

MARKING SCHEME- SET II

1	<p>a) A person cannot be introduced as partner without the consent of all partners. Therefore, Z cannot be admitted into partnership because Y objects to it.</p> <p>b) Profits shall be shared equally between X and Y after deducting interest on loan of X @ 6%p.a on 10,000.</p> <p style="text-align: right;">(1/2 + 1/2)</p>	1																															
2	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">John's Capital a/c</td> <td style="width: 10%; text-align: center;">Dr</td> <td style="width: 10%; text-align: right;">7,500</td> <td style="width: 50%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Mohit's Capital a/c</td> <td></td> <td></td> <td style="text-align: right;">7,500</td> </tr> </table>	John's Capital a/c	Dr	7,500		To Mohit's Capital a/c			7,500	1																							
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3	<p>a) Gaining ratio= New ratio – Old ratio  T's gain= <math>3/5 - 2/5 = 1/5</math>  U's gain = <math>2/5 - 2/5 = 0</math></p> <p>b) S's share of goodwill = 60,000 X 1/5  =12,000</p> <p style="text-align: right;">(1/2 + 1/2)</p>	1																															
4	<p>a) In case of dissolution of a firm, firm's debts to the third parties are to be paid first.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">b) Cash / Bank a/c</td> <td style="width: 10%; text-align: center;">Dr</td> <td style="width: 10%; text-align: right;">42,000</td> <td style="width: 50%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Realisation a/c</td> <td></td> <td></td> <td style="text-align: right;">42,000</td> </tr> </table> <p style="text-align: right;">(1/2+1/2)</p>	b) Cash / Bank a/c	Dr	42,000		To Realisation a/c			42,000	1																							
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6	<p>(i) Interest accrued but not due = 1,00,000 X 10/100 X 3/12 = 2,500</p> <p>(ii) Interest accrued but due = 1,00,000 X 10/100 X 6/12 = 5,000</p> <p style="text-align: right;">(1/2+1/2)</p>	1																															
7	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">Dr.</td> <td style="width: 60%; text-align: center;">Momita's Capital Account</td> <td style="width: 15%; text-align: center;">Cr.</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Particulars</td> <td style="border-bottom: 1px solid black;">Amount ( ₹ )</td> <td style="border-bottom: 1px solid black;">Particulars</td> <td style="border-bottom: 1px solid black;">Amount ( ₹ )</td> </tr> <tr> <td>To Drawings A/c</td> <td style="text-align: right;">10,000</td> <td>By Balance b/d</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>To Interest on Drawing A/c</td> <td style="text-align: right;">300</td> <td>By Profit and Loss Suspense A/c</td> <td style="text-align: right;">4,500</td> </tr> <tr> <td>To Mowmita's Executor's A/c</td> <td style="text-align: right;">83,000</td> <td>By Interest on Capital</td> <td style="text-align: right;">1,800</td> </tr> <tr> <td></td> <td></td> <td>By Vikas's Capital A/c</td> <td style="text-align: right;">13,500</td> </tr> <tr> <td></td> <td></td> <td>By Gagan's Capital A/c</td> <td style="text-align: right;">13,500</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;">93,000</td> <td></td> <td style="border-top: 1px solid black; text-align: right;">93,000</td> </tr> </table> <p>Working Notes:</p> <p>(i) Calculation of Interest on Capital = 60,000 X 6/100 X 6/12 = ₹ 1,800</p> <p>(ii) Calculation of Mowmita's Share of Profit = 45,000 X 1/5 X 6/12 = ₹ 4,500</p> <p>(iii) Share in Goodwill = 45,000 X 3 X 1/5 = ₹ 27,000</p> <p style="text-align: right;">(6 X 1/2 mark)</p>	Dr.	Momita's Capital Account	Cr.	Particulars	Amount ( ₹ )	Particulars	Amount ( ₹ )	To Drawings A/c	10,000	By Balance b/d	60,000	To Interest on Drawing A/c	300	By Profit and Loss Suspense A/c	4,500	To Mowmita's Executor's A/c	83,000	By Interest on Capital	1,800			By Vikas's Capital A/c	13,500			By Gagan's Capital A/c	13,500		93,000		93,000	3
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8						3
	Date	Particulars	L.F	Dr. ( ₹ )	Cr. ( ₹ )	
		Share capital A/c Dr. To Share allotment A/c To Share first and final call A/c To Share forfeited A/c (Being shares forfeited)		5,000	600 2,500 1,900	
		Bank A/c Dr. To Share capital A/c To Securities premium A/c ( Being shares reissued)		6,000	5,000 1,000	
		Share forfeited A/c Dr. To Capital reserve A/c (Being profit on one-issue transferred to capital reserve)		1,900	1,900	
	(3 X 1mark)					
9	X Y Limited Journal					3
	Date	Particulars	L.F	Dr. ( ₹ )	Cr. ( ₹ )	
		Machinery Account Dr. To Modern Equipment Manufacturers Limited (Purchased machinery for Rs. 7,00,000 from Modern Equipment Manufacturers Limited)		7,00,000	7,00,000	
		Modern Equipment Manufacturers Ltd. A/c Dr. Loss on Issue of 9% Debentures Account Dr. To 9% Debentures Account To Equity Share capital Account To Securities Premium Account (Issued Rs. 1,00,000 9% debentures at a discount of 10% redeemable at a premium of 10% and 50,000 equity shares of Rs. 10 each issued at a premium of 15% )		6,65,000 20,000	1,00,000 5,00,000 75,000 10,000	
		Modern Equipment Manufacturers Ltd. A/c Dr. To Bills Payable Account (Acceptance given to Modern Equipment Manufacturers Limited)		35,000	35,000	
	(3 X 1mark)					
10	Journal					3
	Date	Particulars	L.F	Dr. ( ₹ )	Cr. ( ₹ )	
	2012 Sept 30	Debenture interest a/c Dr To Debenture holder a/c To TDS Payable a/c (being the interest due on debentures for the half year ended 30 <sup>th</sup> Sept. 2012; TDS deducted @10%)		12,000	12,000	

