Sciences (AIIMS), 2019 showed that alcohol is observed to be drug of choice among youth which result in

outcomes of drinking excessively, at too early an age and prompts general medical issue because of underage drinking. At the national level, about 14.6% of people (among 10-75-year-old) are current users of alcohol, i.e. about 16 Crore people. Prevalence is 17 times higher among men than women. Among people consuming alcohol in India, Country liquor ('desi') (about 30%) and spirits (IMFL – Indian Made Foreign Liquor) (about 30%) are the predominantly consumed beverages.

TABLE 1.

Common Drugs of Abuse And Their Street Names

Category Substance Name	Street Names
Marijuana	Dope, ganja, joint, Mary Jane, pot, weed
Tobacco	Smoke, chew, beedi, snuff, cigar
Alcohol	Booze
Cocaine	Crack, candy, rock, Charlie, toot, snow
Methamphetamine	Crystal, meth, ice, speed, fire
Ritalin (Methylphenidate)	MPH, Vitamin R, skippy
MDMA (methylenedioxy-methamphetamine)	Adam, clarity, ecstasy, XTC
GHB (gamma-hydroxybutyrate)	Georgia home boy, G, liquid ecstasy
Ketamine	Special K, K, Vitamin K
PCP (phencyclidine)	Angel dust
LSD (lysergic acid diethylamide)	Acid, Big D, blotters, cube
Heroin (diacetylmorphine)	Brown sugar, H, horse
Oxycontin (oxycodone HCL)	Oxy, OC, killer
Vicodin (hydrocodone bitartrate with acetaminophen)	Vike, Watson-387
Benzodiazepines	Downers, sleeping pills
Rohypnol (flunitrazepam)	Roofies, roofinol, rope, R2
Anabolic steroids	Roids, juice
Inhalants	Poppers, snappers, whippets

Marijuana

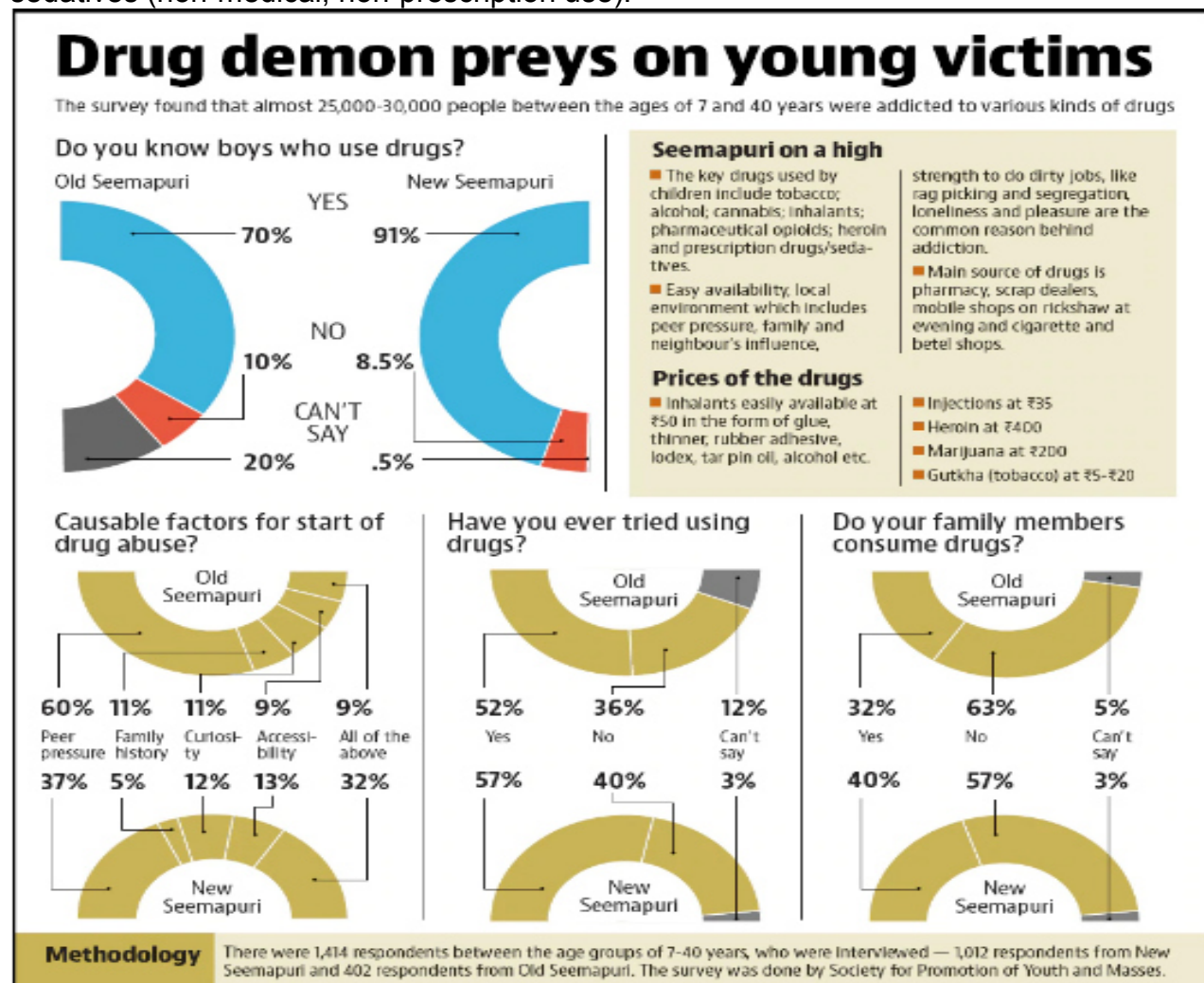
Cannabis is the most usually prohibited utilized substance. The consumption of cannabis results in loss of memory and learning, weakened capacity to concentrate and poor coordination. It additionally results in expanded pulse, can influence lungs and may cause the danger of psychosis among helpless individuals. National Drug Dependence Treatment Centre (NDDTC) of the All India Institute of Medical Sciences (AIIMS), 2019 showed that about 2.8% of Indians (3.1 Crore individuals) report having used any cannabis product within past 12 months (Bhang – 2% or 2.2 crore people; Ganja/Charas – 1.2% or 1.3 Crore people). Though bhang use is more common than ganja/charas, prevalence of harmful/dependent use is proportionately higher for ganja/charas users.

Opioids

Opioids are centrally stimulating at very low doses and sedative at high doses. As per the AIIMS report in 2019, at the national level, the most common opioid used is Heroin, (current use 1.14%) followed by Pharmaceutical opioids (current use 0.96%) and then Opium (current use 0.52%). Signs and indications of Opioid inebriation are absence of pain (analgesia), feeling of dysphoria, blurring of face, irritated skin, dry mouth, warmth feeling and so on. Intravenous infusion of opioids can cause stomach distress and sensation pursued by sedation and hallucination. Changes are also finding in the types of opioid abuse over the years. Serious inebriation may even reason death.

Inhalant

The expanded utilization of inhalant substances can be seen particularly among low socioeconomic group belonging adolescents. Inhalants are the only category of substances for which the prevalence of current use among children and adolescents is higher (1.17%) than adults (0.58%). At the national level, an estimated 4.6 lakh children and 18 lakh adults need help for their inhalant use (harmful use / dependence). About 1.08% of 10-75-year-old Indians (approximately 1.18 crore people) are current users of sedatives (non-medical, non-prescription use).



The effect of substance abuse on adolescents in school

- The use of mind altering chemicals has deleterious effects on school performance.
- Student under the influence of such substances are not ready to learn and are at risk of long term impairment of cognitive ability and memory.
- Substance abuse is frequently associated with a lack of motivation and self discipline as well as reduced school attendance.
- Safety issues also are the concern. Marijuana, like alcohol, is associated with increased risk of motor vehicle crashes and death.
- Cocaine leads to anxiety, fatigue, depression and an acute desire.
- User of marijuana and hallucinogenic drug may experience flashback, unwanted recurrence of the drug's effect weeks or month after use.
- In addition substance abuse is correlated with antisocial and violent behavior, such as bringing guns and knives to school as well as other risk taking behaviors.

Recognizing Students with substance abuse

- Physical indications of substance abuse:
 - Changes in dietary patterns (increment or loss of hunger)
 - unreasonable tiredness
 - An adjustment in the size of pupil (bigger or littler), red or watery eyes, black stare
 - Sweaty, sticky, or cold palms
 - Tremors in the hands, feet, or head
 - Hyperactivity or excessive chatting
 - Runny/red nose or a hacking cough
 - Unexplained needle blemishes on the body (generally at the lower arm, leg, or base of feet)
 - Smell of substance on breath, garments, or body
- Social Indications of substance abuse:
 - Unexplainable change in frame of mind or identity/Personality
 - Changes in companions; does not talk about new companions/friends
 - Change or end of exercises or leisure activities
 - Decline in grades at school; skips or is late for class
 - Forgetful or experiences considerable difficulties in concentrating
 - A decrease in inspiration or energy
 - Temper fits or angry conduct
 - lost enthusiasm for the family or family activities
 - Moodiness, irritability, or apprehension
 - Inappropriate giggling or energy

- Paranoid, an extraordinary requirement for security, elusive, cryptic, or exploitative
 - Inexplicable requirement for cash; taking cash or things
 - Change in personal cleanliness
 - Possession of paraphernalia
- Mental Indications of substance abuse:
- Unexplained guilts
 - Depression
 - Decline of confidence
 - self-hatred, which may prompt self-mutilation

Recommendation and intervention for teachers and parents

In present scenario teacher and guardians are more concern about learning style of their children, how their children learn, what pattern they follow to learn and what factor of learning environment contributed to their children personality. However every child is unique in his/her way of expression. Previously, many researchers conducted on children teaching and learning. Knowles (American educator) recognized that there is a huge difference in children learning and adult learning process, so he postulated five assumption of adult learning (Andragogy). “Andragogy” refers to the ways within which adult learn differently from the children. For instance, grown-ups will in general be increasingly self-coordinated, intrinsically inspired, and ready to learn. Teachers can draw on ideas of andragogy to build the adequacy of their adult education.

What is Andragogy?

“Andragogy” term is initially utilized by **Alexander Kapp** in 1833 later on **Malcom Shepherd Knowles** proposed a theory of Adult education in 1968 used it for adult education. According to him Andragogy is the art and science of adult learning. In 1984, Knowles proposed 4 principles that are connected to adult learning:

- Adults need to be involved in the planning and evaluation of their instruction and activity.
- Experience (including mistakes) provides the basis for the learning.
- Adults are most interested in learning subjects that have immediate relevance and impact to their job or personal life.
- Adult learning is problem-centered rather than content-oriented.

Teachers call on Andragogy

Knowles’ theory of Adult education identified 5 Assumptions that teacher should make about the learner which is as follows:

Self-Concept – as adult are experienced formative stage, they have a more secure self-idea than children. This enables them to participate in coordinating their very own learning.

Past Learning Experience – Adults have an immense range of experiences to draw on as they learn, instead of youngsters who are increasing new encounters.

Readiness to Learn – Many adult has achieved a point in which they value education and take it seriously and concentrated on learning.

Motivation to Learn – Adults is searching for motivation and concerned ways to deal with learning. Numerous grown-ups come back to proceeding with instruction for explicit pragmatic reasons, for example, entering another field.

➤ **What drugs resemble, how they are consumed, and how they are stored.**

For instance, marijuana/weed is commonly smoked. This is prepared by rolling cannabis in paper. It can also be cooked in food. Cocaine is smoked in glass pipes or grunted, ordinarily utilizing a straw, rolled paper, or a little spoon. Heroin is infused normally into the arms or legs. Drug, for example, marijuana is stored in little plastic sacks, foil bundles, or film canisters.

➤ **Typical hiding spots for drug (particularly at home).**

These include yet are not limited to: stuffed toys, stereo speakers, and the base of lights, books/magazines, CD's, vents, storage rooms, cushions, guardians' room, vehicle trunks, hedges, soft drink jars, and Chapstick tubes.

➤ **Build the positive rapport with the adolescents**

Make a domain where children/student feels great drawing closer you, communicating their sentiments, and posing inquiries. Kids need to feel they have a safe spot where they will almost certainly talk straightforwardly and genuinely.

➤ **Know about non-verbal correspondence.**

Teachers and guardians should search for nonverbal signals, for example, dodging eye to eye connection, which may show guilt, or squirming/fidgeting, which may show fear. Teachers and guardians ought to be perceptive of their own non-verbal prompts, for example, frowning to demonstrate frustration or dissatisfaction.

➤ **Effective Listening**

Effectively listening should be expressed without hindering and without giving advice. Make it clear to the youngster that their sentiments on this subject are significant what's more, future discussions are invited.

➤ **Try not to utilize scare strategies.**

Teacher and guardians ought to give their students/children with clear and exact information so as to empower them to make fitting and mindful choices. A "frightened straight" approach has not been appeared to be powerful. A more effective approach focuses on factual information and resisting peer pressure.

➤ **Give age appropriate information**

Know about the best messages/information for your students/children formative stage. Children in grade school typically look at issues as right or wrong. Along these lines,

legitimateness and ethical quality are important at this age. Adolescents regularly act before thinking however comprehend that issues are complex. Adolescents will in general react to messages about their capacity to choose and make their own decisions. Messages for adolescents in secondary school ought to be based on accurate facts from which they are fit for making their very own inferences. They ought to be encouraged to make their own choices and take responsibilities regarding their action.

➤ **Integrate drug education into the curriculum**

Educational programs can incorporate prevention by including themes on substance abuse. For example, a math instructor could utilize real statistics, percents, or probabilities on drug/liquor related issues in example problems. An English instructor could recommend a novel that manages substance abuse and make assignments where students need to focus on the role that substance abuse plays.

