शिक्षा निदेशालय, राष्ट्रीय राजधानी क्षेत्र दिल्ली

Directorate of Education, GNCT of Delhi

Suggestive Answers of Practice Paper-2

कक्षा – XII

Class – XII

लेखांकन(कोड: 055)

Accountancy (Code: 055)

TERM II (2021-22)

अधिकतम अंक: 40

Maximum Marks: 40

(Accounting for Not-for-Profit organizations, Partnership firms and Companies)

1. Income and Expenditure Account (I&E) is similar to the Profit and Loss Account in the sense that while the former is prepared to ascertain surplus or deficit during an accounting period, the latter is prepared to ascertain net profit or net loss incurred during an accounting period. I&E Account is a nominal account and is prepared on the accrual basis. It records all transactions of revenue nature that are related to the current accounting period (whether outstanding or prepaid) for which the books are maintained. All expenses and losses are recorded on the debit side (Expenditure side) and all income and gains are recorded on the credit side (Income side) of I&E Account. The closing balance or the balancing figure of I&E Account is termed as surplus (or deficit), if the sum total of the Income side exceeds (is lesser than) the sum total of the Expenditure side

2.

a) If partner's loan appears on the assets side of the Balance Sheet then it implies that the partner has taken loan from the business and is liable to pay back to the business. In such case, the loan amount is transferred to his capital account. Thus the accounting entry will be:

Partner’s Capital A/c Dr.
    To Partner's Loan A/c
(Partner's loan transferred to Partner's Capital Account)

b) If partner's loan appears on the liabilities side of the Balance Sheet then it implies that the partner has forwarded loan to the firm and the firm is liable to pay back the amount to the partner. In such case, partner's loan is paid off after paying all the external liabilities. The partner's loan is not transferred to the Realisation Account, in fact, it is paid in cash. The following accounting entry is passed.-

Partner’s Loan A/c Dr.
    To Cash/Bank A/c
(Partner’s loan paid in cash)

3.

Basis of Difference	Sacrificing ratio	Gaining Ratio
1. Meaning	It is the ratio in which old partners agree to	It is the ratio in which continuing partner

	sacrifice their share of profit in favour of new partners/partner	acquires the share of profit from outgoing partner/partner
2. Calculation	Sacrificing Ratio = Old Ratio – New Ratio	Gaining Ratio = New Ratio – Old Ratio
3. Time	It is calculated at the time of admission of new partners/partner.	It is calculated at the time of retirement/death of old partners/partner.
4. Objective	It is calculated to ascertain the share of profit and loss given up by the existing partners in favour of new partners/partner.	It is calculated to ascertain the share of profit and loss acquired by the remaining partners (of the new firm in case of retirement) from the retiring or deceased partner.
5. Effect	It reduces the profit share of the existing partners.	It increases the profit share of the remaining partners.

4.

Sports Club

Dr. Income and Expenditure Account for the year end 31st March 2019 Cr.

Particulars	₹	Income	₹
To Stationery Consumed (WN)	5,10,000		

Working Note (WN):

Calculating Stationery Consumed (2018-19)

Stationery Consumed = Opening stock of stationery + Payment of Stationery- Closing stock of stationery + creditors at the end – creditors at the beginning

= ₹80,000+₹4,70,000-₹60,000 +1,10,000 – 90,000

= ₹5,10,000

OR

i) Sale of old periodicals

a) The amount received from the sale of old periodicals are shown on the debit side of the Receipts and Payments Account.

b) As the sale of old periodicals by any organisation is considered as revenue receipts, so it is shown on the credit side of the Income and Expenditure Account.

ii) Sale of sport Materials

a) The amount received from the sale of sport materials are debited to the Receipt and Payments Account.

b) As the sale of sport materials by any sport club is considered as revenue income, so it is shown on the credit side of the Income and Expenditure Account.

iii) Life Membership Fees

a) The amount paid by a person to become a member of an organisation is called life membership fees. As this is a receipt for an NPO, so it is debited to the Receipt and Payment Account.

b) Life Membership fees is not recurring in nature and received once for a whole life from a member. Thus, as Life Membership Fees are capital receipts, so these are added to the Capital Fund on the Liabilities side of the Balance Sheet.

