

Solved Paper 2022

ACCOUNTANCY (TERM-II)

Class-XII

Time : 2 Hours

Max. Marks : 40

General Instructions :

1. This question paper contains 12 questions. All questions are compulsory.
2. This question paper is divided into two Parts, **Part-A** and **B**.
3. **Part A** is compulsory for all candidates.
4. **Part-B** has two options i.e. (i) Analysis of Financial Statements and (ii) Computerised Accounting. Students must attempt **only one** of the given options.
5. Question nos. 1 to 3 and 10 are short-answer type-I questions carrying 2 marks each.
6. Question nos. 4 to 6 and 11 are short-answer type-II questions carrying 3 marks each.
7. Question nos. 7 to 9 and 12 are long-answer type questions carrying 5 marks each.
8. There is no overall choice. However, an internal choice has been provided in 3 questions of **three** marks and 1 question of **five** marks.

PART-A

(Accounting for Not-for Profit Organizations, Partnership Firms and Companies)

1. Show the following information in the Balance Sheet of 'Dev Sports Club':

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Particulars	₹
Match Fund (as on 31st March, 2020)	1,70,000
Match Expenses (paid during the year ended 31st March, 2021)	2,50,000
Donations for Match (Received during the year ended 31st March, 2021)	90,000

Ans.

In the books of 'Dev Sports Club'
Balance Sheet [An Extract]
as at 31st March, 2021

Liabilities	Amount (₹)	Assets	Amount (₹)
Match fund	1,70,000		
Add : Donations	<u>90,000</u>		
	2,60,000		
Less : Expenses	<u>(2,50,000)</u>		
	10,000		

2. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of:

- (i) Termination of business.
- (ii) Settlement of Assets and Liabilities.

Ans. Differences between 'Dissolution & Partnership' and 'Dissolution of Partnership Firm'

S.No.	Basis of distinction	Dissolution of Partnership	Dissolution of Partnership Firm
(i)	Termination of business	Business is not terminated.	Business of the firm is compulsory terminated.
(ii)	Settlement Assets and Liabilities	Assets are revalued and liabilities are reassessed.	Assets are sold out and liabilities are paid out.

3. Madhu, Manav and Mukul were partners in a firm sharing profits in the ratio of 3 : 2 : 1. On 31st March, 2021 Mukul retired from the firm. On Mukul's retirement, goodwill of the firm was valued at ₹ 3,00,000. Pass necessary journal entry for the treatment of goodwill without opening Goodwill Account on Mukul's retirement.

Ans. Value of firm's goodwill = ₹ 3,00,000

$$\begin{aligned}\text{Share of Mukul in firm's goodwill} &= ₹ 3,00,000 \times \frac{1}{6} \\ &= ₹ 50,000\end{aligned}$$

This amount is to be compensated by Madhu and Manav in their gaining ratio (3 : 2).

$$\begin{aligned}\text{Amount to be compensated by Madhu} &= ₹ 50,000 \times \frac{3}{5} \\ &= ₹ 30,000\end{aligned}$$

$$\begin{aligned}\text{Amount to be compensated by Manav} &= 50,000 \times \frac{2}{5} \\ &= ₹ 20,000\end{aligned}$$

Journal Entry

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
2021 Mar. 31	Madhu's Capital A/c	Dr.	30,000	—
	Manav's Capital A/c	Dr.	20,000	—
	To Mukul's Capital A/c		—	50,000
	(Being goodwill compensated by Madhu and Manav)			

4. (a) As per Receipts and Payments Account of Kala Club for the year ended 31st March, 2021, subscriptions received were ₹ 4,00,000. 3

	₹
Subscriptions outstanding on 1.4.2020	1,00,000
Subscriptions outstanding on 31.3.2021	70,000
Subscriptions received in advance on 1.4.2020	50,000
Subscriptions received in advance on 31.3.2021	80,000

Calculate the amount of subscriptions to be shown in Income and Expenditure Account for the year ended 31st March, 2021 as income from subscription.

OR

- (b) From the following information, calculate the amount of stationery to be shown in Income and Expenditure Account for the year ended 31st March, 2021:

Particulars	1st April, 2020 (₹)	31st March, 2021 (₹)
Creditors for Stationery	5,600	12,800
Stock of Stationery	25,000	35,000

During the year ended 31st March, 2021 payment made to creditors amounted to ₹ 62,800. Stationery purchased during the year was ₹ 2,00,000.

- Ans. 4. (a) In the books of Kala Club
Dr. Subscription Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Outstanding Subscription (In the beginning)	1,00,000	By Advance Subscription (In beginning)	50,000
To Income and Exp. A/c	3,40,000	By Bank A/c (Subscription received)	4,00,000

(Balancing figure)		during the year)	
To Advance Subscription	80,000	By Outstanding Subscription	70,000
(Advance at the end)		(Outstanding at the end)	
	5,20,000		5,20,000

Subscription to be shown in Income & Expenditure A/c for the year ended 31st March, 2021.

