

DAV PUBLIC SCHOOLS, MCL, KALINGA AREA, TALCHER
PRACTICE PAPER-2
ACCOUNTANCY(XII COMMERCE)

Marking Scheme and Hints to Solutions

Note :Any other relevant answer not given in the Marking Scheme but given by the candidate should be suitably awarded.

PART-A&B (Accounting for Not-For-Profit Organisations, Partnership Firms and Companies & Analysis of Financial Statements)

Q No	Solution	Value points	Total Marks																											
1.	Partner Loan A/c	1	1																											
2.	(d) Rs.2,40,000	1	1																											
3.	No, the accountant's decision is not correct because according to AS-26, goodwill should be recorded in the books only when consideration for it is paid either in cash / kind	1	1																											
4.	On insolvency of all partners, or all except one partner, the court may order for dissolution of partnership firm.	1	1																											
5.	(c) Rs.1,44,000	1	1																											
6.	(c) Amount received on forfeited shares	1	1																											
7.	Old profit sharing ratio of Atual and Neera 3 :2. Mitali admitted for 1/10 th share which she gets entirely from Atual (As she brings 1/10 th of total goodwill of the firm and credit it entirely to actual capital A/c. The new ratio of Atual = 3/5 – 1/10 = 5/10 Therefore new ratio of Atual, Neera and Mitali 5/10 : 4/10 : 1/10 or 5 : 4 : 1	1	1																											
8.	According to Section 48 of Indian Partnership Act,1932. Mrs A Loan of Rs.20,000, being third party debt, will be paid before payment of B's Loan, B will be paid upto the available cash i.e Rs.5,000.	½ +½	1																											
9.	Profit on sale of Table tennis table Rs.1,500 (Rs.8,500- Rs.7,000) will be shown in the Credit side / Income side of Income and Expenditure Account	1	1																											
10.	(c) 6% p.a. as per section 37	1	1																											
11.	Old Ratio (3 : 2 : 1)	1	1																											
12.	(b) 30 th April,2019	1	1																											
13.	Rights over Assets of the firm and Rights over profit of the firm	½ +½	1																											
14.	<p style="text-align: center;">BALANCE SHEET</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">LIABILITIES</th> <th>AMOUNT(Rs.)</th> <th colspan="2">ASSETS</th> <th>AMOUNT(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Tournament Fund</td> <td>1,50,000</td> <td rowspan="4" style="text-align: center; vertical-align: middle;">1,62,000</td> <td>T. Fund investment</td> <td colspan="2" style="text-align: right;">1,50,000</td> </tr> <tr> <td>Add : Income from T. Fund</td> <td>18,000</td> <td>Accrued interest on T. Fund investment</td> <td colspan="2" style="text-align: right;">6,000</td> </tr> <tr> <td>Accrued interest</td> <td>6,000</td> <td></td> <td colspan="2"></td> </tr> <tr> <td>Less : T. Expense</td> <td>(12,000)</td> <td></td> <td colspan="2"></td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>(i) Calculation of Medicines purchased during the year = Rs.20,00,000+Rs.19,57,000 – Rs.17,85,000 = Rs.21,52,000</p> <p>(ii) Calculation of amount of medicines to be debited to Income and Expenditure Account = Rs.2,47,000+ Rs.21,52,000 – Rs.3,69,000 = Rs.20,30,000</p>	LIABILITIES		AMOUNT(Rs.)	ASSETS		AMOUNT(Rs.)	Tournament Fund	1,50,000	1,62,000	T. Fund investment	1,50,000		Add : Income from T. Fund	18,000	Accrued interest on T. Fund investment	6,000		Accrued interest	6,000				Less : T. Expense	(12,000)				½x6 1 ½ 1 ½	3 3
LIABILITIES		AMOUNT(Rs.)	ASSETS		AMOUNT(Rs.)																									