5

Books of Saroj and Shanti

Journal

Date	Particulars		L.F.	Amount Rs	Amount Rs
	Sangeeta's Capital A/c	Dr.		12,000	
	Saroj's Capital A/c	Dr.		18,000	
	Shanti's Capital A/c	Dr.		30,000	
	To Goodwill A/c				60,000
	(Goodwill written off)				
	Saroj's Capital A/c	Dr.		18,000	
	To Sangeeta's Capital A/c				18,000
	(Sangeeta's share of goodwill adjusted to Saroj's Capital Account in her gaining ratio)				

Working Notes:

1. Sangeeta's share of goodwill.

Total goodwill of the firm × Retiring Partner's share $= 90,000 \times \frac{2}{10} 18,000$

2. Gaining Ratio = New Ratio – Old Ratio

Saroj's Gaining Share $= \frac{1}{2} - \frac{3}{10} = \frac{10-6}{20} = \frac{4}{20}$

Shanti's Gaining Share $= \frac{1}{2} - \frac{5}{10} = \frac{10-10}{20} = \frac{0}{20}$

6.

Books of Wye Ltd.
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs

	Sundry Assets A/c Dr. To Vendor A/c (Business purchased)		2,00,000	 2,00,000
	Vendor A/c Dr. To Bank A/c (Amount paid to Vendor in cash)		65,000	 65,000
	Vendor A/c Dr. Discount on Issue of Debentures A/c Dr. To 9% Debentures A/c (Issued 1,500 debentures at 10% discount)		1,35,000 15,000	 1,50,000

Working Note:

$$\text{No. of debentures to be issued} = \frac{\text{Purchase Consideration}}{\text{Issue Price}} = \frac{1,35,000}{90} = 1,500 \text{ debentures}$$

OR

Books of Deepak Ltd.
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Furniture A/c Dr. To Furniture Mart (Furniture purchased from Furniture Mart)		2,20,000	 2,20,000
	Furniture Mart Dr. To Bills Payable A/c (Bill accepted from Furniture Mart against 50% payment)		1,10,000	 1,10,000
	Furniture Mart Dr. To 9% Debenture A/c To Securities Premium A/c (Issued 1,000 9% Debentures of Rs 100 each at a premium of 10% to Furniture Mart)		1,10,000	 1,00,000 10,000

Working Note:

$$\text{No. of debentures to be issued} = \frac{\text{Purchase Consideration}}{\text{Issue Price}}$$
$$= \frac{1,10,000}{100+10} = \frac{1,10,000}{110}$$
$$= 1,000 \text{ debentures}$$

7

Books of Paras and Priya

Journal

	Particulars	**L.F.**	**Amount Rs**	**Amount Rs**
1)	Bank A/c Dr. To Realisation A/c (Unrecorded furniture sold)		3,000	 3,000
2)	Bank A/c Dr. To Realisation A/c (Bad Debt recovered which was previously written off as bad)		600	 600
3)	Paras's Capital A/c Dr. To Realisation A/c (Unrecorded goodwill taken over by Paras)		30,000	 30,000
4)	Priya's Capital A/c Dr. To Realisation A/c (Unrecorded Typewriter estimated Rs 400 taken over by Priya at 25% less price)		300	 300
5)	Paras's Capital A/c Dr. Priya's Capital A/c Dr. To Realisation A/c (100 shares of Rs 10 each which were not recorded in the books taken @ Rs 6 each by Paras and Priya and divided between them in their profit sharing ratio)		300 300	 600

OR

Books of Radha and Meena

Revaluation Account

Dr. **Cr.**

Particulars	**Amount**	**Particulars**	**Amount**

	Rs		Rs
Machinery	800	Expenses Owing	750
Loose Tools	400	Factory Premises	1,800
Profit transferred to Capital Account:			
Meena 675			
Radha 450			
Sheela 225	1,350		
	2,550		2,550

Parters' Capital Account

Dr. Cr.