➤ **Where to get help when speculate that a student is manhandling drug or liquor.**

Teachers should know and pursue the standards and guidelines of their school. Guardians should converse with their adolescents in a quiet yet direct manner. Make a point to dodge allegations and before conversing with them, find out about groups and associations that give services and support for substance abuse related issues.

➤ **Educators and guardians ought to speak with one another.**

It is essential to update each other with the latest information about the children so an in general and full picture is created. This could incorporate telephone calls, messages, or meetings.

➤ **Extra suggestions for guardians:**

- Make it clear to their children that you cherish him/her and are worried for his/her wellbeing and passionate prosperity. Unconditional love can be joined with disapproval of utilization of illicit substances.
- Initiate discussions about drug and alcohol. It is significant that your child comprehends the family rules and values concerning drug and alcohol. Ensure this is a discussion and not an instruction/lecture. These discussions ought not to be a one-time occasion.
- Be effectively participated in your child's life. Guardians ought to get to know their child's companions, know where they are and their identity with, be steady and firm on implementing principles and disciplines, and be engaged with their education.

There are many options that have been successful in treating drug addiction, including:

- Behavioural counselling
- Medication

- Medical devices used to treat withdrawal symptoms
- skills training
- Evaluation and treatment for co-occurring mental health issues such as depression and anxiety
- Long-term follow-up to prevent relapse

A range of care with a tailored treatment program and follow-up options can be crucial to success. Treatment should include both medical and mental health services as needed. Follow-up care may include community- or family-based recovery support systems.

List of Drug de-addiction Centres in Delhi, Run by the Government

1. National Drug Dependence Treatment Centre, All India Institute of Medical Sciences, Kamla Nehru Nagar, C.G.O. Complex, Gaziabad.PH; 25588223, 26588663
2. De-addiction Centre, Dept. of Psychiatry, Park Street, Dr. Ram Manohar LohiaHospital.,New Delhi-01. PH: 23365525
3. Deptt. Of Psychiatry ,Safdarjang Hospital Phone: 26198481
4. Institute of Human Behavior and Allied Sciences, Dilshad Garden, Delhi110 0095 Ph:- 22112136, 22583056
5. Sahyog Detox Centre runs by the Deptt. of Women & Child Development OHB-II SewaKutir, Delhi. (Admission through CWC)
6. GB Pant Hospital, Delhi Gate, De-addiction Clinic, Room No. 4 Psychiatry OPD, Ground Floor, 2 PM, Every Wednesday
7. DeenDayal Upadhyaya Hospital, Hari Nagar, De-addiction Clinic, Room No. 5 D, Psychiatry OPD, First Floor, 9-12 am, Every Monday
8. Dr. Baba SahebAmedkar Hospital (BSA), Rohini Sector VI – De-addiction Clinic , Room No. 1032-1035, Basement , Psychiatric Dept, 2-4 PM (Every Monday)
9. Pt. Madan Mohan Malviya Hospital, Malviya Nagar De-addiction Clinic, Psychiatry OPD, 2nd floor, 9 AM -1 PM, daily
10. Deep Chand Bandhu Hospital, Ashok Vihar Phase IV, Near Bharat Nagar Police Sration-30 bedded model De-addiction facility
11. Lal Bahadur Shastri Hospital, Khichripur- 5 beds earmarked besides outpatient De-addiction facility.

District Mental Health Clinics of IHBAS

1. Delhi Govt Dispensary, Sec 12 , Dwarka, District Mental Health Program Center – Wed/Fri/Sat from 10:00 am to 01:00 pm.
2. Delhi Govt Dispensary Timarpur, Monday, Thursday and Friday, timing 10 am to 12:30 pm.
3. Delhi Govt Dispensary Chattarpur, Monday, Thursday and Saturday from 10:00 am to 12:30 pm
4. BabuJagjivan Ram Hospital: Wednesday and Friday from 9:00 am to 5:00 pm.

NATIONAL TOLL FREE DRUG DE-ADDICTION HELPLINE NUMBER: 1800-11-0031

REFERENCE

Bennett. T., &Holloway,K.(2005). Understanding drugs, alcohol and crime: crime and justice. Berkshire: McGraw Hill International

Tsering, D., Pal, R.& Dasgupta, A. (2010). Substance use among adolescent high school students in India: A survey of knowledge, attitude, and opinion. Journal of pharmacy &Bio-allied sciences. 2. 137-40.

V. Singh, and R. Gupta, "Prevalence of Tobacco Use and Awareness of Risk among School Children in Jaipur," Journal of Assoc Physicians India, vol.54, 2006, pp. 609-12.

R. Juyal, R. Bansal, S. Kishore, K.S. Negi, R. Chandra, and J. Semwal, "Substance use among intercollege students in District Dehradun," Indian J Community Med, vol. 31, 2006, pp. 252-54.

Website links:

<https://www.unodc.org/wdr2018/>

<http://www.wcdde.in/pdf/DrugDe2014.pdf>

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=188688&fbclid=IwAR1RxwrAqyF440zHF0XxvJ4Jc6TW5Un539iB4NDMIBha4pQF4RQHbuRydPw>

APPENDIX

Accountancy (Code No.055)

Course Structure

Class-XI (2019-20)

Theory: 80 Marks

3 Hours

Project: 20 Marks

Units	Periods	Marks
Part A: Financial Accounting-1		
Unit-1: Theoretical Framework	25	12
Unit-2: Accounting Process	105	40
Part B: Financial Accounting-II		
Unit-3: Financial Statements of Sole Proprietorship from Complete and Incomplete Records	55	20
Unit-4: Computers in Accounting	15	08
Part C: Project Work		
	20	20

Suggested Question Paper Design
Accountancy (Code No. 055)
Class XI (2019-20)

Theory: 80 Marks
Project: 20 Marks

3 hrs.

S N	Typology of Questions	Objective Type/ MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 6 Marks	Long Answer II 8 Marks	Marks
1	Remembering: Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers.	5	1	1	1	-	18
2	Understanding: Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas	5	1	1	1	1	26
3	Applying: Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	5	-	2	1	-	19
4	Analysing and Evaluating: Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. Creating: Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	5	-	1	-	1	17
TOTAL		20x1=20	2x3=6	5x4=20	3x6=18	2x8=16	80 (32)

There will be **internal choice** in questions of 3 marks, 4 marks, 6 marks and 8 marks. All questions carrying 8 marks will have an internal choice.

Note: The Board has introduced Learning Outcomes in the syllabus to motivate students to constantly explore all levels of learning. However these are only indicative. These do not in any way restrict the scope of questions asked in the examinations. The examination questions will be strictly based on the prescribed question paper design and syllabus.

Accountancy (Code No. 055)
Class-XII (2019-20)

Theory: 80 Marks

3 Hours

Project: 20 Marks

Units		Periods	Marks
Part A	Accounting for Not-for-Profit Organizations, Partnership Firms and Companies		
	Unit 1. Financial Statements of Not-for-Profit Organizations	25	10
	Unit 2. Accounting for Partnership Firms	90	30
	Unit 3. Accounting for Companies	35	20
		150	60
Part B	Financial Statement Analysis		
	Unit 4. Analysis of Financial Statements	30	12
	Unit 5. Cash Flow Statement	20	8
		50	20
Part C	Project Work	20	20
	Project work will include:		
	Project File	4 Marks	
	Written Test	12 Marks (One Hour)	
	Viva Voce	4 Marks	
Or			
Part B	Computerized Accounting		
	Unit 4. Computerized Accounting	50	20
Part C	Practical Work	20	20
	Practical work will include:		
	Practical File	4 Marks	
	Practical Examination	12 Marks (One Hour)	
	Viva Voce	4 Marks	

Suggested Question Paper Design
Accountancy (Code No. 055)
Class XII (2019-20)

Theory: 80 Marks
Project: 20 Marks

3 hrs.

S N	Typology of Questions	Objective Type/ MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 6 Marks	Long Answer II 8 Marks	Marks
1	Remembering: Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers.	5	1	1	1	-	18
2	Understanding: Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas	5	1	1	1	1	26
3	Applying: Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	5	-	2	1	-	19
4	Analysing and Evaluating: Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. Creating: Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	5	-	1	-	1	17
TOTAL		20x1=20	2x3=6	5x4=20	3x6=18	2x8=16	80 (32)

*There will be **internal choice** in questions of 3 marks, 4 marks, 6 marks and 8 marks. All questions carrying 8 marks will have an internal choice.*

Note: The Board has introduced Learning Outcomes in the syllabus to motivate students to constantly explore all levels of learning. However these are only indicative. These do not in any way restrict the scope of questions asked in the examinations. The examination questions will be strictly based on the prescribed question paper design and syllabus.

SAMPLE PAPER ACCOUNTANCY

2019-20
CLASS- XII

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

- i. This question paper contains two parts A and B.
- ii. All parts of a question should be attempted at one place.
- iii. Q. 1 to 14 and 24 to 29 carry 1 mark each.
- iv. Q. 15-16 carry 3 marks each.
- v. Q. 17-19 and 30-31 carry 4 marks each.
- vi. Q. 20-21 and 32 carry 6 marks each.
- vii. Q. 22-23 carry 8 marks each.

PART-A ACCOUNTANCY

(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)

1. Which of the following is not correct about income and expenditure account:
 - a) It is a Nominal account.
 - b) It is prepared on accrual basis.
 - c) It records all types of cash and Non cash transactions.
 - d) It is prepared on the basis of receipt and payment account and additional information.
2. In case of insufficient profits (net profit is less than the interest of capital), amount of profit is distributed in the ratio of (fill in the blanks)
3. Arun, Ajay and Dinesh are partners in a firm. At the time of division of profit for the year there was dispute between the partners (due to absence of deed) profits before interest on partner's capital was ₹ 60,000 and Ajay determined interest @24% p.a. on his loan of ₹ 8,00,000. Amount payable to Arun, Ajay, Dinesh respectively will be:
 - a) ₹ 20,000 to each partner.
 - b) Loss of ₹ 44,000 for Arun and Dinesh and ajay will take home ₹ 1,48,000.
 - c) ₹ 4,000 for Arun, ₹ 52,000 for Ajay and ₹ 4,000 for Dinesh.
 - d) ₹ 24,000 to each partner.
4. Anu, Prisha and Nipun are equal partners. Priya is admitted to the firm for one-fourth share. Priya brings ₹ 2,00,000 capital and ₹ 50,000 being half of the premium for goodwill. value of the goodwill of the firm be (fill in the blanks)
5. Manish and Aanchal are partners sharing profits and losses in the ratio of 3:2 (Manish's capital is ₹ 3,00,000 and Aanchal's capital is ₹ 1,50,000). They admitted

- Meenu for one-fifth share of profits. Meenu should bring ₹ towards his capital. (fill in the blanks)
6. Sonu, Monu and Tony are partners sharing profits in the ratio of 5:3:2. Monu retires, the new profit sharing ratio between Sonu and Tony will be 1:1. The goodwill of the firm is valued at ₹ 2,00,000 Monu's share of goodwill will be adjusted
 - a) By debiting Sonu's capital account and Tony's capital account with ₹ 30,000 each.
 - b) By debiting Sonu's capital account and Tony's capital account with ₹ 42,858 and 17,142.
 - c) By debiting only Tony's capital account with ₹ 60,000.
 - d) By debiting Monu's capital account with ₹ 60,000.
 7. Reconstitution of a firm always leads to change in among the partner's (fill in the blanks)
 8. Which of the following is not correct in case of dissolution by court:
 - a) A partners becomes a person of unsound mind.
 - b) A partner is found guilty of misconduct, which is likely to adversely affect the business of the firm.
 - c) On adjudication of a partner as insolvent.
 - d) A partner becomes permanently incapable of performing his duties as a partner.
 9. At the time of dissolution, partner's loan appeared on the asset side will be transferred to account. (fill in the blanks)
 10. Maximum amount that a company can raise as share capital, which is stated in memorandum of association is known as:
 - a) Authorized capital
 - b) Nominal capital
 - c) Registered capital
 - d) All of the above
 11. A company forfeited a share of ₹ 100 which was issued at a premium of 10% due to non-payment of final call of ₹ 30. Minimum price on reissue of the above share will be ₹ (fill in the blanks)
 12. Discount or loss on issue of debentures to be written off in the year debentures are allotted from (if it exists) and then from as financial cost. (fill in the blanks)
 13. Interest Payable on debentures issued as collateral securities is:
 - a) 6% p.a.
 - b) 12% p.a.
 - c) Not payable
 - d) As per the market rate of interest.

14. Debentures redemption reserve is required to be created in case of:
- Fully convertible debentures
 - Only on the non-convertible part of debentures
 - Banking companies
 - All India financial institutions regulated by RBI
15. Kavya Ltd. Issued ₹ 14,00,000 12% debentures of ₹ 100 each at a premium of 10% redeemable at a premium of 20% after 5 years. Balance of profits in statement of profit or loss on that date was ₹ 2,00,000. Pass necessary journal entries for the issue of debentures and writing off of the premium on redemption as per AS-16.

OR

On 01.04.2018 Kavita Ltd. Purchased Plant from Sonia Ltd. And paid the amount as follows:

- By issuing 10,000 12% debentures of ₹ 10 each at a premium of 30%.
- By issuing 2,000 10% debentures of ₹ 100 each at a discount of 10%.
- Balance by giving a draft of ₹ 96,000.

Pass necessary journal entries for the purchase of plant, payment to Sonia Ltd. And interest paid in the books of Kavita Ltd assuming interest is payable annually with TDS @ 10%.