Particulars	Amount (₹)
Subscription received	4,00,000
Add: subscription o/s as on 31.3.2021	70,000
subscription received in advance on 31.4.2020	50,000
	5,20,000
Less: subscription o/s as on 31.4.2020	(1,00,000)
subscription received in advance on 31.3.2021	(80,000)
subscription to be shown in Income & Expenditure A/c	3,40,000

OR

(b)

In the books of...

Dr.

Stationery Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	25,000	By Income and Expenditure	
To Cash A/c (Purchased)	2,00,000	(Bal. fig.)	1,90,000
		By Balance c/d	35,000
	2,25,000		2,25,000

Note : Creditors for stationery will be ignored because stationery purchased (and not the amount paid for stationery) during the year is given.

5. Puneet, Purav and Parth were partners in a firm sharing profits and losses in the ratio of 4:3:1. The firm closes its books on 31st March every year. As per the terms of partnership deed, on the death of any partner, the Goodwill of the firm will be calculated on the basis of 3 times the average profits of last 4 years. Puneet died on 1st July, 2021. The profits for last four years were:

Year	Profit (₹)
2017-18	90,000
2018-19	1,00,000
2019-20	1,30,000
2020-21	80,000

Puneet's share of profit upto the date of death was to be calculated on the basis of previous year's profit.

- Calculate goodwill of the firm and Puneet's share of goodwill.
- Calculate Puneet's share in the profits of the firm till the date of his death.
- Pass necessary journal entries for the treatment of goodwill without opening goodwill account and for Puneet's share of profit at the time of his death.

Ans. (i)
$$\text{Average Profit} = \frac{90,000 + 1,00,000 + 1,30,000 + 80,000}{4}$$

$$= \frac{₹4,00,000}{4} = ₹1,00,000$$

$$\begin{aligned} \text{Goodwill of the firm} &= \text{Average Profit} \times \text{No. of year's purchase} \\ &= ₹1,00,000 \times 3 \\ &= ₹3,00,000 \end{aligned}$$

$$\text{Puneet's share of Goodwill} = 3,00,000 \times \frac{4}{8}$$

= ₹ 1,50,000

(ii) Puneet died on 1st July, 2021

So he will be paid for profits for

(1 April, 2021 to 1st July, 2021) = 3 MonthsSo, Puneet's share in profits = ₹ 80,000 × $\frac{4}{8} \times \frac{3}{12}$

= ₹ 10,000

(iii)

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
2021 July 01	Purav's Capital A/c Dr.		1,12,500	—
	Parth's Capital A/c Dr.		37,500	—
	To Puneet's Capital A/c		—	1,50,000
	(Being goodwill compensated by remaining partners)			
"	Profit & Loss Suspense A/c Dr.		10,000	—
	To Puneet's Capital A/c		—	10,000
	(Being share of profit till the date of Puneet's death transferred to his capital A/c)			

Working Notes:

Goodwill compensated by Purav = ₹ 1,50,000 × $\frac{3}{4}$ = ₹ 1,12,500Goodwill compensated by Parth = ₹ 1,50,000 × $\frac{1}{4}$ = ₹ 37,500

6. (a) Radhey Ltd. took over assets of ₹ 14,00,000 and liabilities of ₹ 6,00,000 of Krishna Ltd. Radhey Ltd. paid the purchase consideration by issuing 10,000, 8% Debentures of 100 each at a premium of 10%. 3
Pass necessary journal entries in the books of Radhey Ltd.

OR

- (b) Amay Ltd invited applications for issuing 10,000, 8% debentures of ₹ 100 each. The amount was payable as follows:
₹ 30 on application and ₹ 70 on allotment. The public applied for 12,000 debentures. Applications for 8,000 debentures were accepted in full; applications for 3,000 debentures were allotted 2,000 debentures and the remaining applications were rejected. All money was duly received. Pass the necessary journal entries in the books of the company for the above transactions.

Ans. (a) In the books of Radhey Ltd.