2013 mar 31	Debenture holders A/c Dr. TDS payable A/c Dr. To Bank A/c (Being the interest paid to Debentureholders and TDS deposited in government a/c)	10,800 1,200	12,000
	Debenture interest a/c Dr To Debenture holder a/c To TDS Payable a/c (being the interest due on debentures for the half year ended 30 <sup>th</sup> March 2013; TDS deducted @10%)	12,000	10,800 1,200
	Debenture holders A/c Dr. TDS payable A/c Dr. To Bank A/c (Being the interest paid to Debentureholders and TDS deposited in government a/c)	10,800 1,200	12,000
	Statement of Profit and loss a/c Dr To Debenture interest a/c  (being interest transferred to statement of profit and loss at the year end)	24,000	24,000

(4 X 1/2mark+ 1mark)

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Date	Particulars	LF.	Dr. ( ₹ )	Cr. ( ₹ )
2017 April 1	Gaurav's Capital A/c Dr. To David's Capital A/c (Being adjustment made for revaluation of assets and liabilities and general reserve)		1,250	1,250

Dr. Partners' Capital Accounts

Cr.

Particulars	Gaurav ( ₹ )	Aslam ( ₹ )	David ( ₹ )	Particulars	Gaurav ( ₹ )	Aslam ( ₹ )	David ( ₹ )
To David's Capital A/c	1,250	-	-	By Balance b/d	2,00,000	1,50,000	1,00,000
To Balance C/d	1,98,750	1,50,000	1,01,250	By Gaurav's Capital A/c	-	-	1,250
	2,00,000	1,50,000	1,01,250		2,00,000	1,50,000	1,01,250

Balance Sheet  
as at 1<sup>st</sup> April 2017

Liabilities	( ₹ )	Assets	( ₹ )
Sundry Creditors	25,000	Cash at Bank	20,000
Outstanding Expenses	2,500	Sundry Debtors	1,05,000
General Reserve	37,500	Stock	1,50,000
Capital Accounts:		Furniture	30,000
Gaurav	1,98,750	Plant and Machinery	2,10,000
Aslam	1,50,000		