16. Show the following items in the income and expenditure account and balance sheet of Prisha Ltd. as on 31st march, 2019:
- Donation received for sports fund during 2018-19 ₹ 50,000.
 - 15% sports fund investment (Face value ₹ 40,000) as on 1st July 2018 ₹ 50,000.
 - Interest received on sports fund investment during 2018-19 ₹ 3,500.
 - Expenses on sports during the year ₹ 55,000
17. Tarun, Pratibha and Naresh were Partners in the firm sharing profits in the ratio of 5:3:2. The firm closes its books on 31st march every year. On 31st July, 2018 Naresh died. On that day his capital account showed a credit balance of ₹ 8,00,000 and Goodwill of the firm was valued at ₹ 6,20,000. There was a debit balance of ₹ 2,00,000 in the profit and loss account. Naresh's share of profit in the year of death was to be calculated on the basis of average profit of last 3 year. The average profit of last 3 year was ₹ 3,00,000. Pass necessary journal entries in the books on Naresh's death.
18. Nipun Ltd. had outstanding ₹ 10,00,000, 8% debentures of ₹ 100 each on 1st April, 2015. These debentures were redeemable at a premium of 5% on 31st March 2019. The company had a balance of ₹ 1,50,000 in debenture redemption reserve on 31st March, 2018.

Pass necessary journal entries for redemption of debentures in the books of Nipun Ltd. for the year ended 31st march 2019

19. Manju, Ruby and Himanshu were partners in a firm sharing in the ratio of 5:3:2. The firm dissolved on 31-3-2019. Pass the necessary journal entries for the following transactions after various assets (other than cash and bank) and third party liabilities had been transferred to realization account:

- I. A creditor for ₹ 1,40,000 accepted machinery valued at ₹ 1,80,000 and paid ₹ 40,000 to the firm.
- II. Ruby's brother's loan of ₹ 50,000 was paid off along with interest of ₹ 5,000.
- III. Saroj, an old customer whose account for ₹ 20,000 was written off as bad debts in the previous year, paid 95%.
- IV. The firm had stock of ₹ 40,000. Manju took over 75% of the stock at a discount of 10% while the remaining stock was sold at a profit of 20%.

20. Taruna, Karan and Joy were partners sharing profits in the ratio of 5:3:2. The partnership deed provides the followings:

- I. Salary of ₹3,000 per quarter to Taruna and Karan.
- II. Karan's was guaranteed a profit of ₹76,000 p.a.
- III. Joy was entitled to a commission of ₹20,000.

The profit for the year ended was ₹4,00,000 which was distributed among in the ratio of 3:3:2 without taking into consideration the provision of partnership deed. Pass necessary rectifying entry.
Show your working clearly.

OR

Ramesh and Manju started a partnership on 1st April 2018. They contributed ₹4,00,000 and ₹3,00,000 respectively as their capital and decided to share profits and losses in the ratio of 3:2. The partnership deed provided that Ramesh was to be paid a salary of ₹ 30,000 per quarter and Manju a commission of 2.5% on turnover. It also provided that interest on capital be allowed @4% p.a. Ramesh withdrew ₹10,000 on 1st august 2018 and Manju withdrew ₹2,500 at the beginning of each month. Interest on drawing was charged 12% p.a. The net profit as per profit and loss account for the year ended 31st march 2019 was ₹ 2,99,500. The turnover of the firm for the year ended 31st march 2019 amounted ₹10,00,000. Pass necessary journal entries for the above transactions in the books of Ramesh and Manju.

21. The following receipts and payment account of Young club for the year ended 31st march, 2019:

Receipts	Amount ₹	Payments	Amount ₹
Cash in hand (1-4-18)	1,00,000	Salaries	50,000
Subscription		Entertainment expenses	10,000
2017-18 2,500		Electricity expenses	10,000
2018-19 1,25,000		General expenses	5,000
2019-20 5,000		Misc. expenses	5,000
-----	1,32,500	Investment (10% p.a. on 1.10.18)	50,000
Entertainment receipts	25,000	Stationery	15,000
Sale of old furniture (book value ₹5,000)	4,000	Newspaper	5,000
Sale of newspaper	1,000	Furniture	25,000
		Cash in hand (31.3.19)	87,500
	2,62,500		2,62,500

- I. The club has 300 members each paying an annual subscription of ₹500; subscription outstanding for the year 2017-18 were ₹3,500.
- II. Salaries includes ₹5,000 for the year 2017-18 and ₹10,000 for the year 2019-20 and ₹ 7,500 for 2018-19.
- III. Opening stock of stationery ₹5,000 and closing stock of stationery ₹7,500.
- IV. On 1.4.18, the club owned land and building ₹5,00,000; furniture valued ₹1,00,000 and car ₹1,50,000.

Prepare income and expenditure account and balance sheet for the year ended 31st march 2019.

22. Seema Limited invited applications for issuing 15,00,000 Equity shares of ₹ 10 each payable at a premium of ₹ 10 each payable with Final call. Amount per share was payable as follows:

	₹
On Application	2
On Allotment	3
On First Call	2
On Second & Final Call	Balance

Applications for 24,00,000 shares were received. Applications for 1,50,000 shares were rejected and the application money was refunded. Allotment was made to the remaining applicants as follows:

Catogery	No. of shares applied	No. of shares allotted
I	6,00,000	4,50,000
II	16,50,000	10,50,000

Excess application money received with applications was adjusted towards sums due on allotment. Balance, if any was adjusted towards future calls. Girish, a shareholder belonging to category I, to whom 4,500 shares were allotted, paid his entire share money with allotment. Mohan belonging to category II, who had applied for 33,000 shares failed to pay 'Second & Final Call money'. Mohan's shares were forfeited after the final call. The forfeited shares were reissued at ₹ 10 per share as fully paid up.

Assuming that the company maintains "Calls in Advance Account" and "Calls in Arrears Account", pass necessary Journal entries for the above transactions in the books of Seema Limited.

OR

- (a) Kriti Limited forfeited 12,000 shares of ₹ 10 each for non-payment of First call of ₹ 2 per share. The Final call of ₹ 3 per share was yet to be made. The Final call was made after Forfeited of these shares. Of the forfeited shares, 8,000 shares were reissued at ₹ 9 per share as fully paid up. Assuming that the company maintains 'Calls in Advance Account' and 'Calls in Arrears Account', prepare "Share Forfeited Account" in the books of Kriti Limited.
- (b) Bhawna Limited issued 1,00,000 equity shares of ₹ 20 each at a premium of ₹ 5 per share. The shares were allotted in the proportion of 5:4 of shares applied and allotted to all the applicants. Deepa, who had applied for 450 shares, failed to pay Allotment money of ₹ 7 per share (including premium) and on his failure to pay 'First & Final Call' of ₹ 2 per share, his shares were forfeited. 200 of the forfeited shares were reissued at ₹ 15 per share as fully paid up. Showing your working clearly, pass necessary Journal entries for the Forfeited and reissue of Deepa's shares in the books of Bhawna Limited. The company maintains 'Calls in Arrears' Account'.
- (c) Manish Limited forfeited 3,600 shares of ₹ 10 each allotted to Rakhi for Non-payment of 'Second & Final Call' of ₹ 5 per share (including premium of ₹ 2 per share). The forfeited shares were reissued for ₹32,400 as fully paid up. Pass necessary Journal entries for reissue of shares in the books of Manish Limited.

23. Ajay, Bobby & Chetna were partners in a firm sharing profits & losses in proportion to their fixed capitals. Their Balance Sheet as at March 31, 2019 was as follows:

Balance Sheet
as at March 31, 2019

Liabilities	₹	Assets	₹
Capitals:		Bank	21,000
Ajay 5,00,000		Stock	9,000
Boby 3,00,000		Debtors 15,000	
Chetna <u>2,00,000</u>	10,00,000	Less: Provision for Doubtful Debts 500	13,500
General Reserve	75,000	Ajay's Loan	35,500
Creditors	23,000	Plant & Machinery	2,00,000
Outstanding Salary	7,000	Land & Building	6,00,000
Boby's Loan	15,000	Profit & Loss Account (For the year ending 31st March 2019)	2,41,000
	11,20,000		11,20,000

On the date of above Balance Sheet, Chetna retired from the firm on the following terms:

- (i) Goodwill of the firm will be valued at two years purchase of the Average Profits of last three years. The Profits for the year ended March 31, 2017 & March 31, 2018 were ₹ 4,00,000 & ₹ 3,00,000 respectively.
- (ii) Provision for Bad Debts will be maintained at 5% of the Debtors
- (iii) Land & Building will be appreciated by ₹ 90,000 and Plant & Machinery Will be reduced to ₹ 1,80,000.
- (iv) Ajay agreed to repay his Loan.
- (v) The loan repaid by Ajay was to be utilized to pay Chetna. The balance of the amount payable to Chetna was transferred to her Loan Account bearing interest @ 12% per annum.

Prepare Revaluation Account, Partners' Capital Accounts, Partners' Current Accounts and the Balance Sheet of there constituted firm. 8

OR

Dinesh, Yashika and Farhan are partners in a firm, sharing profits and losses in 11:7:2 respectively. The balance sheet of the firm as on 31st March 2019 was as follows:

**Balance Sheet As
at 31.3.2019**

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	70,000	Factory Building	7,35,000
Public Deposits	1,19,000	Plant and Machinery	1,80,000
Reserve fund	90,000	Furniture	2,60,000
Outstanding Expenses	10,000	Stock	1,45,000
Capital accounts		Debtors	1,50,000
Dinesh 5,10,000		Less: Provision (30,000)	1,20,000
Yashika 3,00,000		Cash at bank	1,59,000
Farhan 5,00,000	13,10,000		
	15,99,000		15,99,000

On 1.4.2018, Aditi is admitted as a partner for one-fifth share in the profits with a capital of ₹ 4,50,000 and necessary amount for his share of goodwill on the following terms:

- i. Furniture of ₹2,40,000 were to be taken over Dinesh, Yashika and Farhan equally.
- ii. A creditor of ₹7,000 not recorded in books to be taken into account.
- iii. Goodwill of the firm is to be valued at 2.5 years purchase of average profits of last two years. The profit of the last three years were:

2016-17 ₹6,00,000; 2017-18 ₹2,00,000; 2018-19 ₹6,00,000

- iv. At time of Aditi's admission Yashika also brought in ₹50,000 as fresh capital. Plant and Machinery is re-valued to ₹2,00,000 and expenses outstanding were brought down to ₹9,000. Prepare Revaluation Account, Partners Capital Account and the balance sheet of the reconstituted firm.

PART-B

Analysis of financial statement

24. Which of the following transaction will result into flow of cash?

- a) Cash withdrawn from bank ₹2,00,000.
- b) Deposited cheques of ₹6,00,000 into bank.
- c) Received ₹9,000 from debtor
- d) Issued ₹2,40,000, 12% debentures for the vendor of machinery.

25. Kapil Ltd. A financing company obtained loans and advances of ₹ 4,00,0000 during the year @ 10% p.a. it will be included in the activities while preparing cash flow statement. (fill in the blanks)

26. Format of the balance sheet is prescribed in:

- a) Part II of the schedule VI of the Company's act 2013.
- b) Part I of the schedule III of the Company's act 2013.
- c) Part I of the schedule VI of the Company's act 2013.
- d) Part II of the schedule III of the Company's act 2013.

27. Which is not a limitation of financial statement analysis:

- a) Historical analysis
- b) Ignore price level changes
- c) Indicates trend
- d) Not free from bias

28. Which of the following item will not be shown under the head of current liabilities and sub head of other current liabilities:

- a) Unclaimed dividend
- b) Calls in advances
- c) Interest accrued but not due on debentures
- d) Cash credit

29. Which of the following is correct sequence of items under assets according to schedule III:

- a) Goodwill, land, building work in progress, inventories
- b) Land, building work in progress, inventories, goodwill
- c) Land, goodwill, building work in progress, inventories
- d) Building ,work in progress, inventories, land

30. For the year ended March 31, 2019, Net Profit after tax of Jai Limited was ₹ 12,00,000. The company has ₹ 80,00,000 12% Debentures of ₹ 100 each. Calculate Interest Coverage Ratio assuming 40% tax rate. State its significance also. Will the Interest Coverage Ratio change if during the year 2019-20, the company decides to redeem debentures of ₹ 10,00,000 and expects to maintain the same rate of Net Profit and assume that the Tax rate will not change.

OR

From the following data calculate current ratio and liquid ratio:

Liquid Assets	7,50,000
Inventories(Includes Loose Tools of ₹20,0000)	₹ 3,50000
Prepaid expenses	₹1,00,000
Working Capital	₹ 6,00,000

31. From the following Statement of Profit and Loss of the Sapna Ltd. for the year ended 31st March 2018, prepare Comparative Statement of Profit & Loss.