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Assets A/c Dr.		14,00,000	—
	Goodwill A/c (Bal. fig.) Dr.		3,00,000	—
	To Liabilities A/c		—	6,00,000
	To Krishna Ltd.		—	11,00,000
	(Being business of Krishna Ltd. taken over)			
	Krishna Ltd. Dr.		11,00,000	—
	To 8% Debentures A/c		—	10,00,000
	To Securities Premium Reserve A/c		—	1,00,000
	(Being purchase consideration paid by issue of 8% debentures)			

Working Note :

Calculation of amount of purchase consideration

$$= ₹ 10,00,000 \text{ (Nominal value of deb.)} + 1,00,000 \text{ (Premium)}$$

$$= ₹ 11,00,000$$

Amount of Goodwill = (Liabilities + Purchase consideration) – Assets

$$= (₹ 6,00,000 + ₹ 11,00,000) - ₹ 14,00,000$$

$$= ₹ 17,00,000 - ₹ 14,00,000$$

$$= ₹ 3,00,000$$

OR

(b) In the books of Amay Ltd.

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Bank A/c Dr. To Deb. App. A/c (Being app. money received)		3,60,000 —	— 3,60,000
	Debenture App. A/c Dr. To 8% Debentures A/c To Debenture Allotment A/c (1,000 × 30) To Bank A/c (1,000 × 30) (Being application money adjusted and surplus refunded)		3,60,000 — — —	— 3,00,000 30,000 30,000
	Debenture Allotment A/c Dr. To 8% Debentures A/c (Being allotment money due)		7,00,000 —	— 7,00,000
	Bank A/c Dr. To Debenture Allotment A/c (Being allotment money received)		6,70,000 —	— 6,70,000

Note : ₹ 30,000 towards allotment have been received in advance. Hence ₹ 6,70,000 will be received for allotment.

7. (a) Give the necessary Journal entries for the following transactions on dissolution of the firm of Sonu and Monu on 31st March, 2021, after transfer of various assets (other than cash and bank balance) and the third party liabilities to Realisation Account. They shared profits and losses in the ratio of 2:1.

- Sonu agreed to take over the firm's goodwill (not recorded in the books of the firm) at a valuation of ₹ 40,000.
- Bills payable of ₹ 30,000 falling due on 30th April, 2021 were discharged at ₹ 29,550.
- Stock worth ₹ 8,00,000 was taken over by partner, Sonu at 10% discount.
- Creditors of ₹ 2,00,000 accepted machinery valued at ₹ 2,20,000 in full settlement of their claim.
- Expenses of realisation ₹ 10,000 were paid by partner, Sonu.

OR

(b) Anu, Bhanu and Charu were partners in a firm sharing profits in the ratio of 2:2:1. Anu decided to retire from the firm on 31st March, 2021. The balance sheet of the firm on that date was as follows:

Balance sheet of Anu, Bhanu and Charu as on 31st March, 2021:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	24,000	Bank	10,000
Profit & Loss A/c	5,000	Debtors	20,000
Capitals:		Less: Provision for Doubtful debts	400
Anu	31,000	Stock	27,000
Bhanu	30,000	Investments	10,000
Charu	22,000	Patents	2,400
	83,000	Premises	43,000
	1,12,000		1,12,000

On retirement of Anu, following terms were agreed upon :

- (i) Anu sold her share of premium for goodwill to Bhanu for ₹ 6,000 and to Charu for ₹ 3,000.
- (ii) Provision for doubtful debts was to be raised to 5% on debtors.
- (iii) Patents were considered as valueless.
- (iv) Anu was paid ₹ 9,600 through a cheque and balance was transferred to her Loan A/c.

Prepare Revaluation Account and Anu's Capital Account on her retirement.

Ans. (a) **In the books of Sonu and Monu**

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Sonu's Capital A/c Dr. To Realisation A/c (Being unrecorded goodwill taken over by Sonu)		40,000 —	— 40,000
(ii)	Realisation A/c Dr. To Cash A/c (Being B/P discharged)		29,550 —	— 29,550
(iii)	Sonu's Capital A/c Dr. To Realisation A/c (Being stock taken over by Sonu)		7,20,000 —	— 7,20,000
(iv)	No Entry			
(v)	Realisation A/c Dr. To Sonu's capital A/c (Being realisation exp. paid by a partner)		10,000 —	— 10,000

OR

(b) **In the books of Anu, Bhanu and Charu**

Dr. **Revaluation Account** Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To P.B.D.	600	By Partners Capital A/c	
To Patents	2,400	Anu	1,200
		Bhanu	1,200
		Charu	600
	3,000		3,000
			3,000

Dr. **Anu's Capital Account** Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Revaluation A/c	1,200	By Balance b/d	31,000
To Bank A/c	9,600	By Profit & Loss A/c	2,000
To Anu's Loan A/c	31,200	By Bhanu's Capital A/c	6,000
		By Charu's Capital A/c	3,000
	42,000		42,000

Note : It is not mentioned in the question that the amount of goodwill purchased by Bhanu and Charu of Anu is involved in the payment through cheque of ₹ 9,600 or not. Hence, it has been considered that 9,600 includes the payment for goodwill. No separate payment has been made as per question.