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	David	<u>1,01,250</u>	4,50,000		
			5,15,000		5,15,000
	(1mark+1mark+2marks)				
12	Journal				4
	Date	Particulars	L.F.	Dr. ( ₹ )	Cr. ( ₹ )
	2017 April 1	Realisation A/c Dr. To Land and Building A/c To Machinery A/c To Debtors A/c (Being the above assets transferred to Realisation A/c)		2,10,000	70,000 60,000 80,000
		Sundry Creditors A/c Dr. To Realisation A/c (Being creditors transferred to Realisation A/c)		70,000	70,000
		Bank A/c Dr. To Realisation A/c (Being amount realised from sale of machinery and collection of debtors)		1,21,500	1,21,500
		Realisation A/c Dr. To Bank A/c (Being payment made for creditors and realisation expenses)		21,700	21,700
		Ram's Capital A/c Dr. Shyam's Capital A/c Dr. To Realisation A/c (Being loss on realisation debited to Partner's Capital A/cs)		30,150 10,050	40,200
		Ram's Capital A/c Dr. Shyam's Capital A/c Dr. To Bank A/c (Being final payment made to partners)		89,850 69,950	1,59,800
	(4 X 1/2mark+1 mark+1mark)				
13	(a).				6
	(i). Profit and loss appropriation account for the year ended 31 <sup>st</sup> March 2014				
	Particulars	( ₹ )	Particulars	( ₹ )	
	To Interest on capital Simmi 22,500 Ginni <u>10,500</u>	33,000	By Profit/loss A/c (Net Profit)	1,80,000	
	To Profit transferred to: Simmi 58,800 Ginni 58,800 Sunny <u>29,400</u>	1,47,000			
		<u>1,80,000</u>		<u>1,80,000</u>	
	(ii). Values, the firm wants to communicate to the society.				

	<p>(a). Harmony among partners being from different walks of life.  (b). Helping and caring thoughts for specially abled people.</p> <p>(b).  (i). Calculation of Interest on Drawings:  Radha = Total drawings = 5,000 X 6 = 30,000  Interest on Drawings = 30,000 X 12/100 X 7/12 = 2,100</p> <p>Rekha = Total drawings = 5,000 X 4 = 20,000  Interest on drawings = 20,000 X 12/100 X 9/24 = 900</p> <p>(ii). The two main rights acquired by a new partner are:  (I). Right to share the profit of the business  (II). Right over the assets of the firm.</p> <p style="text-align: right;">(2 marks+2marks+1mark+1mark)</p>																																																																		
14	<p>a)  Statement showing the adjustment to be made</p> <table border="1" data-bbox="272 831 1342 1010"> <thead> <tr> <th>Particulars</th> <th colspan="2">X's capital</th> <th colspan="2">Y's capital</th> <th colspan="2">Z's capital</th> <th colspan="2">Firm</th> </tr> </thead> <tbody> <tr> <td>In 2:2:1</td> <td>3,00,000</td> <td></td> <td>3,00,000</td> <td></td> <td>1,50,000</td> <td></td> <td></td> <td>7,50,000</td> </tr> <tr> <td>In 1:1:1</td> <td></td> <td>2,40,000</td> <td></td> <td>2,40,000</td> <td></td> <td>2,40,000</td> <td>7,20,000</td> <td></td> </tr> <tr> <td></td> <td>3,00,000</td> <td>2,40,000</td> <td>3,00,000</td> <td>2,40,000</td> <td>1,50,000</td> <td>2,40,000</td> <td>7,20,000</td> <td>7,50,000</td> </tr> <tr> <td>Net Effect</td> <td>60,000</td> <td></td> <td>60,000</td> <td></td> <td></td> <td>90,000</td> <td></td> <td>30,000</td> </tr> </tbody> </table> <p>Journal :</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>X's Capital a/c</td> <td style="text-align: right;">Dr</td> <td style="text-align: right;">60,000</td> <td></td> </tr> <tr> <td>Y's Capital a/c</td> <td style="text-align: right;">Dr</td> <td style="text-align: right;">60,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">90,000</td> </tr> <tr> <td>To Z's capital a/c</td> <td></td> <td></td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>To Y's Loan a/c</td> <td></td> <td></td> <td style="text-align: right;">30,000</td> </tr> </table> <p>b) (i) Capitalisation method: Goodwill - ₹ 2,50,000  (ii) Super profit method : Goodwill- ₹ 1,00,000</p> <p style="text-align: right;">(a) Table- 2mark + Journal-1 mark)  (b) 1.5 +1.5 marks</p>	Particulars	X's capital		Y's capital		Z's capital		Firm		In 2:2:1	3,00,000		3,00,000		1,50,000			7,50,000	In 1:1:1		2,40,000		2,40,000		2,40,000	7,20,000			3,00,000	2,40,000	3,00,000	2,40,000	1,50,000	2,40,000	7,20,000	7,50,000	Net Effect	60,000		60,000			90,000		30,000	X's Capital a/c	Dr	60,000		Y's Capital a/c	Dr	60,000					90,000	To Z's capital a/c			30,000	To Y's Loan a/c			30,000	6
Particulars	X's capital		Y's capital		Z's capital		Firm																																																												
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31	Premium on redemption of debenture To Debentureholder a/c		2,00,000	22,00,000
Mar 31	Debentureholder a/c To Bank a/c	Dr	22,00,000	22,00,000
Mar 31	Debenture redemption reserve A/c To General reserve a/c	Dr	20,00,000	20,00,000