Statement of Profit & Loss for the year ended 31st March, 2019

Particulars	2017-18 (₹)	2018-19(₹)
Revenue from Operations	50,00,000	80,00,000
Expenses:		
a) Employee benefit expenses	14,00,000	20,00,000
b) Other Expenses	6,00,000	4,00,000
Rate of Tax - 40%		

32. From the following Balance Sheet of Nupur Limited as on March 31, 2019, prepare a Cash Flow Statement

Particulars	Note Number	31-3-2019 (₹)	31-3-2018 (₹)
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Equity Share Capital	1	10,00,000	10,00,000
(b) Reserves and Surplus		2,40,000	1,20,000
(2) Non- Current Liabilities			
Long-Term Borrowings- 9 % Debentures		3,20,000	2,40,000
(3) Current Liabilities			
(a) Trade Payables	2	1,80,000	2,40,000
(b) Other Current Liabilities	3	1,80,000	1,60,000
Total		19,20,000	17,60,000
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets Tangible Assets	4	13,40,000	12,00,000
(b) Non-Current Investments	5	2,40,000	1,60,000
(2) Current Assets			
(a) Inventories		1,20,000	1,60,000
(b) Trade Receivables		1,60,000	1,60,000
(c) Cash and Cash Equivalent		60,000	80,000
Total		19,20,000	17,60,000

Notes to accounts:

1	Reserves and Surplus		
	General Reserve	1,20,000	1,20,000
	Balance in Statement of Profit & Loss	1,20,000
		2,40,000	1,20,000
2	Trade Payables		
	Creditors	1,40,000	1,20,000
	Bills Payable	40,000	1,20,000
		1,80,000	2,40,000
3	Other Current Liabilities		
	Outstanding Rent	1,80,000	1,60,000
		1,80,000	1,60,000
4	Tangible Assets		
	Plant & Machinery Accumulated	14,90,000	13,00,000
	Depreciation	(1,50,000)	(1,00,000)
		13,40,000	12,00,000
5	Non-Current Investments		
	Shares in XYZ Limited	2,40,000	1,60,000
		2,40,000	1,60,000

Additional Information:

- (a) During the year 2018-19, a machinery costing ₹ 50,000 and accumulated depreciation thereon ₹ 15,000 was sold for ₹32,000.
- (b) 9 % Debentures ₹ 80,000 were issued on April1, 2018.

**MARKING SCHEME OF SAMPLE PAPER 2019-20
CLASS-XII**

ACCOUNTANCY

1. C
2. INTEREST ON CAPITAL
3. C
4. ₹4,00,000
5. ₹1,12,500
6. C
7. PROFIT SHARING RATIO
8. C
9. PARTNER'S CAPITAL
10. D
11. ₹30
12. SECURITIES PREMIUM RESERVE, STATEMENT OF PROFIT AND LOSS
13. C
14. B
15. REFER BOOK FOR JOURNAL ENTRIES
16. EXPENDITURE: SPORTS EXP. ₹500, ASSETS: SFI ₹50,000+ O/S INT. ON SFI ₹1,000
17. REFER BOOK FOR JOURNAL ENTRIES
18. REFER BOOK FOR JOURNAL ENTRIES
19. REFER BOOK FOR JOURNAL ENTRIES
20. KARAN'S CAPITAL A/C DR. ₹62,000 AND TARUNA'S CAPITAL A/C CR. ₹62,000

OR

REFER BOOK FOR JOURNAL ENTRIES

21. SURPLUS ₹87,500, CAPITAL FUND ₹8,53,800, BALANCE SHEET TOTAL ₹9,53,500
22. CAPITAL RESERVE ₹1,47,500

OR

(a) Bal. c/d ₹20,000

(b) CAPITAL RESERVE ₹10,400

(c) CAPITAL RESERVE ₹21,600

23. REVALUATION A/C PROFIT ₹70,750, AJAY'S CURRENT A/C ₹85,875, BOBY'S CURRENT A/C ₹51,225, AJAY'S CAPITAL A/C ₹5,00,000, BOBY'S CAPITAL A/C ₹3,00,000, CHETNA'S LOAN ₹2,06,650, BALANCE SHEET TOTAL ₹10,51,650

OR

REVALUATION PROFIT ₹14,000, CAPITAL A/C- DINESH ₹5,97,200, YASHIKA ₹3,76,400, FARHAN ₹4,50,000, ADITI ₹4,50,000, BALANCE SHEET TOTAL ₹20,79,000.

24. C

25. OPERATING

26. B

27. C

28. D

29. C

30. 3.08 TIMES

OR

CURRENT RATIO 2.5:1. LIQUID RATIO 1.875:1

31. REFER BOOK

32. CASH FLOW FROM OPERATING ACTIVITIES ₹ 2,16,800, CASH USED FROM INVESTING ACTIVITIES (₹2,88,000), CASH FLOW FROM FINANCING ACTIVITIES ₹51,200.

SAMPLE QUESTION PAPER

Class XII Business Studies

1. How are principles of management formed?
 - (a) In a laboratory
 - (b) By experiences of managers
 - (c) By experiences of customers
 - (d) By propagation of social scientists1
2. Which of the following is not a feature of Principles of management?
 - a. Universal b. Flexible c. Absolute d. Behavioural1
3. Many businesses are using social media like Facebook and twitter to promote themselves. Which dimension of business environment is reflected in the given statement?
 - (a) Social (c) Legal
 - (b) Economic (d) Technological1
4. Coordination is _____. Identify the correct option to complete the given statement.
 - a. A function of management
 - b. The essence of management
 - c. An objective of management
 - d. None of the above1
5. Which of the following is not an objective of management?
 - a. Earning profits
 - b. Growth of the organisation
 - c. Providing employment
 - d. Policy making1
6. Which of the following statements is true?
 - a. Staffing and HRM are one and the same.
 - b. Staffing is part of HRM.
 - c. HRM is part of Staffing.
 - d. None of the above1

7. National Vritech Ltd. has grown in size. It was a market leader but with changes in business environment and with the entry of MNC's its market share is declining. To cope up with the situation CEO starts delegating some of his authority to the General Manager, who also felt himself overburdened and with the approval of CEO, he started dispersing some of his authority to various levels throughout the organization. Which concept of management has been discussed above?
- A. Delegation of authority B. Decentralisation
C. Coordination D. Principles of Management 1
8. SEBI recently called for information and issued a show cause notice to NSE and its 14 official seeking explanation on the Preferential Access allegations at the Exchange's Co-location facility. State the function that SEBI performed by doing so.
- A. Development function B. Regulatory Function
C. Protective function D. None of the above 1
9. Identify the right of a consumer under Consumer Protection Act, 1986 under which consumer organizations help a consumer to claim by performing the function of encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers".
- A. Right to choose B. Right to information
C. Right to seek redressal D. Right to Education (1)
10. _____ seeks to attract suitable candidates to apply for available jobs.
- (a) Human resource planning (b) Selection
(c) Recruitment (d) Orientation (1)
11. Which of the following is a financial incentive?
- a) Promotion b) Stock Option
c) Job Security d) Employee Participation
12. Which category of barriers to effective communication includes 'Status'?
- a) Semantic Barrier b) Organisational Barrier
c) Non-Semantic Barrier d) Psychological barrier (1)
13. Only increase in labour cost beyond 2% should be brought to the notice of

a) Critical point control b) Control by exception
c) Budgetary Control d) None of these (1)

14. Now-a-days Closed Circuit Television (CCTV) is used in organisations as a means to control wrong behaviour of employees and to prevent theft etc. Which point of control does this illustrate?

a) Accomplishing organisational goals b) Making efficient uses of resources
c) Improving employee motivation d) Ensuring order and discipline (1)

15 A long term investment decision is called a _____.

a) Capital budgeting decision b) Working capital decision
c) Financial decision d) Dividend decision (1)

16. A company is having high growth opportunities. What will be the appropriate statement about dividend payment by such a company?

a) It is likely to pay lower dividends
b) It is likely to pay higher dividends
c) Dividends are not affected by growth considerations
d) It will never pay dividends

17. Identify the term used to denote the decision in financial management which determines the proportion between debt and equity.

a) Financing decision b) Operating decision
c) Capital budgeting decision d) Dividend decision

18. In which year SEBI was established by the Government of India?

a) 1980 b) 1988 c) 1992 d) 1993

19. Which of the following is not the function of SEBI?

a. Registration of brokers and sub-brokers
b. Undertaking measures to develop financial markets
c. Prohibition of insider trading
d. Holding the securities in electronic form

20. Which one of the following cannot file a complaint under Consumer Protection Act, 1986?

a. Any Consumer under the definition of Consumer Protection Act

- b. Central or State Government
- c. Legal heir of a deceased consumer
- d. A person who obtains the goods without any consideration (1)

21. Explain any three points of importance of Planning. (3)

22. Shyam wanted to start a business of selling handicrafts by getting in touch with the craftsmen in the rural areas of Bengal. He wants to make a low investment in fixed Capital. Advise him in taking suitable decision regarding the Nature of Business, Scale of operations and Financing Alternatives (in a developed financial market) that he needs to take for the purpose. (3)

23. It is necessary that goods and services must be made available to the customers at the right place, in the right quantity and at right time. Name and explain the element of marketing mix reflected above. (3)

24. Neeraj, a sales representative of 'Omida Ltd' has changed seven jobs in last one year. He is a hard working person but is not able to finalise deals with the customers due to his inadequate vocabulary and omissions of needed words, Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created misunderstanding between him and his clients.

- a) Identify the communication barrier discussed above.
- b) State the category of this communication barrier.
- c) Explain any other communication barrier of the same category. (3)

25. "Successful organizations do not achieve their goals by chance but by following a deliberate process".

State the process highlighted here and explain its first two steps. (3)

26. Ankit and Nikhila joined X Ltd. after completing their MBA. Ankit was habitual of backbiting and wrong reporting about their colleagues to impress his boss whereas Nikhila was working hard and finishing her work within allocated time. At the time of promotion, their boss decided to promote Ankit stating that being a female Nikhila will not be able to handle the complexities of higher post. Identify and explain the principle of management which was not followed by this multi-national company. (4)

27. Blue Heavens Ltd. purchased a new hi-tech machine from Germany for manufacturing high quality auto components in a cost effective manner. But during the production process, the manager observed that the quality of the production was not as per standard. On investigation it was found that there was a lack of knowledge amongst the employees using these hi-tech machines. So, frequent visits of engineers were required from Germany this resulted in high overhead charges. Suggest what can be done to develop the skills and abilities of employees for producing high quality products by using these hi-tech machines. Also state how the employees or the organization will benefit from your suggestion. **(4)**

28. Shiyam bought a pain relieving ointment after seeing it being displayed in the chemist's shop. The ointment tube was packed in a cardboard box. Identify the different levels of packaging of the pain relieving medicine, when it was purchased by Shiyam. Also state the functioning of packaging. **(4)**

29. Aarushi buys a packet of dry cake from a cake shop without asking for the bill. The pack does not bear any information other than the name of shop. After reaching home she finds the cake to be stale.

a) Identify the consumer right that has been violated.

b) State any three responsibilities that a consumer must keep in mind while purchasing any good. **(5)**

30. Identify the types of Plan as reflected below: **(5)**

(i) It may consist of objectives, methods, rules, policies and resources to launch a new product line.

(ii) It is a statement of expenses, revenue and income for a specified period.

(iii) It specifies the organisation's response to a certain situation.

(iv) It describes the specified steps to be followed in particular circumstances.

(v) It provides the formalised and standardised way of performing routine jobs.

(vi) It clearly states as to exactly what needs to be done or not done.

(vii) It is a general plan prepared by top management outlining resource allocation, priorities and takes into consideration the business environment and competition.

(viii) It serves as a guide for overall planning.

31. "A good understanding of environment by business managers enables them not only to identify and evaluate but also to react to the forces external to their firm."

In the light of the above statement explain any four points of importance of understanding business environment by a manager. **(5)**

32. Saksham Ltd. a firm manufacturing textiles, wished to diversify their business. They were considering two options, either to diversify into manufacturing tooth-paste or switches. They wanted to invest in the purchase of land, to set up a manufacturing unit in the backward areas of Gujarat, which would also lead to the generation of employment opportunities in the area, but only after fulfilling all legal requirements and taking appropriate steps to ensure that the environment was not polluted. The finance manager of the company, Mr. Ramakant was asked by the management to prepare a report on the factors which should be considered while making the above investment decision.

A. State any two factors that Mr. Ramakant would give in his report.

B. Also state any one reason which makes it important for the above decision to be made carefully.

C. State two values being fulfilled by Saksham Ltd. **(6)**

33. "Put simply, decentralization refers to delegation of authority throughout all the levels of the organization." In the light of the above statement give the meaning of and difference between Delegation of authority and Decentralization. **(6)**

34. Rajeev and Sanjeev are managers in the same organisations working in different different departments. While discussing about the functioning of management, Rajeev says "Planning is looking ahead whereas controlling is looking back. "But Sanjeev says. "Planning is looking back where as controlling is looking ahead." Both are giving reasons in favour of their statements. Explain the possible reasons given by both and justify who is correct. **(6).**

MARKING SCHEME

Q.NO.	VALUE POINTS	MARKS	TOTAL MARKS
1.	(b) By experience of managers	1	1
2.	(c) Absolute	1	1
3.	(d) Technological	1	1
4.	(a) The essence of management	1	1
5.	(d) Policy making	1	1
6.	(b) Staffing is part of HRM	1	1
7.	(b) Decentralisation	1	1
8.	(b) Regulatory Function	1	1
9.	(c) Right to seek redressal	1	1
10.	(c) Recruitment	1	1
11.	(b) Stock Option	1	1
12.	(b) Organisational Barrier	1	1
13.	(b) Control by exception	1	1
14.	(d) Ensuring order and discipline	1	1
15.	(a) Capital budgeting decision	1	1
16.	(a) Capital budgeting decision	1	1
17.	(a) Financing decision	1	1
18.	(b) 1988	1	1
19.	(d) Holding the securities in electronic form	1	1
20.	(d) A person who obtains the goods without any consideration	1	1
21.	<p>Importance of Organising (Any three points)</p> <ul style="list-style-type: none"> i. Benefits of specialization ii. Optimum utilization of resources iii. Effective administration iv. Development of personnel v. Expansion and growth <p>(½ Mark for the point and ½ for explanation)</p> <p style="text-align: center;">OR</p>	1*3	3