Tournament Fund	1,50,000	1,62,000	T. Fund investment	1,50,000																										
Add : Income from T. Fund	18,000		Accrued interest on T. Fund investment	6,000																										
Accrued interest	6,000																													
Less : T. Expense	(12,000)																													
15.	<p style="text-align: center;">R's Capital Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Particulars</th> <th>Amount</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>To Drawings</td> <td>60,000</td> <td>By Balance b/d</td> <td>6,50,000</td> </tr> <tr> <td>To Interest on Drawings</td> <td>900</td> <td>By Interest on Capital A/c</td> <td>16,250</td> </tr> <tr> <td>To R's Executors A/c</td> <td>6,35,350</td> <td>By Profit and loss Suspense A/c</td> <td>30,000</td> </tr> <tr> <td>Total</td> <td>6,96,250</td> <td>Total</td> <td>6,96,250</td> </tr> </tbody> </table> <p>WN: 1. Interest on Capital= 6,50,000x10/100x3/12= Rs.16,250 2. Calculation of R's Share in Profit= 6,00,000x25/100x1/5=Rs.30,000 3. Interest on Drawings = 60,000x12/100x1.5/12= Rs.900</p>	Particulars	Amount	Particulars	Amount	To Drawings	60,000	By Balance b/d	6,50,000	To Interest on Drawings	900	By Interest on Capital A/c	16,250	To R's Executors A/c	6,35,350	By Profit and loss Suspense A/c	30,000	Total	6,96,250	Total	6,96,250	½x6 =3 + 1	4							
Particulars	Amount	Particulars	Amount																											
To Drawings	60,000	By Balance b/d	6,50,000																											
To Interest on Drawings	900	By Interest on Capital A/c	16,250																											
To R's Executors A/c	6,35,350	By Profit and loss Suspense A/c	30,000																											
Total	6,96,250	Total	6,96,250																											

Q.N	Solution	Value points	Total Marks																																	
16.	<p>Profit wrongly distributed without considering adjustments among Kumar and Raja in the ratio of 7 : 3 Kumar Rs.1,94,600 and Raja Rs.83,400 Adjusted profit = Rs.2,78,000- 1,17,000-86,000 = 75,000 Kumar current Account adjustment = 81,000+50,000+52,500-1,94,600= 11,100 (Dr.) Raja current Account adjustment = 36,000+36,000+22,500-83,400 = 11,100 (Cr.)</p> <p style="text-align: center;">OR</p> <p>(i) Dr. A's Current Account and Cr. C's Current Account by Rs.10,000 (ii) Dr. P's Capital A/c by Rs.1,300 and Cr. P and Q's Capital A/c by Rs.400 and Rs.900 respectively</p>	<p>1mark for entry + 3 Marks for WN 1+1 1+1</p>	<p>4 OR 4</p>																																	
17.	<p style="text-align: center;">Balance Sheet of Vishwas Ltd.(An extract)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 20%;">Note.No</th> <th style="width: 20%;">Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td colspan="3">I. Equity and liabilities</td> </tr> <tr> <td colspan="3">(1) Shareholder's Funds</td> </tr> <tr> <td colspan="3">(a) Share Capital</td> </tr> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: right;">6,77,000</td> </tr> </tbody> </table> <p>Notes to Accounts-1</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 40%;">Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td colspan="2">(i) Share Capital :</td> </tr> <tr> <td>Authorised Capital : 1,00,000 equity shares of Rs.10 each</td> <td style="text-align: right;">10,00,000</td> </tr> <tr> <td>Issued Capital : 90,000 equity shares of Rs.10 each</td> <td style="text-align: right;">9,00,000</td> </tr> <tr> <td>Subscribed Capital: Subscribed but not fully paid up</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">84,500 equity shares of Rs.8 called up</td> <td style="text-align: right;">6,76,000</td> </tr> <tr> <td style="padding-left: 20px;">Less Calls in Arrears (1,000x2)</td> <td style="text-align: right;">(2,000)</td> </tr> <tr> <td style="padding-left: 20px;">Add: Share forfeiture (500x6)</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td></td> <td style="text-align: right;">6,77,000</td> </tr> </tbody> </table>	Particulars	Note.No	Amount (Rs.)	I. Equity and liabilities			(1) Shareholder's Funds			(a) Share Capital				1	6,77,000	Particulars	Amount (Rs.)	(i) Share Capital :		Authorised Capital : 1,00,000 equity shares of Rs.10 each	10,00,000	Issued Capital : 90,000 equity shares of Rs.10 each	9,00,000	Subscribed Capital: Subscribed but not fully paid up		84,500 equity shares of Rs.8 called up	6,76,000	Less Calls in Arrears (1,000x2)	(2,000)	Add: Share forfeiture (500x6)	3,000		6,77,000	<p>1 3</p>	<p>4</p>
Particulars	Note.No	Amount (Rs.)																																		