(6 journal – 1 mark each)

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Dr.		Revaluation Account		Cr.	
Particulars	Amount	Particulars	Amount		
To Stock	900	By Premises	16,000		
To Provision for legal damages	1,200	By Provision for Doubtful debts	100		
To Profit transferred to capital A/C's		By Furniture	4,000		
Pankaj	9,000				
Naresh	6,000				
Saurabh	3,000				
	18,000				
	20,100				20,100

Dr.		Partners' Capital Account			Cr.		
Particulars	Pankaj	Naresh	Saurabh	Particulars	Pankaj	Naresh	Saurabh
To Naresh's Capital A/c (Goodwill)	14,000	-	-	By Balance b/d	46,000	30,000	20,000
To Naresh's loan A/c	-	26,000	-	By General reserve	6,000	4,000	2,000
To Bank A/c	-	28,000	-	By Pankaj's Capital A/c (G/w)	-	14,000	-
To Balance C/d	47,000	-	25,000	By Revaluation	9,000	6,000	3,000
	61,000	54,000	25,000		61,000	54,000	25,000

Balance Sheet

Liabilities	( ₹ )	Assets	( ₹ )
Bank overdraft (7,600 – 28,000)	20,400	Debtors (6,000)	
Sundry creditors	15,000	Less: Provision (300)	5,700
Bills payable	12,000	Stock	8,100
Outstanding salary	2,200	Furniture	45,000
Provision for legal damages	7,200	Premises	96,000
Naresh's loan			
Capitals:			
Pankaj	47,000		
Saurabh	25,000		
	72,000		
	1,54,800		1,54,800

(2.5 marks+3marks+2.5marks)

OR

**Revaluation Account**

Particulars	( ₹ )	Particulars	( ₹ )
To Stock A/c	2,000	By Furniture	6,000
To Profit transferred to:			
L                     2,500			
M <u>1,500</u>	4,000		
	6,000		6,000

**Dr. Partners' Capital Account Cr.**

Particulars	L	M	N	Particulars	L	M	N
To L's Capital A/c			4,000	By Balance b/d	30,000	20,000	-
To M's Capital A/c			4,000	By Reserve	2,500	1,500	-
To Balance c/d	39,000	27,000	17,000	By Revaluation A/c	2,500	1,500	-
				By N's Capital A/c	4,000	4,000	-
				By Cash A/c	-	-	25,000
	39,000	27,000	25,000		39,000	27,000	25,000