	Difference between Functional and Divisional structure (Any three points)				
	Basis of difference	Functional structure	Divisional structure		
	1. Formation	It is formed by grouping the jobs on the basis of similarity.	It is formed by grouping the jobs on the basis of products manufactured.		
	2. Specialization	It facilitates functional specialization.	It facilitates product specialization.		
	3. Responsibility	It is difficult to fix responsibility on any department.	It is easy to fix responsibility as each division is working independently.		
	4. Managerial development	The managerial development is difficult as - <ul style="list-style-type: none"> Each manager works in a limited field. Each manager has to report to top management. 	The managerial development is easier as - <ul style="list-style-type: none"> Divisional managers perform multiple functions. They are given authority to take decisions on their own. 		
	5. Cost	Cost involved is less as there is no duplication of work.	Cost involved is more as there are similar departments under each of the divisions.		
	6. Coordination	Coordination is difficult for a multi-product company.	Coordination is easy as all functions related to one product are grouped as a separate division.		
22.	Factors affecting Fixed Capital Requirements – <ol style="list-style-type: none"> Nature of business – The amount of fixed capital required depends on nature of business. <ul style="list-style-type: none"> In case of trading concern, lower investment in fixed capital is required. In case of manufacturing concern, higher investment in fixed capital is required as its needs to purchase plant and machinery, tools and equipments etc. Scale of operations – <ul style="list-style-type: none"> A large scale business firm needs bigger plant, 			1*3	3

	<p>more space etc, so, higher investment in fixed capital is required.</p> <ul style="list-style-type: none"> • A small scale business firm needs lower investment in fixed capital. <p>3. <u>Financing alternatives</u> –</p> <ul style="list-style-type: none"> • If the business firm can avail other financing alternatives such as lease financing, then lower amount of fixed capital is required. • If the business firm does not have the option of financing the assets by way of lease agreements, then higher amount of fixed capital will be required. This is so because the company will have to spend lumpsum amounts for purchase of fixed assets. <p>(1 Mark for explanation of each factor)</p>		
23.	<p>Element of Marketing Mix highlighted – Place Mix</p> <p>Explanation:</p> <p>Place Mix refers to a set of decisions to be taken in order to make the goods and services available at the right place, in order to facilitate their purchase. Making the goods available involve 2 basic functions –</p> <ul style="list-style-type: none"> • Choice of distribution channel - Channels of distribution are set of firms and individuals that take title, or assist in transferring title, to particular goods or services as it moves from producers to consumers. ○ Physical distribution - The physical handling and movement of goods from place of production to place of distribution is referred to as physical distribution. 	1	
		2	3
24.	<p>(a) Badly expressed message</p> <p>(b) Category - Semantic Barriers</p> <p>(c) Other Semantic Barrier – (Any one of the following)</p> <ul style="list-style-type: none"> • Symbols with different meanings • Technical jargon • Unclear assumptions • Faulty translation <p>(½ Mark for the point and ½ for explanation)</p>	1	
		1	
		1	3
25.	<p>Process highlighted is Management</p> <p>Meaning of Management - Management is the art of getting things done through and with people in formally organised</p>	1	

	<ul style="list-style-type: none"> • Cardbord box – Secondary Package <p>Functions of Packaging (Any two):</p> <ul style="list-style-type: none"> • Product identification • Product protection • Facilitating use of the product • Product promotion <p>(½ Mark for the point and ½ for explanation)</p> <p style="text-align: center;">OR</p> <p>Philosophy highlighted – Marketing Concept</p> <p>Explanation</p> <p>The focus of marketing concept is customer satisfaction.</p> <p>According to this concept, profits can be maximized by identifying the needs of customers and satisfying them better than the competitors. Here, <i>‘making what sells in the market’ (rather than selling what is made) is the main aim.</i></p> <p>Pillars of Marketing concept –</p> <p>(A)Identification of target market.</p> <p>(B)Understanding needs and wants of customers in the target market.</p> <p>(C)Development of products and services for satisfying the needs of target market.</p> <p>(D)Doing all this at profit</p>	2	
		2	4
		1	
		3	4
29.	<p>Two consumer rights violated –</p> <p>Right to information and Right to Safety</p> <p>(½ Mark for identification of each right)</p> <p>Responsibilities of Consumers (Any four):</p> <ul style="list-style-type: none"> • Be aware about various goods and services available in the market • Buy only standardized goods • Follow instructions given by manufacturers, to be safe • Read labels carefully • Assert to get a fair deal • Be honest, buy only legal goods and services • Ask for a cash memo as it is proof of purchase • File complaint in appropriate consumer forum, if goods have any shortcoming 	1	

	<ul style="list-style-type: none"> Form consumer societies and be active member of them Respect and protect environment <p style="text-align: center;">OR</p> <p>Reliefs available to aggrieved consumer under Consumer Protection Act, 1986 (Any five points):</p> <ul style="list-style-type: none"> Removal of defect from the goods Replacement of goods Refund of price paid Compensation for injury suffered Payment of punitive damages Not to offer hazardous goods for sale Cease manufacturing of hazardous goods Payment of not less than 5% of value of defective goods, to be credited to Consumer Welfare Fund <p>(1 Mark for each statement)</p>	4	5
30.	<p>Types of plans:</p> <ol style="list-style-type: none"> Programme Budget Method Rule Strategy <p>(½ Mark for identification of the plan and ½ for statement)</p>	5	5
31.	<p>Significance of understanding Business Environment (Any five Points):</p> <ol style="list-style-type: none"> It enables the firm to identify opportunities & getting the first mover advantage. It helps the firm to identify threats & early warning signals. It helps in tapping useful resources. It helps in coping with rapid changes. It helps in assisting in planning & policy formation. It helps in improving performances. <p>(½ Mark for the point and ½ for explanation)</p> <p style="text-align: center;">OR</p> <p>Dimensions of Business Environment:</p> <ol style="list-style-type: none"> Legal dimension 	5	5

	<p>Quoted line: <i>The court passed an order that all schools must have water purifier for the school children</i></p> <p>b. Social dimension</p> <p>Quoted line - <i>Society in general is more concerned about quality of life.</i></p> <p>c. Technological dimension</p> <p>Quoted line - <i>Innovative techniques are being developed to manufacture water purifier at competitive rates.</i></p> <p>d. Economic dimension</p> <p>Quoted line - <i>Incomes are rising and children at home are also drinking purified water.</i></p> <p>e. Political dimension</p> <p>Quoted line - <i>The government is also showing positive attitude towards the water purifier business.</i></p> <p>(½ Mark for identification of the dimension and ½ for quoting lines)</p>	5	5
32.	<p>(a) The decision involved in the situation is 'Financing Decision'. Financing Decision: Such decisions relate to ascertainment of optimum proportion between debt (borrowed funds) and equity (owners' funds).</p> <p>(b) Debt component shall be opted by the company to raise funds. Debt Component: relates to long term borrowed funds in the form of debentures, bonds, long term loans, public deposits etc.</p> <p>(c) Rate of 'Return on Capital Employed' must be more than 'Rate of Interest' on debt component.</p> <p>(d) The ratio will increase.</p> <p>(e) The concept associated is Trading on Equity/ Financial Leverage. Trading on Equity: It refers to the optimum capital structure consisting of debt and equity where the inclusion of debt component gives rise to the return on shareholders' funds.</p> <p>(f) Values reflected:</p> <ul style="list-style-type: none"> - Promotion of education - Generation of employment 	1*6	6

33.	Basis of difference	Delegation	Decentralization		
	1. Meaning	Delegation of authority merely means granting of authority to subordinates to operate within prescribed limits	Decentralisation refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points		
	2. Nature	Delegation is a compulsory act because a manager has to delegate in order to get the work done from others. He cannot do all the work by himself.	Decentralization is optional. It is done at the discretion of the management.		
	3. Freedom of action	The control remains with the superior. So, the subordinates do not have much freedom of decision making and action.	The control is passed on to the subordinate. The subordinates have the freedom of decision making. He need not take approvals from the superior.		
	4. Process	It is a process followed to divide the work.	It is the result of policy decision of the management.	1*6	6
	5. Scope	Its scope is narrow as only 2 parties are involved - superior and subordinate.	Its scope is wide as it involves the entire organization. It is an extension of delegation.		
	6. Purpose	The purpose is to reduce the burden of the manager.	The purpose is to increase the role of subordinates in the organization by giving them more autonomy.	1 ½ * 4	6
OR					
<u>Steps in the Organising Process</u>					
1. Identification and division of work 2. Departmentalisation 3. Assignment of duties 4. Establishing reporting relationships (½ Mark for the point and 1 for explanation)					
34.	Planning and controlling are both <i>forward looking and backward looking</i> functions -				

GLOSSRY OF COMMERCE TERMS

1.	Account	A summarized record in the ledger of an organisation which is used to record 'Debit' and 'credit' amounts related to a particular head in a chronological order. These amounts are transferred (posted) from the books of original entry such as journal and other day books.
2.	Accountancy	A systematized body of knowledge, which provides directions as to how the accounting work is performed in an entity.
3.	Accounting	A practice primarily concerned with the process of identifying the financial transactions and economic events; recording, classifying and summarizing the financial transactions, analyzing and interpretation of financial data, communicating financial information to the internal and external users. This process of maintaining the books of accounts by an entity is called accounting process. The balances appearing in the Balance Sheet are the closing balances of the current year which becomes the opening balances of the next financial year. It is based on going concern accounting concept.
4.	Accounting Equation	<p>Also known as balance sheet equation. It is based on dual aspect concept of the accounting. It is a simple method to understand how <i>Assets</i>, <i>Liabilities</i> and <i>Capital</i> are related to each other. Accounting Equation is as follows:</p> $\text{Assets} = \text{Liabilities} + \text{Capital}$ <p>In case of sole proprietorship and partnership, it is capital and in case of companies, it is known as Equity. Accounting equation describes that the total value of assets is always equal to its liabilities plus Capital (Owner's Equity)</p>
5.	Accounting Period	Span of time for which financial statements are prepared. This period defines a time range over which the business transactions are accumulated for its conversion into the financial statements. Accounting period differs depending upon the nature of a business organization. However, it is normally taken as one financial year i.e., 12 months.
6.	Accounting Ratio	A mathematical expression calculated as a reference to relationship of two or more figures in financial statement and can be expressed as a fraction, proportion, percentage and a number of times.
7.	Accounting Standards	Accounting Standards are written statements of accounting rules, guidelines or practices covering the aspects of recognition, measurement, treatment, presentation and disclosure of accounting data for

		preparing uniform and consistent financial statements.
8.	Accounting Voucher	Type of document prepared by the accountant to facilitate recording of business transaction in the books of original entry. It is prepared on the basis of source documents.
9.	Accrual basis of Accounting	A system of accounting in which revenue is recognized when it is earned and expense is recognized when it is incurred.
10.	Accrued Income	Any income earned in the current accounting period, but has not yet been received till the end of the accounting year.
11.	Accumulated Depreciation	The total amount of Depreciation which has been charged on a tangible fixed asset from the date of its acquisition till date. A separate account is opened in the books of the firm to record this item and is called 'Accumulated Depreciation Account' or 'Provision for Depreciation Account'. It is shown in the balance sheet of an entity.
12.	Adjustment Entry	Journal entries recorded at the end of accounting period, for adjusting the income and expenses in order to comply with 'Accrual concept' of accounting with a purpose to match the 'revenues' with the 'expenses'.
13.	Advances	Amount paid or received before the fulfillment of an obligation such as, such as supply of goods or rendering of services.
14.	Agenda	A list of items to be taken up for discussion in the proposed meeting of an organization.
15.	Amalgamation	The process of combining one or more companies into a new entity. After amalgamation neither of the combining companies survives and the new entity comes into existence as a legal entity and completely holds the combined assets and liabilities of both the entities.
16.	American Depository Receipt (ADR)	It is a receipt issued by an American Bank representing shares of a foreign company that bank holds in its custody. It is traded on American Stock Exchange.
17.	Amortization	The process of allotting the cost of an intangible fixed asset over a period of its estimated useful life. According to Accounting Standard-26, estimated useful life of intangible assets cannot exceed 10 years.
18.	Annual Report	A comprehensive document disclosing the financial performance of a company in previous year which provides information to shareholders and other stakeholders of the business organization.
19.	Articles of Association	These are the rules regarding internal management of the company. It governs the appointment of directors, duties and powers of directors with others, conduct of meetings, passing of resolutions etc.