I. Equity and liabilities																																				
(1) Shareholder's Funds																																				
(a) Share Capital																																				
	1	6,77,000																																		
Particulars	Amount (Rs.)																																			
(i) Share Capital :																																				
Authorised Capital : 1,00,000 equity shares of Rs.10 each	10,00,000																																			
Issued Capital : 90,000 equity shares of Rs.10 each	9,00,000																																			
Subscribed Capital: Subscribed but not fully paid up																																				
84,500 equity shares of Rs.8 called up	6,76,000																																			
Less Calls in Arrears (1,000x2)	(2,000)																																			
Add: Share forfeiture (500x6)	3,000																																			
	6,77,000																																			
18.	<p style="text-align: center;">Journal Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 45%;">Particulars</th> <th style="width: 15%;">Debit(Rs)</th> <th style="width: 25%;">Credit(Rs)</th> </tr> </thead> <tbody> <tr> <td>28.2.2019</td> <td>Cash A/cDr. To Realisation A/c</td> <td style="text-align: right;">40,000</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>28.2.2019</td> <td>No entry</td> <td></td> <td></td> </tr> <tr> <td>28.2.2019</td> <td>Realisation A/c.....Dr. To Cash A/c</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>28.2.2019</td> <td>Dillip's Capital A/c.....Dr. Dinesh's Capital A/c.....Dr. To Realisation A/c</td> <td style="text-align: right;">1,600 2,400</td> <td style="text-align: right;">4,000</td> </tr> </tbody> </table>	Date	Particulars	Debit(Rs)	Credit(Rs)	28.2.2019	Cash A/cDr. To Realisation A/c	40,000	40,000	28.2.2019	No entry			28.2.2019	Realisation A/c.....Dr. To Cash A/c	30,000	30,000	28.2.2019	Dillip's Capital A/c.....Dr. Dinesh's Capital A/c.....Dr. To Realisation A/c	1,600 2,400	4,000	<p>1 1 1 1</p>	<p>4</p>													
Date	Particulars	Debit(Rs)	Credit(Rs)																																	
28.2.2019	Cash A/cDr. To Realisation A/c	40,000	40,000																																	
28.2.2019	No entry																																			
28.2.2019	Realisation A/c.....Dr. To Cash A/c	30,000	30,000																																	
28.2.2019	Dillip's Capital A/c.....Dr. Dinesh's Capital A/c.....Dr. To Realisation A/c	1,600 2,400	4,000																																	
19.	<p>Surplus (Excess of Income over Expenditure) Rs.11,950 Total Income Side of Income and Expenditure Account= Subscriptions+ Outstanding Subscriptions (60,000+15,000)+ Sale of old Magazines (Rs.450) + Entrance fee (Rs.1,100) + Interest on investment (Rs.5,250) = Rs.81,800 Total Expenditure Side of Income and Expenditure Account = Salary (Rs.31,500)+Postage(Rs.1,250)+Rent (Rs.9,000)+ Printing & Stationery (Rs.14,000) + Depreciation on furniture (Rs.1,000)+Sports material consumed (Rs.10,000)+ Miscellaneous Expenses (Rs.3,100) = Rs.69,850</p>	<p>½ mark for each correct posting x12</p>	<p>6</p>																																	