**Balance Sheet**

Liabilities	( ₹ )	Assets	( ₹ )
Capitals		Machinery	26,000
L	39,000	Furniture	24,000
M	27,000	Stock	8,000
N	17,000	Debtors	8,000
Bank loan	12,000	Cash (6,000 + 25,000)	31,000
Creditors	2,000		
	97,000		97,000

(1.5marks+4 marks+2.5marks)

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Dt	Particulars	L.F.	Dr. ( ₹ )	Cr. ( ₹ )
	Bank A/c <span style="float: right;">Dr.</span>		16,00,000	
	To Equity share application A/c (Being application money received)			16,00,000
	Equity share application A/c <span style="float: right;">Dr.</span>		16,00,000	
	To Equity share capital A/c			9,00,000
	To Securities premium a/c			3,00,000
	To Equity Share allotment a/c			2,00,000
	To bank a/c			2,00,000
	(Being application money transferred)			
	Equity share allotment <span style="float: right;">Dr.</span>		12,00,000	
	To Equity share capital A/c			9,00,000
	To Securities premium a/c			3,00,000
	(Being allotment money due)			
	Bank A/c <span style="float: right;">Dr.</span>		9,80,000	
	Calls in arrears A/c <span style="float: right;">Dr.</span>		20,000	
	To Equity share allotment A/c			10,00,000

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(Being allotment money received)			
Equity Share capital A/c Dr. Securities premium a/c To Calls in Arrears A/c To Share forfeited A/c (Being 100 shares forfeited)		36,000 6,000	20,000 22,000
Share Ist call A/c Dr. To Share capital A/c (Being share Ist call money received)		5,88,000	5,88,000
Bank A/c Dr. Calls in Arrears A/c To Share Ist call A/c (Being share Ist call money received)		5,70,000 18,000	5,88,000
Share capital A/c Dr. To Calls in arrears A/c To Shares forfeiture A/c (Being shares forfeited)		72,000	18,000 54,000
Bank A/c Dr. Share forfeiture A/c Dr. To Equity share capital A/c (Being shares reissued)		80,000 20,000	1,00,000
Share forfeiture A/c Dr. To Capital reserve A/c (Being excess amount transferred to capital reserve A/c)		26,000	26,000

(5 entries-1 marks each+4 entries – 0.5mark each+last entry- 1 mark)

OR

a)

Date	Particulars	L.F.	Dr. ( ₹ )	Cr. ( ₹ )
	Equity share capital A/c Dr. Securities premium A/c Dr. To Equity share allotment A/c To Share forfeited A/c (Being 200 shares forfeited)		16,000 2,000	10,000 8,000
	Bank A/c Dr. Share forfeited A/c Dr. To Equity share capital A/c (Being forfeited shares reissued)		14,000 6,000	20,000
	Share forfeited A/c Dr. To Capital reserve A/c (Being profit transferred to capital reserve)		2,000	2,000

b)

Date	Particulars	L.F.	Dr.( ₹ )	Cr.( ₹ )
	Land A/c Dr. To Akash Ltd. A/c (Being land purchased)		27,00,000	27,00,000
	Akash Ltd. A/c Dr. To Bank A/c		8,10,000	8,10,000



	(Being 30% paid by cheque)																																		
	Akash Ltd. A/c To Equity share capital A/c To Securities premium A/c (Being balance amount paid by issue of equity shares at premium)	Dr.	18,90,000	15,75,000 3,15,000																															
	<p>c)</p> <p>(i). Yes, these shares can be reissued. Forfeited shares can be issued by the board of directors as and when it so decides. Such shares can be issued at par, premium or at discount.</p> <p>(ii). These shares can be reissued allowing discount not exceeding the amount forfeited on such shares. In this situation, the company can reissue the forfeited shares for a minimum of ₹ 30 per share.</p> <p>(iii). The amount transferred to capital reserve will be ₹ 10,000.</p> <p style="text-align: right;">(3 marks +2 marks +3 marks)</p>																																		
18	Dividend received by a finance company will be classified under operating activity.			1																															
19	No flow-reason: Cash deposited into bank represents movement between items of cash.			1																															
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