20.	Asset	Resources controlled by the enterprise for which future economic benefits are expected to flow to the enterprise.
21.	Authorized Capital	The maximum amount of share capital that a company is authorized by its memorandum of association to issue. It is separately shown as equity and preference share capital stated under the capital clause in memorandum of association.
22.	Auxiliaries Trade to	These activities which are meant for assist trade and are generally referred to as services because these are in the nature of facilitating the activities relating to industry and trade like transportation, Banking, Insurance, Warehousing and Advertising etc.
23.	Bad Debt	Debt is the amount receivable by an enterprise against goods sold or services rendered. A debt when become irrecoverable is called bad debt. It is treated as a loss in the firm's book of accounts.
24.	Balance Sheet	A statement which shows the financial position of an entity as at a specific date stating the balances of assets, liabilities and capital. In case of companies, it is prepared in form specified in part 1 of the Companies Act, 2013. In case of the firm, it is prepared in order of permanency or liquidity.
25.	Board Directors of	A body elected by shareholder's to govern a corporation on behalf of shareholders who carry out certain task as stated in Memorandum of Association and Articles of Association of a company.
26.	Book keeping	It is a part of process of accounting. It includes recording of financial transaction in books of original entry and classifying them into ledger.
27.	Book Value	The value at which an asset is shown in a balance sheet. It is calculated by taking the original cost of an asset less depreciation till date.
28.	Book of Original Entry	It is a book in which financial transactions are initially recorded. e.g. Journal, Purchases book, Sales book etc.
29.	Borrowed Fund	The amount which has been received from another party with an agreement that it will be repaid after a specified period in lump-sum or in installment with interest (if any).
30.	Budget	A financial estimation of revenue and expenses for a specified future period of time, usually a year. A budget is a financial plan for a specified future period of time usually a year.
31.	Business	An economic activity involving the production/ procurement and sale of goods and providing services

		undertaken with a motive of earning profit by satisfying human needs in society.
32.	Business Cycle	The business cycle is the fluctuations in economic activity that an economy experiences over a period of time. A business cycle is basically defined in period of expansion and recession.
33.	Buy Back of Shares	A process by which a company purchases its own equity shares from the existing equity shareholders and cancelled them in accordance with the rules prescribed for buy back in the Companies Act, 2013.
34.	Call Money	It is a money market instrument used for interbank transactions. It is a short term interest bearing finance repayable on demand with a maturity period of between one day to fifteen days.
35.	Called up Capital	It is that part of the subscribed capital which has been called by the company on the shares.
36.	Capital	Amount invested by the owner in the business in the form of money and/or assets.
37.	Capital Budgeting	It is a financial decision which involves investment in fixed assets such as disposition, addition, modification and replacement of fixed assets.
38.	Capital Market	It refers to facilities and institutional arrangements through which long term funds, both debt and equity are raised and invested.
39.	Capital Receipts	Cash inflow either from sale of fixed assets (tangible or intangible), issue of shares or debt instruments. Such inflow of cash is none recurring in nature and leads to the creation of a liability or decrease in the capital assets.
40.	Capital Reserve	A reserve which is created out of Capital profits with a purpose of financing long term investment project or other kind of expenditure likely to be incurred in near future.
41.	Capital Structure	Refers to the mix between owner's and borrowed funds. It implies how a business firm finances its overall operations and growth by employing different sources of funds i.e., debt and equity.
42.	Capital Subscription	When a public company raises funds from the public/specific investors by issue of securities.
43.	Carriage Inwards	Expense incurred on bringing materials/goods purchased to the place of business.
44.	Carriage Outwards	Expense incurred on delivering the goods to the customers.
45.	Cash and Cash Equivalent	Cash comprises cash in hand and demand deposits with banks. Cash equivalents means short term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant

		<p>risk of change in value. It is applicable only in the case of Cash Flow Statement as per AS-3.Examples are Govt. securities, T-bills etc.</p> <p>In case of preparation of balance sheet as per part I of schedule III of Companies Act,2013, following items are shown under cash and cash equivalent: Cash in hand, Cash at bank, Fixed deposits</p>
46.	Cash Basis of Accounting	When entries in the books of accounts are made on the basis of actual receipt or payment of cash and not when the receipt or payment becomes due.
47.	Cash Budget	A financial plan showing the estimated cash receipts and cash payments over a stated period.
48.	Cash Flow Statement	A statement which provides information about the historical changes in cash & cash equivalents during an accounting period, of an enterprise by classify the cash flow into operating, investing and financing activities. It is prepared as per Accounting Statement 3.
49.	Cash Reserve Ratio	It is the minimum percentage of deposits which commercial banks have to maintain with Reserve Bank of India (as decided by Reserve Bank of India from time to time).
50.	Charge	<p>An interest or lien created on the assets of an enterprise. In case of companies charge is registered with the registrar of companies and it includes “Mortgage “u/s 2(16) of the companies Act, 2013. Charge can be Fixed or Floating as follows:</p> <p><i>Fixed Charge:</i> It is lien or mortgage created over specific and identifiable fixed assets like land, building, plant machinery, intangibles such as trade mark, copy right etc., against loan. It covers all those assets which are not normally sold by a business entity.</p> <p><i>Floating charge:</i> A lien or a mortgage which is not particular to any asset. It is dynamic in nature in which the quantity and value of asset changes periodically. It is used as a mechanism to secure repayment of loan and covers assets not include in fixed charge such as debtors, stock etc.</p>
51.	Closing Entry	An entry recorded at the end of the accounting period by which nominal accounts (revenue and expenses) are transferred to profit and loss accounts (in case of firm) and statement of profit and loss account (in case of companies). The balances of profit and loss account or statement of profit and loss account is transferred to capital account (in case of firms) and reserves and surplus (in case of companies).

52.	Closing Stock	The amount of inventory that a business still has on hand at the end of accounting period. This includes raw materials, work-in-process, and finished goods inventory.
53.	Collateral Security	It is a security in addition to prime security. Primary security is security given to the lender by the borrower of the assets financed.eg. a loan taken from bank for factory building construction. The factory building was given as security to bank, in addition debentures was given a security in this case factory building is primary security and debentures issued to borrowers is collateral security.
54.	Commerce	Exchange of goods or services for money or in kind.
55.	Commercial Bank	It is an institution that provides services such as accepting deposits, providing business loans, and offering investment products.
56.	Commercial Bill	It is a kind of bills of exchange that is issued by a commercial organisation to raise funds to meet its short term financial requirement by discounting it from bank or other financial institution.
57.	Commercial Papers	It is an unsecured, short-term debt instrument issued by a corporation, normally for the financing of accounts receivable, inventories and meeting short-term liabilities
58.	Commission	Commission, a form of payment to an agent for services rendered.
59.	Common Statement Size	It is also used for bridge financing. It is a remuneration paid to a person for service rendered. It is a vertical analysis of financial statements in which amounts of individual item of balance sheet or income statement are written and therefore converted into percentage to a common base. Common base is revenue from operation i.e. net sales for income statement and total of assets or liabilities for the balance sheet.
60.	Communication	It is a process ideas and information between two or more persons (sender and receiver) by oral, written or any other media to reach common understanding.
61.	Company	A voluntary association of persons formed usually to carry on a business. Section 2(20) of the Companies Act 2013 defines the term “company” to mean “a company incorporated under the Companies Act 2013 or any previous company laws.”
62.	Company Limited by Guarantee	Incorporated company in which the liability of its members is limited to the amount each one of them undertakes to contribute at the time the company is wound up.
63.	Company Limited by Shares	It means that the liability of the shareholders is limited to the capital subscribed by them.
64.	Comparative	It is a horizontal analysis tool to analysis financial statements like balance sheet and income statement.

	Statement	Each item shows figures for the current as well as the preceding accounting period(s) for comparison. These figures may be expressed in amounts (in absolute terms) or as percentages (in relative terms). The figures for the previous years are taken as base for respective items.
65.	Consideration	Value offered and accepted by people or entity by entering into a contract.
66.	Consumer	A person who buys goods and services in consideration for its final consumption.
67.	Contingent Liabilities	It is a probable liability that may occur, depending on the outcome of an uncertain future event.
68.	Cooperative Society	An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled entity.
69.	Coordination	It is the force that synchronizes all the functions of management for achieving the organisation objectives. It is also regarded as essence of management.
70.	Coparceners	A male or female member of Hindu Undivided Family (HUF) who acquires a right in the HUF property by birth.
71.	Credit	An entry made on the right hand side of an account by convention is known as credit. It may represent decrease in the value of an asset or an expense or increase in the amount of liability.
72.	Current Assets	As per schedule III of the Companies Act, 2013, those assets which are expected to be realized in or intended for sale or consumption in the companies normal operating cycle; or held primarily for the purpose of trading; or expected to be realized within 12 months from the reporting date, i.e. balance sheet ; or cash and cash equivalent unless they are restricted from being exchanged or used to settled a liability for at least 12 months after the reporting date, i.e. balance sheet date.
73.	Divisible Profit	Profit or part of profit that can be legally distribution to the partners or shareholders. The distribution of profit of the firm is guided by the terms of Partnership Deed. Net profit of the firm is transferred to Profit and Loss Appropriation Account and effect is given to the terms of Partnership Deed. The balance left is Divisible Profit and distributed in their Profit Sharing ratio. In the case of companies, distribution of profit is guided by the provisions of the Companies Act, 2013.
74.	Days of Grace	Additional three working days granted to make the payment of bills of exchange after its maturity date. For example, if the payment of a bill of has to be made on April 3, then by adding three days of grace, it can be paid up to April 6. If the third day of grace happens to be a

		national holiday, the due date of payment would be one day earlier i.e., April 5.
75.	Debenture Redemption Investment	Investment made under the provisions of companies rule 18 (7) (c) of Companies (share capital and Debentures) Rules 2014 prescribed under the Companies Act 2013. At present, it is 15% of the part nominal value of the debenture to be redeemed value of the debenture to be redeemed during the financial year or the investment should be made on or before 30 th April of the financial year.
76.	Debenture Redemption Reserve	It is a specific reserve, earmarked out of profits available for payment of dividend. At present, at least 25% of the nominal value of the outstanding debentures should be transferred to DRR. (Debenture Redemption Reserve, as per Rule 18 (7) (b) of Companies (Share Capital and Debenture) Rules 2014 prescribed and the companies Act 2013. After redemption, amount proportionate to redeem the debentures is transformed to General Reserve since it becomes a free reserve.
77.	Debentures	These include debenture stock, bonds or any other instrument of a company evidencing a debt whether constituting a charge on the assets of a company or not. This includes public deposits; inter corporate deposits and traditional debentures.
78.	Debit	An entry made on the left hand side of an account by convention is known as debit. It may represent increase in the value of an asset or an expense or decrease in the amount of liability.
79.	Debit Note	A commercial document issued to signify a debit in the account e.g. A debit note issued by a buyer to a seller.
80.	Debit Voucher	It is a document evidencing the payment of in cash or by cheque.
81.	Debt	Money owed by one party i.e., the borrower or debtor, to a second party i.e., the lender or creditor.
82.	Debtors	Debtors are the persons who owes amount to the business for goods sold or services rendered. They are shown under current Assets in the Balance sheet.
83.	Deferred Revenue Expenditure	It is an expenditure benefits of which are derived over more than one accounting period. It is of revenue nature. Since it is written off over more than one accounting period, unwritten off amount is shown in the balance sheet as fictitious assets.
84.	Deficit	This term is used in case of not for profit organization. It is the difference between expenditure and income, where amount of expenditure is more than amount of income.

85.	Delegation	It is the process of assigning authority by the superior to the subordinate for accomplishment of a task. However the accountability lies with superior.
86.	Dematerialization	It is the process of conversion of physical shares into electronic format i.e., De Mat account.
87.	Demonetization	The act of stripping a currency unit of its status as legal tender.
88.	Depletion	It is the reduction in the quantity of wasting assets extracted from quarries and mines.
89.	Depreciate Cost	<i>The cost of an asset minus its accumulated depreciation.</i> Also called net book value. It is calculated as : $\text{Depreciated Cost} = \text{Original Asset Price} - \text{Accumulated Depreciation}.$
90.	Depreciation	It is the process of allocation of depreciable cost of tangible fixed assets during its estimated useful life. As per accounting Standard VI depreciation accounting, it is a measure of the wearing out consumption or other loss of value of a depreciable asset arising from use, efflux of time or obsolescence through technology or market changes.
91.	Direct Expenses	Expenses which constitute directly cost of product to be sold or services to be rendered to the customer.
92.	Discount	It is the amount allowed as reduction from the invoice or from the amount receivable. It can be trade discount or cash discount. <i>Trade discount:</i> Amount of discount allowed to a customer on the basis of volume of customer on the basis of volume of purchase. Cost is calculated on the net amount i.e. after trade discount. <i>Cash discount:</i> Amount of discount allowed to a customer on the basis of prompt payment.
93.	Disinvestment	It is the action of reduction in government equity through sale of shares in government owned companies or public sector undertaking.
94.	Diversification	It is the corporate strategy to enter into a new market or industry in which the business does not currently operate while also creating a new product for that new market.
95.	Dividend	An amount of profits distributed to the shareholders by the company from time to time out of its profits and/or free reserves. Interim dividend is declared by board of directors while proposed dividend is proposed by the board of directors and declared by the shareholders in the annual general meeting.
96.	Drawing	Withdrawal of cash or goods for personal use by the owner. It can be drawings against capital or drawing