20.	<p>(i) (a) Land & Building A/c (Dr.) Rs.19,80,000 To Dinesh & Co. A/c(Cr.) Rs.19,80,000 (b) Dinesh & Co A/c (Dr.) Rs.19,80,000 and Loss on issue of deb.A/c (Dr.) Rs.2,20,000 To 12% Debenture A/c (Cr.) Rs.22,00,000 (ii) (a) Bank A/c (Dr.) Rs.1,35,000 To Debenture Application and Allotment A/c (Cr.) Rs.1,35,000 (b) Debenture Application & allotment A/c (Dr.) Rs.1,35,000 and Loss on issue of debentures A/c(Dr.) Rs.22,500 To 12% Debenture A/c (Cr.) Rs.1,50,000 and Premium on redemption of debenture A/c (Cr.) Rs.7,500. (iii) (a) Bank A/c (Dr.) Rs.8,00,000 To Bank Loan A/c (Cr.) Rs.8,00,000 (b) Debenture Suspense A/c (Dr.) Rs.10,00,000 To 12% Debenture A/c (Cr.) Rs.10,00,000</p> <p style="text-align: center;">OR</p> <p>(i) Debenture Redemption Investment A/c Dr 30,000 To Bank A/c (Cr.) 30,000 (being specified investments purchased) (ii) Bank A/c Dr.30,000 To Debenture Redemption Investment A/c (Cr.)30,000 (iii) 10% Debenture A/c Dr 2,00,000 To Debenture Holder A/c (Cr.) 2,00,000 (being debenture due for redemption) (iv) Debenture Holder A/c Dr2,00,000 To Bank A/c (Cr.)2,00,000 (Being payment made to debenture holders) (v) Debenture Redemption Reserve A/c Dr 50,000 To General Reserve A/c(Cr.)50,000 (Being the transfer of Debenture Redemption Reserve to General Reserve on the redemption of debentures)</p>	<p>2 2 2 OR 1x5 +1</p>	<p>6</p>																																	

Q.N	Solution							Value points	Total Marks	
21.	Revaluation Account							8		
	Particulars		Amount	Particulars		Amount				
	To Furniture A/c		30,000	By Stock A/c		30,000				
	To Profit transferred to Sanjana Capital A/c		24,000	By Investment A/c		40,000				
	Alok Capital A/c		<u>16,000</u>			40,000				
	Total		70,000	Total		70,000				
	Partners ' Capital Account									
	Particulars	Sanjana	Alok	Nidhi	Particulars	Sanjana	Alok			Nidhi
	To Bank A/c	30,000	20,000		By Bal.b/d	5,00,000	4,00,000			---
	To Investmen		3,00,000		By Premium	60,000	40,000			---
	To. Sanjana's Current A/c	50,000			By WCF	36,000	24,000			---
	To Balance C/d	5,40,000	3,60,000	3,00,000	By Revaluation A/c	24,000	16,000			
				By Bank A/c	---	---	3,00,000			
				By Alok Current A/c		2,00,000				
Total	6,20,000	6,80,000	3,00,000	Total	6,20,000	6,80,000	3,00,000			
Balance Sheet as at 1st April, 2019										
Liabilities		Amount	Assets		Amount					
Creditors		60,000	Cash		5,16,000					
Sanjana's Current A/c		50,000	Debtors		1,46,000					
Capital A/c		12,000	Less: provision		<u>2,000</u>					
Sanjana		5,40,000	Stock		1,80,000					
Alok		3,60,000	Alok's Current A/c		2,00,000					
Nidhi		3,00,000	Furniture		2,70,000					
Total		13,10,000	Total		13,10,000					
OR										
Revaluation Account										
Particulars		Amount	Particulars		Amount					
To Provision for D/DA/c		700	By Outstanding legal claims		2,500					
To Profit transferred to Ram Capital A/c		900								
Shyam Capital A/c		600			1,800					
Shyam Capital A/c		<u>300</u>								
Total		2,500	Total		2,500					
Partners ' Capital Account										
Particulars	Ram	Shyam	Hari	Particulars	Ram	Shyam	Hari			
To Shyam Capital A/c	9,000	-	3,000	By Balance b/d	90,000	60,000	30,000			
To Cash A/c		9,000		By Rev. Profit	900	600	300			
To Shyam's loan A/c		68,600		By WCF	4,500	3,000	1,500			