Particulars	Radha	Sheela	Meena	Particulars	Radha	Sheela	Meena
Sheela's Capital A/c	3,375		1,125	Balance b/d	15,000	15,000	15,000
Sheela's Loan A/c		24,450		General Reserve	6,750	4,500	2,250
Balance c/d	19,050		16,350	Revaluation (Profit)	675	450	225
				Radha's Capital A/c		3,375	
				Meena's Capital A/c		1,125	
	22,425	24,450	17,475		22,425	24,450	17,475

Balance Sheet as on April 01, 2017

Liabilities	Amount Rs	Assets	Amount Rs
Trade Creditors	3,000	Cash in Hand	1,500
Bills Payable	4,500	Cash at Bank	7,500
Expenses Owing	3,750	Debtors	15,000
Sheela's Loan	24,450	Stock	12,000
		Factory Premises	24,300
Capitals:		Machinery 8,000	
Radha 19,050		*Less*: 10% (800)	7,200
Meena 16,350	35,400	Loose Tools 4,000	
		Less: 10% (400)	3,600
	71,100		71,100

Working Notes:

1) Sheela's share of goodwill

Total goodwill of the firm × Retiring Partner's share =13,500×2/6 =4,500

2) Gaining Ratio = New Ratio − Old Ratio

Radha's Share $= \frac{3}{4} - \frac{3}{6} = \frac{18-12}{24} = \frac{6}{24}$

Meena's Shares $= \frac{1}{4} - \frac{1}{6} = \frac{6-4}{24} = \frac{2}{6}$

Gaining Ratio between Radha and Meena = 6 : 2 or 3 : 1

8. (i) Rs, 1,75,000
(ii)

Date	Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
	12 % Debentures Application A/c Dr.		1,75,000	
	To 12% Debentures A/c			1,00,000
	To Bank Account			25,000
	To Debentures Allotment A/c			50,000
	(Being the transfer of application money to Debentures A/c and refund made on rejected Application)			
(iii)				
	12% Debentures Allotment A/c Dr.		80,000	
	Discount on issue of 12% debenture Dr.		40,000	
	To 12% Debentures Account			1,20,000
	(Being the allotment money due on 4,000 Debentures @ Rs. 20 and discount of Rs. 10)			
(iv)	Rs,30,000			
(v)				
	Bank A/c Dr.		1,80,000	

	To 12% Debentures First & call A/c			1,80,000
	(Being the call money received)			

9.

Income and Expenditure Account

as on December 31, 2017

Dr. **Cr.**

Expenditure		**Amount Rs**	**Income**		**Amount Rs**
General Expenses		900	Subscription	70,000	
Salary	16,000		*Add*: Outstanding for 2017	20,000	90,000
Add: Outstanding for 2017	1,000		(100 members at Rs 900 each)		
	17,000		Rent from use of hall		17,000
Less: Outstanding for 2016	(1,000)	16,000	Sale of Old News Papers		400
			Profit from Entertainment		7,300
Loss on Sale of Old Books		1,200			
Electricity Charges		7,800			
Newspapers		600			
Meeting Expenses		7,200			
Postage		1,300			
Surplus (*Balancing figure*)		79,700			
		1,14,700			1,14,700

Balance Sheet as on March 31, 2016

Liabilities	**Amount Rs**	**Assets**	**Amount Rs**
Salary Outstanding	1,000	Subscription Outstanding	3,600
Capital Fund (*Balancing figure*)	39,900	Furniture	2,600
		Books	6,200

		Cash and Bank	3,500
		Building	25,000
	40,900		40,900

Balance Sheet

as on March 31, 2017

Liabilities		Amount Rs	Assets		Amount Rs
Advance Subscription		3,000	Subscription Outstanding		
Salary Outstanding		1,000	2017	20,000	
			Add: 2016 (Still Outstanding)	1,600	21,600
Capital Fund	39,900		Building		25,000
Add: Surplus	79,700	1,19,600	Furniture	2,600	
			Add: Purchases	26,500	29,100
			Books	6,200	
			Add: Purchases	13,000	
				19,200	
			Less: Sales	3,200	16,000
			T.V. Set		16,000
			Cash and Bank		15,900
		1,23,600			1,23,600

Part-B
(Analysis of Financial Statements)

10.