		<p>against profit.</p> <p><u>Drawings against capital:</u> It is the amount with drawn from capital and is debited to capital account.</p> <p><u>Drawings against profit:</u> It is the amount drawn against expected profits during the year.</p>
97.	Dual Aspect Concept	It is an accounting convention which states that both the aspects of a transaction, debit and credit are recorded. This convention is the basis of the double entry system of accounting.
98.	e – Business	Type of business model that enables a person to conduct business over an electronic medium. It is a broader concept and includes E-commerce. E-commerce is a subset to E-business and is concerned only with online buying and selling. E-business on the other hand includes much wider range of business processes such as supply chain, electronic order processing, customer relationship, E-business processes etc.
99.	Earnings Share per	It is an accounting ratio which divides net earnings for the accounting period available to the equity shareholders by the total issued equity shareholders.
100.	Economic Activity	Activities undertaken with the objective of earning money.
101.	Effectiveness	The degree to which objectives are achieved and produce the successful desired result within the stipulated time.
102.	Efficiency	It is the ability to do things well, by optimum utilization of resources, successfully and minimum wastage.
103.	Embezzlement	Theft or misappropriation of funds.
104.	Employee Stock Option Plan (ESOP)	Incentive plans in which employees get the right to purchase specific number of shares in the company at a discounted price (less than the market price).
105.	Employment	It is a contract under which people work for others and receive remuneration in lieu thereof.
106.	Entity	A person, partnership, organisation or business that has a legal and separately identifiable existence.
107.	Equity	A stock or any other security representing an ownership interest in a company.
108.	Equity Shares	It is the source of finance of a company. Equity shareholders do not enjoy any preferential rights with regard to repayment of capital and dividend. These are shares other than the preference shares of a company and carry maximum risk and rewards.
109.	Estimated Useful Life	An estimate of the number of years an asset is likely to remain in use for business purposes.
110.	Ethics	Morals or values that govern a person's behaviour to act

		in a particular way.
111.	Expenditure	It is the amount spent or liability incurred for acquiring assets, goods or services. It can be capital or revenue nature. If the benefit derived exhausted within one accounting period, it is called revenue expenditure. However, if the benefits are exhausted beyond one accounting period, it is called capital expenditure.
112.	E-Wallet (Digital wallet)	It is an electronic internet based payment system which stores financial value as well as personal identity related information. It is also known as digital wallet.
113.	Fictitious Assets	These are the expenses which are not written off in the year in which they are incurred, but are written off in more than one accounting period. (refer deferred revenue expenditure)
114.	Financial Institutions	An establishment that focuses on dealing with financial transactions, such as investments, loans and deposits and currency exchange. These institutions are composed of organizations such as banks, trust companies, insurance companies and brokerage firms or investment dealers.
115.	Financial Instrument	A document that has a monetary value or represents a legally enforceable (binding) agreement between two or more parties for receipt or payment of money. e.g. cheque, draft, bond, share, bill of exchange.
116.	Financial Statements	For the firms, it includes Profit and Loss account, Balance Sheet and Notes to Accounts. In case of companies, it includes Statement of Profit and Loss, Balance Sheet, Cash Flow Statement and Notes to Accounts. It depicts financial performance for the accounting period and financial position on a particular date.
117.	Fixed Assets	These are long term tangible assets which a business entity owns and uses in its operations in more than one accounting period, to generate revenue. Such assets are retained for a longer period of time and are not meant to be converted into cash normally within an accounting period. These are shown on the Assets side of the Balance Sheet under the heading 'Non Current Assets'.
118.	Floataction cost	Total cost incurred by a company in offering its securities to the public.
119.	Forfeiture of Shares	It is the Process of cancellation of ownership of the shareholders when they fail to pay the call up money. The board should be empowered by the articles of association to cancel the shares and forfeit the received amount.
120.	Franchise	A type of agreement which a party (franchisee) acquires to have access to the business entity's (franchisor) proprietary knowledge, processes, trademark in order to allow the franchisee to sell a product or provide service

		under the franchisor's name. In exchange, the franchisee pays fees to the franchisor.
121.	Fraud	An act of intentional concealment or perversion of truth to gain unlawful or unfair advantage or denial of right to the victim.
122.	Free Reserves	According to the section (2(43)) of the Companies Act, 2013, the part of the retained earnings which as per the latest audited balance sheet are available for distribution as dividend. No specific purpose is attached to such type of reserves.
123.	GAAP Accounting concept	– These refers to rules and guidelines adopted for recording and reporting of business transactions in order to bring uniformity in the preparation and presentation of financial statement.
124.	Gain	It is a profit from non-operating activities (non business) of the business. E.g. gain from sale of fixed assets or investment etc.
125.	Global Depository Receipts	It is a certificate issued by a depository bank, which purchases and hold shares of foreign companies.
126.	Goodwill	It is an intangible asset arising as a result of name, reputation, customer loyalty, location, product and similar factors not separately identified. It has a positive impact on the earnings of the entity.
127.	Goods	It refers to the products in which the business unit is dealing i.e., in term of which it is buying and selling or producing and selling.
128.	Grant	Grants are non repayable funds or assets distributed or gifted by government, corporation or trust to a receipt which is often not for profit entity. It may be for a specific purpose or general grant.
129.	Grapevine	It is informal form of communication within formal organisation.
130.	Gross Profit	It is the excess of revenue from operations over the cost of goods sold.
131.	GST (Goods and services tax)	It is a comprehensive destination based indirect tax levied on each supplier of goods and/or services or both at the specified rates. GST paid (input GST, CGST, IGST, SGST) can be set off against GST collected (output GST, CGST, IGST, SGST) in a specified order.
132.	Hedging	An investment made or insurance taken to reduce the risk of adverse price movement. E.g. Insurance taken to cover the adverse movement in a foreign currency say, US dollar.
133.	Hire Purchase	It is a financing plan whereby the buyer pays the price of the asset(s) in regular installments while enjoying the use of it. The ownership rights are registered with the

		purchases while the lien on the asset is with the lender.
134.	Historical Cost	It is the amount for acquiring an asset including expenses up to the time it put to use it includes percentage cost and expenses (repair for second hand assets and installation cost etc.)
135.	Horizontal Analysis	It is a technique of financial statement analysis that shows changes in amount of corresponding financial statements item over a period of time expressed both as absolute amount and percentage.
136.	Human Resource	The personnel in an organization. They are considered as important resource in terms of skills and abilities.
137.	Incorporation	Setting up a company, firm or any other entity following the provision of law.
138.	Incubation	It is a unique and highly flexible combination of business development processes, infrastructure and people designed to nurture new and small businesses by helping them to survive and grow through the difficult and vulnerable early stages of development.
139.	Indemnity	It is a contractual obligation by one party (indemnitor) to compensation the loss due to the act of the other party (indemnatee).
140.	Index	An index is an indicator or measure of something, and in finance it typically refers to a statistical measure of securities market.
141.	Indian Depository Receipts	SEBI defines IDR as an instrument denominated in Indian rupees, in the form of a depository receipt (custodian of securities registered with the securities and exchange board of India) against the underlying equity shares of issuing company to enable foreign companies to raise funds from Indian securities markets.
142.	Industry	Organized economic activity concerned with manufacture, extraction and processing of raw materials or construction.
143.	Initial Public Offering (IPO)	Offering the securities by the companies for the first time to the general public that will be listed on stock exchange.
144.	Innovation	Innovation means change in existing or established product or practice by introducing new methods, process, ideas or improved products by making use of technological advancement.
145.	Insolvency	It is a state when an organization, or individual, is no longer able to meet the financial obligations.
146.	Insurance	A contract in which one party (insurer) in exchange of some fee (premium) to provide protection against the risk

		of other party(insured).
147.	Intangible Assets	An asset that does not have physical existence and has estimated useful life i.e. more than one year e.g. patents, trade mark, copyright. AS-26, intangible assets describes that useful life of intangible assets should not be exceeds 10 years. Amount written off i.e. term used for writing off intangible asset is amortization.
148.	Intellectual Property Rights	A legal right granted with the aim to protect the creation of the intellect. These rights include the patents, trademark and copy rights , G.I. etc.
149.	Interest	Money paid regularly at a particular rate for the use of money borrowed or for delaying the repayment of debt. It is expressed as a percentage e.g. 8% p.a.
150.	Interim Report	Interim Report is the report of financial results of any period that is shorter than a financial year. It is mandatory for listed companies to publish interim reports.
151.	Inventory	It is the raw materials, work-in-progress and finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale.
152.	Investor	An investor is a person that invests capital in an entity with the expectation of financial returns.
153.	Issued Capital	It is that part of the authorized capital which is issued for subscription including the shares allotted to vendors and the signatories to the company's memorandum of association.
154.	Joint Venture	An arrangement where two or more parties agreed to pool their resources for the purpose of accomplishing a specific task. It can have any form of business organisation in which each of the party shares its profits, losses and costs associated. It has its distinct legal identity.
155.	Job Enrichment	It is a tool for employee motivation with regard to recognition, achievement, autonomy, authority and responsibility for providing personal growth and meaningful work experience. It is vertical expansion of duties and responsibilities.
156.	Job Enlargement	Horizontal expansion of related tasks at the same level.
157.	Joint Hindu Family	It is none other than Hindu Undivided Family (HUF), it is a group of persons (both male and female) whose ancestor is same including unmarried daughters and wives.
158.	Joint Hindu Family Business	A business organisation governed by Hindu Undivided Family, under which all members of Joint Hindu Family carry a business under the control of 'Karta' or 'Mukhiya'

		of the family.
159.	Joint Life Policy	An insurance policy which is taken out by the Partnership Firm on the joint lives of all the partners. Amount of policy paid by the insurance company either on the death or on maturity of policy, whichever is earlier. Firm pays annual premium.
160.	Joint Stock Company	Refer: Company.
161.	Journal	A book that records financial transactions in chronological order (by date). The process of recording transactions in Journal is called Journalising.
162.	Journal Entry	A record of equal Debit and Credit of business transaction in the format of Journal.
163.	Know How	Practical knowledge, skill, information or body of knowledge that imparts an ability to achieve desired results.
164.	Knowledge Process Outsourcing (KPO)	This describes the outsourcing of core information related to an entity which is competitively important or form an integral part of a company's value chain. KPO requires advanced analytical and technical skills as well as high degree of specialist expertise.
165.	Key Performance Indicator	A statistical technique to identify critical areas which measure a firm's performance towards realizing its objectives or strategic plans by monitoring activities such a cash collection efficiency, ROI etc.
166.	Legacy	Assets received as donation by a not for profit organisation under will of a deceased person. The donor may or may not specify the conditions for its use.
167.	Legal Tender	It is a medium of payment recognized by a legal system to be valid for meeting a financial obligation. Paper currency and coins are common forms of legal tender.
168.	Lender	A financial institution which lends money in lieu of interest and with the expectation that loan and interest will be paid. The lender is paid interest on the loan as a cost of the loan.
169.	Letter of Credit	It is a financial instrument issued by a bank guarantying payment up to the specified amount on the behalf of one party (purchaser or importer) to another party (seller or exporter).
170.	Liability	Debts or obligation payable.
171.	Licensing	It is an agreement between the licensor (grants) and licensee (user) the right to use intangible property for a specified period and in return licensor receives a royalty

		fee from the licensee. It includes patents, inventions, formulae, copyrights, trademarks etc.
172.	Limited Liability Partnership	It is a business entity like partnership with additional feature of partner's liability being limited.
173.	Liquid Asset	It is an asset that can be converted into cash within a short period of time, with minimal impact to the value received in the open market.
174.	Loan	An asset or amount borrowed, that is to be paid back with interest. When a sum of money is borrowed, it is to be paid back with interest.
175.	Long Term Debt	Amount repayable after a period of 12 months from the date of Balance sheet.
176.	M_Banking (Mobile Banking)	It is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smart phone or tablet.
177.	Management By Exception	It is a practice where only significant deviations are brought to the attention of management for necessary action.
178.	Management by Objectives	It is a system that aims to improve performance of an organization by clearly defining objectives.
179.	Management Information System (MIS)	It refers to a computer-based system that provides managers with the tools to organize, evaluate and efficiently manage departments within an organization.
180.	Margin	It is the difference between selling price and cost price of a product.
181.	Market	A medium facilitating exchange of goods and services. It can be a physical market or a virtual market. (Refer e_business)
182.	Market Price	It is the current price at which goods/services can be bought or sold.
183.	Market Research	It is an organized effort to gather information about the target market or customers for the product or service. It provides information to identify and analyze market size and competition.
184.	Market Segmentation	It is a process of dividing market of groups/segment based on choices and preferences.
185.	Marketable Securities	Marketable securities are securities which can be readily sold. According to AS-3, cash flow statement, Marketable securities are included in cash and cash equivalents if the securities are redeemable within three months of its purchase and there is insignificant fall in its value.

186.	Memorandum of Association	It is a basic document required for incorporation of business. As charter of the company which defines its scope with external world in terms of objectives, capital, power and area of operation of the company beyond which it cannot operate.
187.	Merger	It is an agreement that unites two existing entities into one entity which may be the one already existing or can be a new entity.
188.	Middleman	A person who play an economic role, intermediate between producer and retailer or consumer.
189.	Minutes	Written records of proceedings of the meeting or hearings.
190.	Negotiable Instruments	A Negotiable Instrument is a written unconditional order or promise guaranteeing the payment of a specific amount of money either on demand within a stipulated time.
191.	Net Profit	Excess of earning (operating & non-operating) of an entity over its expenses (operating & non-operating) during an accounting period. It depicts the overall financial performance of an entity.
192.	Nominee	A person or firm into whose name securities or other properties are transferred to facilitate transactions.
193.	Non-Current Assets	Assets which are held by a business not with the purpose of resale but are held either as investment or to facilitate business operations, such assets cannot be realized to their full value within 12 months of balance sheet date.
194.	Non-Operating Expenses	Expenses incurred by an entity which are not related to their revenue generating operation such as loss on sale of fixed assets.
195.	Non-Operating Income	Income earned by an entity generated through activities not directly related to their operating activities such as gain on sale of fixed assets.
196.	Net Worth	Difference between value of assets and liabilities of an entity.
197.	Notary Public	An official of integrity appointed by state government to serve the public as an impartial witness in performing a variety of acts related to the signing of important documents.
198.	Notes to Accounts	It is a disclosure statement forming part of the financial statements. It discloses significant accounting policies followed in preparing the financial statements, changes in accounting policies (if any) showing its impact on profit. It also gives details of various items shown in the balance sheet and profit and loss account or statement of profit and loss.
199.	Notice	Written or formal notification or warning of something,

		especially to allow preparation to be made.
200.	Noting	A noting or memorandum by a notary public on a bill of exchange which has been dishonored. (Refer Bill of Exchange)
201.	Not for Profit Organizations (NPO)	These are voluntary organizations not set – up with an aim to earn profit from their operations but are for public welfare and to serve the society.
202.	Obsolescence	It is notable decline or decrease in the utility or value of an assets owing to technological changes, improvement in production methods or availability of better alternatives.
203.	Off the Job Training	Training employees at a site away from the actual work environment.
204.	On the Job Training	It is based on the principle of Learning by doing where employees are trained in actual work environment.
205.	One Person Company (OPC)	Sec. 2 (62), means a company which has only one person as a member.
206.	Opening Entry	It is the entry through which closing balances of various accounts of the previous year are brought forward to the beginning of new accounting period. It is the first entry in the books of account at the start of new financial year.
207.	Operating Activities	These are principal revenue generating activities of an entity.
208.	Operating Cost	The expenses related to the operating activities of an entity and are reported in its income statement.
209.	Operating Cycle	It is the average period of time required for an entity to make an initial outflow of cash to purchase/produce goods, sell the goods and receive cash from its customers in exchange for the goods. It plays an important role in determining the efficiency of the entity.
210.	Organization	An organized group of people with the common goal.
211.	Organizational Structure	A framework which defines the authority, responsibility, relationship with in the organizational hierarchy and determines how information flows from one level to another within the organisation.
212.	Outsourcing	A contract for hiring outside agency for generally performing non core activities of an entity.
213.	Outstanding	Amount that is still due to be paid.
214.	Over draft	It is a facility granted by a bank or a lending institution to its customers which allow a customer to withdraw amount over and above its actual balance.