To Balance C/d	90,000		30,000	By General Reserve	3,000	2,000	1,000			
				By Ram & Hari	-	12,000	-			
				By Cash A/c	600		200			
Total	99,000	77,600	33,000	Total	99,000	77,600	33,000			
Balance Sheet as at 1st April, 2019										
Liabilities		Amount	Assets		Amount					
Sundry Creditors		14,100	Cash		6,800					
Shyam's Loan A/c		68,600	Debtors		21,000					
<u>Capital A/c</u>			Less: provision		<u>2,100</u>					
Ram		90,000	Stock		19,000					
Hari		<u>30,000</u>	Machinery		58,000					
		1,20,000	Building		1,00,000					
Total		2,02,700	Total		2,02,700					
Working Notes : Adjustment of Capital										

Q.No	Solution				Value points	Total Marks
22.	i)	Bank A/c.....Dr. To Equity Share Application A/c (Being the application money received on 1,20,000shares of Rs.20 per Share)	24,00,000	24,00,000	½	8
	ii)	Equity share application A/c.....Dr. To Equity share capital A/c (80,000x20) To Equity share Allotment A/c	24,00,000	16,00,000 8,00,000	1	
	iii)	Equity share Allotment I A/c.....Dr. To Equity share capital A/c To Security Premium Reserve A/c	48,00,000	32,00,000 16,00,000	½	
	iv)	Bank A/c.....Dr. To Equity share Allotment A/c Equity share 1st& Final Call A/c.....Dr. To Equity share capital A/c	38,00,000 32,00,000	38,00,000 32,00,000	1	
	v)	Bank A/c.....Dr. To Equity share 1 st & Final CallA/c	30,08,000	30,08,000	½	
	vi)	Equity Share Capital A/c.....Dr. Security premium Reserve A/c.....Dr. To Share Allotment A/c To Share 1 st & final Call A/c To Share forfeiture A/c	5,60,000 80,000	2,00,000 1,92,000 1,68,000	1	
	vii)	Bank A/c (3,600x8).....Dr. To Equity Share Capital A/c	4,20,000	4,20,000	1	
	viii)	Share Forfeited A/c.....Dr. To Capital Reserve A/c	1,50,000	1,50,000	1	
					1 ½	
	Working Notes : (i) Calculation of call money not received and Profit transferred to CR					
OR Q U E S T I O N	(a)	(i)	Equity Share Capital A/c.....Dr. To Equity Share First Call A/c To Share Forfeiture A/c	140	40 100	1x8 8
		(ii)	Bank A/c.....Dr. To Equity Share Capital A/c To Security premium Reserve A/c	120	105 15	
		(iii)	Share forfeiture A/c.....Dr. To Capital Reserve A/c	75	75	
	(b)	(i)	Equity Share Capital A/c.....Dr. Security premium Reserve A/c.....Dr. To Equity Share Allotment A/c To Share forfeiture A/c	720 180	450 450	
		(ii)	Bank A/c.....Dr. To Equity share Capital A/c To Security premium Reserve A/c	800	640 160	
	(c)	(i)	Equity share Capital A/c.....Dr. Security premium Reserve A/c.....Dr. To Equity Share Allotment A/c To Equity share 1 st call A/c To Share forfeiture A/c	7,050 1,410	3,760 2,350 2,350	
		(ii)	Bank A/c.....Dr. Share forfeiture A/c.....Dr. To Equity Share Capital A/c	4,465 235	4,700	
		(iii)	Share forfeiture A/c.....Dr. To Capital Reserve A/c	940	940	
	23.	Current Ratio will increase because both current assets and current liabilities are decreased by same amount.				
24.	Operating Profit Ratio = 100 – 83.94% = 16.06%				1	1
25.	Operating activities				1	1
26.	Lenders are interested in analysis of financial statements to know the profit earning capacity and long term solvency of the business.				1	1
27.	(a) Inventory Turnover Ratio and Working Capital Turnover Ratio				1	1