(a) $\text{Amount paid for Machinery} = 2{,}50{,}000 \times \frac{20}{100} = 50{,}000$

Part payment Rs 50,000 for acquiring machinery Rs 2, 50,000 is related with Investing Activities.

(b) Inflow of cash of Rs 60,000 on sale of machinery is a part Investing Activities.

11.

Common Size Statement of Profit and Loss
For the years ended on 31st March, 2014 and 2015

Particulars	Absolute Amounts		Percentage of Revenue from Operations (Net Sales)	
	2014 (Rs.)	**2015 (Rs.)**	**2014 (%)**	**2015 (%)**
I. Revenue from operations	6,00,000	7,00,000	100.00	100.00
II. Add : Other Incomes	30,000	40,000	5.00	5.71
III. Total Revenue(I+II)	**6,30,000**	**7,40,0000**	**105.00**	**105.71**
IV. Expenses				
a. Cost of Material Consumed	4,80,000	5,00,000	80.00	71.43
b. Other expenses	60,000	84,000	10.00	12.00
Total Expenses	**5,40,000**	**5,84,000**	**90.00**	**83.43**
V. Profit before tax (III-IV)	90,000	1,56,000	15.00	22.28
Less : Tax @ 50%	(27,000)	(46,800)	(4.50)	(6.69)
VI. Profit after tax	**63,000**	**1,09,200**	**10.50**	**15.59**

OR

In the books of Star Ltd.
Comparative Balance Sheet

as at March 31, 2018 and 2019

Particulars	2018 (₹)	2019 (₹)	Absolute Change (₹)	Percentage Change (%)
I. Equity and Liabilities				
1. **Shareholders' Funds**				
a. Share Capital	6,00,000	7,00,000	1,00,000	16.67
Shareholders' Fund	6,00,000	7,00,000	1,00,000	16.67
2. **Non-Current Liabilities**				
a. Long-term Borrowings	4,00,000	2,00,000	(2,00,000)	(50.00)
3. **Current Liabilities**				
a. Trade Payables	2,00,000	3,00,000	1,00,000	50.00
Total	**12,00,000**	**12,00,000**	–	–
II. Assets				
1. **Non-Current Assets**				
a. Fixed Assets (Tangible)	6,00,000	8,00,000	2,00,000	33.33
2. **Current Assets**				
a. Trade Receivables	6,00,000	4,00,000	(2,00,000)	(33.33)
Total	**12,00,000**	**12,00,000**	–	–

Cash flow Statement
for the year ended 31st March, 2019

Particulars	Amount (₹)	Amount (₹)
A. Cash Flow from Operating Activities		
Net Profit as per Statement of Profit & Loss	7,50,000	
Add: Provision for Tax made	75,000	
Net Profit before Tax and Extraordinary Items	8,25,000	
Add: Depreciation charged during the year	2,00,000	
Add: Loss on Sale of Machine	20,000	
Net Profit before working Capital changes	10,45,000	
Add: Increase in Trade Payables	2,75,000	
Less: Increase in Current Assets	(1,50,000)	
Net Profit before Tax	11,70,000	
Less: Tax Paid during the year	75,000	
Cash Flow from Operating Activities		**10,95,000**
B. Cash flow from Investing Activities		
Purchase of Fixed Asset	(4,67,500)	
Sale of Machine	80,000	
Cash used in Investing Activities		**3,87,500**

Dr. **Accumulated Depreciation A/c** **Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2019 March 31	To Fixed Asset A/c (Depreciation on Mach. Sold)	1,62,500	2018 April 01	By Balance b/d	10,62,500
March 31	To balance c/d	11,00,000		By Statement of Profit & Loss A/c (Bal. Fig.)	2,00,000
		12,62,500			12,62,500

Dr. **Fixed Assets A/c** **Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2018 April 01	To balance b/d	21,25,000	2019 March 31	By Accumulated Depreciation A/c	1,62,500
2019			March 31	By Statement of Profit & Loss A/c-Loss	20,000
			March 31	By Bank A/c (1,00,000 – 20,000)	80,000
March 31	To Cash/Bank A/c	4,67,500	March 31	By balance c/d	23,30,000
		25,92,500			25,92,500