215.	Over Subscription	Oversubscription is a situation where demand for initial public offering of securities exceeds the total number of shares issued by the company.
216.	Owners Fund	These are the funds provided by the owner of the business. It is also called equity. It is normally represented as capital in case of proprietorship firm, where as in partnership, it is capital of all the partners. In case of companies, it is expressed by share capital plus reserve and surplus.
217.	Packaging	The process of designing, evaluating and producing packages to protect products for distribution, storage, sale and end use.
218.	Paid up Capital	It is that part of the called up capital which has been received by the company from the shareholders.
219.	Par Value	Also known as face value or nominal value. Par value is a per share or bond amount appearing on the stock certificate. In case of shares, face value is stated under capital clause in memorandum of association of the company.
220.	Partnership	It is the relation between two or more persons who have agreed to share profits arising out of any lawful business carried on by all or any of them acting for all. It is regulated under the Partnership Act, 1932.
221.	Partnership Deed	It is the written agreement among partners which contains the terms and conditions of Partnership. The terms and conditions of partnership deed can override the provision of Partnership Act, 1932.
222.	Performance Appraisal	A technique by which the job performance of an employee is assessed and evaluated with regard to set standard performance.
223.	Perpetual Succession	Continuation of an existence of incorporated company, unaffected by the change in ownership of shares, death of a shareholder or insolvency etc.
224.	Petty Cash	Cash entrusted to an employee by the organisation for making relatively small payment for miscellaneous expenditure such as conveyance, postage or refreshment etc. The system under which such cash is maintained is known as imprest system. The person responsible for making such payments is known as petty cashier.
225.	Plan	A set of decision to achieve the objectives detailing the steps with timing and resources.
226.	Planning	Planning is the process of thinking about and organizing the activities required to achieve a desired goal.

227.	Plough Back	Retaining and utilizing profits to meet the financial requirements, or for the growth and expansion of the business rather than paying out dividends or repaying loans.
228.	Preference Shares	A type of shares the holders of which have preferential right over equity shareholders for payment of dividend and repayment of capital, in case of winding up of a company .
229.	<i>Prima-facie</i>	at first view" or "at first appearance. to signify that sufficient evidence appears to exist to support a case upon initial examination.
230.	Primary Market	Part of Capital market in which new securities are issued for first time.
231.	Private Placement	Allotment of securities by a company to few institutional investors and some selected individuals not to general public.
232.	Private Company	A private company means a company having a minimum paid up share capital as may prescribed and which by its articles- <ol style="list-style-type: none"> 1. Restricts the right to transfer its shares, 2. Except in case of one person company, limits the number of its members to 200 excluding its present or past employees, 3. Prohibits any invitation to the public to subscribe for any securities of the company. 4. Minimum paid up share capital is not prescribed.
233.	Privatization	Transfer of majority shareholding or ownership, control and management of the public sector enterprise to the Private sector.
234.	Profession	Activities which requires specialized knowledge and skills. Such activities are guided by the code of conduct laid down by respective professional bodies.
235.	Profit	It refers to the excess of revenue over expenses than accounting period.
236.	Profitability	As a measure of efficiency, it is the ability of the business to indicate a return on investment based on its resources.
237.	Pro-rata Allotment	It is a proportionate allotment to the applicants of shares and debentures, in case of over subscription.
238.	Prospectus	A document inviting offers from the public for the subscription of any securities of a body corporate.
239.	Provision	It is a charge against profit. It is created for a known liability, the amount of which is uncertain or cannot be ascertained with reasonable accurately.
240.	Public Company	It is a company which is not a private company. It offers

		its securities to the public.
241.	Public Deposit	Loans taken by entities from the public to be repaid on agreed date along with interest may be paid quarterly half year and yearly or on maturity.
242.	Public Sector	The public sector consists of various organizations owned and managed by the Govt.
243.	Purchases	The amount of raw material or goods procured by an entity for further process or sale.
244.	Qualification Share	The number of shares that a member of the board should own, to be appointed as board of directors of a company if the articles of associate so provides.
245.	Quality Control	It is a process through which creates an environment to ensure that product quality is maintained and manufacturing errors are minimized.
246.	Rebate	It is a type of sales promotion strategy, in which the amount of the purchase price is refunded by the seller to buyer when the purchases reach a specified value of goods or quality purchased. However in accounting terms, rebate is some benefit given by seller after sales has been made. It is normally over and above the trade discount.
247.	Receivables	It is a wider term which includes debtors, bills receivables (bills of exchange), promissory notes and trade receivable.
248.	Reconstitution	Any change in the existing agreement of partnership amounts to reconstitution of partnership firm. There are number of occasions when reconstitution of partnership take place i.e., change in profit sharing ratio; admission of partner; retirement of partner; death of a partner and Amalgamation of two partnership firms.
249.	Refund	Amount returned back on account of excess payment made or for goods returned. This may be due to excess tax paid by an individual or firm, over invoicing of purchases made etc.
250.	Registrar	The authority to administer the compliance of Companies Act 2013 or earlier companies laws.
251.	Remuneration	Reward for employment in the form of pay, salary, or wages including allowances, benefits and perquisite.
252.	Repo rate	Repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used to control inflation.
253.	Reserve Capital	Part of Uncalled capital that would be called from shareholders at the time of winding up of the company.
254.	Reserves	It is the amount set aside out of profits (present and past) to meet the legal requirement as well as to strengthen the financial position.

255.	Resolution	A formal expression of decision taken at meeting of the Committee (Board of Directors or Shareholders or Members).
256.	Retained Earning	It is an internal source of finance for a company. It is a part of profit not distributed as dividend to shareholders.
257.	Return on Investment	It is a tool to return (EBIT) in relation to capital employed.
258.	Return Inwards	Goods returned back by the selling entity from the purchaser.
259.	Returns Outwards	Goods returned by an entity to its suppliers.
260.	Revenue	It is the total amount of money received or receivable by an entity for goods sold or services rendered in an accounting period.
261.	Revenue from Operations	The revenue generated by an entity from its operating activities. This term is used in preparing statement of profit and loss for the company. Revenue from operation means net sales.
262.	Revenue Recognition	Revenue recognition principle states that revenue is to be recognized only when the risk and rewards associated with the items sold or service rendered are transferred.
263.	Reverse Repo rate	The <i>rate</i> at which the central <i>bank</i> of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country.
264.	Risk	Possibility of inadequate profits or even losses due to uncertainties or unexpected events.
265.	Redemption	The repayment of amount invested in securities such as preference shares, bonds and debentures etc.
266.	Sacrificing Ratio	In the event of reconstitution of partnership, the share which existing partner agree to sacrifice the share of profit in favour of other partner(s). Sacrificing share = Old share – New share.
267.	Sale	Total revenue from goods sold or services rendered in an accounting period.
268.	Scientific Management	A school of thought propounded by F.W.Taylor with the objective of increasing the economic efficiency and labour productivity at floor level.
269.	Scrap Value	It is defined as the expected or estimated value of the asset at the end of its estimated useful life. It is also known as salvage value or net residual value.
270.	Secondary	A market where investors purchase existing securities

	Market	from other investors, rather than from issuing companies themselves. Secondary market consists of both equity as well as debt markets. It is also known as stock exchange.
271.	Secured Loan	Amount borrowed which is secured by hypothecation or pledges of asset.
272.	Securities	It include bonds, debentures, notes, options, shares, and warrants which are traded in financial markets.
273.	Securities Premium	The amount received over and above the par value of securities.
274.	Share Capital	The total capital of the company is divided in small units (known as share), and total capital of the company is called as share capital.
275.	Share Certificate	It is a written document, signed on the behalf of a company, showing ownership of shares.
276.	Share Warrant	It is a bearer instrument, issued by a public company that is convertible into fully paid shares at predetermined price and pre determined date.
277.	Shareholder	An individual, group or organization who owns shares in a company.
278.	Shareholder's Funds	The amount belonging to the shareholders of a company which includes share capital, reserve and surplus.
279.	<i>Subscribed Capital</i>	It is that part of the issued capital which has been subscribed by the public. It can be categorized into two ways: <i>Subscribed and fully paid up</i> : it is part of subscribed capital which is fully called by the company and fully paid by the shareholders. <i>Subscribed but not fully paid up</i> is part of subscribed capital either not fully called by the company or fully called by the company or fully called but not paid by the sum of the shareholders.
280.	Surrender Value	It is the amount the policyholder will get from the life insurance company if he decides to exit the policy before maturity.
281.	Sweat Equity	Equity shares, which are issued by a Company to its directors or employees (including full time directors) at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called or as incentives to employees.
282.	Tag Line	It is a catch phrase or a punch line specially used in advertising to identify a product.
283.	Tangible Assets	A tangible asset is an asset that has a physical form.
284.	Tariff	It is tax or duty levied by government, generally in import

		and export.
285.	TDS (Tax at Deducted Source)	It is the income tax deducted at the time of payment as per the provisions of income tax act on the behalf of the government. The amount so deducted is deposited in the government account.
286.	Term deposits	It is an interest earning fixed term deposit hold at a bank, for a term ranging from few days to few years.
287.	Time Series	It is a tool to study the variable or trends at different interval of time.
288.	Trade Credit	It is short term source of finance provided by the suppliers of the goods and services.
289.	Trade Union	It is an organization that is formed by workers in order to represent their rights and interests to their employers, for example in order to improve working conditions or wages.
290.	Trading Equity on	It is a technique to maximize earning for the equity shareholders by mixing borrowed capital and own capital (equity). It is also known as financial leverage.
291.	Tribunal	It is an institution with authority to judge, adjudicate on, or determine claims or disputes—under different laws.
292.	True and fair	It is an expression of opinion meaning that financial statement are free from material misstatement and faithfully represent the financial performance of an entity for the accounting period and financial position as at that date.
293.	Ultra Vires	Beyond one's legal power or authority.
294.	Uncalled Capital	That part of the subscribed capital which has not yet been called up by the company.
295.	Underwriter	An investment banking firm which enter into a contract with the issuer of new securities to distribute them to the investing public. Thus, the <i>underwriter</i> makes a promise to get the <i>underwritten</i> issue subscribed either by him or by others.
296.	Underwriting	It is a contract to subscribe the unsubscribed part of issue of securities, if any. This process is known underwriting. The person, who undertakes to subscribe the unsubscribed securities, is known as underwriter.
297.	Unencumbered	Securities and other assets that are not mortgaged.
298.	Unearned income	It is an income received before it is earned such as advance received against sale of goods.
299.	Unlimited liability	It refers to obligation of partners or sole proprietor to meet liabilities of the business from personal assets where the business is not able to meet its own liabilities. It does not apply to limited liability partnership.

300.	Under subscription of shares	A situation where the subscription received is for lesser number of shares than offered. A company can issue shares only when it has received minimum Subscription. A company can allot shares when the subscription received for shares is more than 90% of shares issued and is less than 100 % of the shares issued for subscription. Minimum subscription is prescribed by SEBI at present 90% of the shares issued.
301.	Unsecured Loan	Amount borrowed which is NOT secured by hypothecation or pledges of asset.
302.	Vesting	It is the process by which an employee gets right to apply for shares of the company against ESOP.
303.	Vesting Date	The date when the employee satisfies the vesting conditions.
304.	Vesting Period	It is a period in which an employee must work for an employer (company) in order to own the shares in the company's stock option plan.
305.	Value of option	Difference between market price and the issue price of securities.
306.	Venture capital	Finance provided by investors, investment bank or any other financial institution specially to start up company which are likely to have long term growth potential.
307.	Voting Right	It is a right of the shareholder to vote on the resolution put up for consideration in the meeting. The right is in proportion to the shareholders.
308.	Warranty	Warranty is a written assurance given to the purchaser of an article by its manufacturer, promising to repair or replace it, if necessary, within the warranted period of time.
309.	Winding up	It is a process of selling all the assets of a business, paying off creditors, distributing any remaining assets to the partners or shareholders.
310.	Warehouse	It is the space for storage of goods.
311.	Working Capital	Funds required for day to day operations of an entity. It is the excess of current assets over current liabilities.
312.	Written Down Value	It is the book value of an asset after depreciation till date.
313.	Year end	It is the end date of an accounting period.
314.	Yield	Yield is an income return on an investment such as the interest or dividend received for holding a particular security.
315.	Zero Based Budgeting	A budget build up afresh for each period, not prepared in comparison to previous year's budgets.
316.	Zero Coupon Bond	A debt instrument (Bonds/ Debentures) which are issued at a price lower than the face value. Such bonds do not provide any interest to the holders. The difference between purchase price and redemption price is the interest provided. They are also known as Deep Discount Bond.

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