8. Pass journal entries relating to issue of debentures for the following transactions:

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- (a) Issued 8,000, 10% debentures of ₹ 100 each at a discount of 10%, redeemable at 5% premium.

- (b) Issued 4,000, 12% debentures of ₹ 100 each at 10% premium, redeemable at 6% premium.
 (c) Issued ₹ 1,00,000, 9% debentures of ₹ 100 each at par redeemable at par
 (d) Issued ₹ 5,00,000, 9% debentures of ₹ 100 each at 10% premium redeemable at par.
 (e) Issued ₹ 6,000, 9% debentures of ₹ 100 each at a discount of 10% redeemable at par.

Ans.

In the books of

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(a)	Bank A/c	Dr.	7,20,000	—
	To 10% deb. App. and Allot. A/c		—	7,20,000
	(Being debenture money received)			
	10% Deb. App. and Allot. A/c	Dr.	7,20,000	—
	Discount on Issue of Deb. A/c	Dr.	80,000	—
	Loss on Issue of Deb. A/c	Dr.	40,000	—
(b)	10% Deb. A/c		—	8,00,000
	To Premium on Red. of deb. A/c		—	40,000
	(Being debenture issued)			
	Bank A/c	Dr.	4,40,000	—
	To 12% Deb. App. and Allot. A/c		—	4,40,000
	(Being debenture money received)			
(c)	12% Deb. App. and Allot. A/c	Dr.	4,40,000	—
	Loss on Issue of Deb. A/c	Dr.	24,000	—
	To 12% Debentures A/c		—	4,00,000
	To Securities Premium Reserve A/c		—	40,000
	To Premium on Red. of Deb. A/c		—	24,000
	(Being debentures issued)			
(d)	Bank A/c	Dr.	1,00,000	—
	To Deb. App and Allot. A/c		—	1,00,000
	(Being debenture money received)			
(e)	Deb. App. and Allot. A/c	Dr.	1,00,000	—
	To 9% Debentures A/c		—	1,00,000
	(Being debentures issued)			
	Bank A/c	Dr.	5,50,000	—
	To Deb. App. and Allot. A/c		—	5,50,000
	(Being amount of deb. received)			
(d)	Deb. App. and Allot. A/c	Dr.	5,50,000	—
	To 90% deb. A/c		—	5,00,000
	To Securities Premium Reserve A/c		—	50,000
	(Being debentures issued)			
(e)	Bank A/c	Dr.	5,40,000	—
	To Deb. App. and Allot. A/c		—	5,40,000
	(Being amount of deb. received)			
	Deb. App. and Allot. A/c	Dr.	5,40,000	—
Discount on Issue of Deb. A/c	Dr.	60,000	—	
To 9% Debentures A/c		—	6,00,000	
(Being debentures issued)				

11. (a) From the information extracted from the Statement of Profit and Loss prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2021:

Particulars	2020-21 (₹)	2019-20 (₹)
Revenue from operations	7,20,000	4,00,000
Expenses	5,00,000	2,00,000
Tax Rate @ 50%		

OR

- (b) From the following Balance Sheet of Rohit Ltd., prepare a Common Size Balance Sheet:

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Balance Sheet of Rohit Ltd.
as at 31st March, 2021

Particulars	Note No.	31st March, 2021 (₹)	31st March, 2020 (₹)
I. Equity and Liabilities			
1. Shareholders' Funds		3,20,000	1,60,000
2. Current Liabilities		80,000	40,000
Total		4,00,000	2,00,000
II. Assets			
1. Non Current Assets		3,00,000	1,50,000
2. Current Assets		1,00,000	50,000
Total		4,00,000	2,00,000

Ans. (a)

In the books of.....

Comparative Statement of Profit & Loss
For the years ended 31st March, 2020 and 2021

Particulars	2019-20 (₹)	2020-21 (₹)	Absolute Change (₹)	Percentage Change (%)
Revenue from Operations	4,00,000	7,20,000	3,20,000	80
Add : Other Income	—	—		
Total Revenue	4,00,000	7,20,000	3,20,000	80
Less : Expenses	2,00,000	5,00,000	3,00,000	150
Profit before tax	2,00,000	2,20,000	20,000	10
Less : Tax @ 50%	1,00,000	1,10,000	10,000	10
Profit After Tax	1,00,000	1,10,000	10,000	10

OR

(b)

In the books of Rohit Ltd.
Common Size Balance Sheet
as at 31st March, 2021

Particulars	Note No.	Absolute Amounts (₹)		Percentage of Balance Sheet Total (%)	
		31.03.2020	31.03.2021	31.03.2020	31.03.2021
I. Equity and Liabilities					
1. Shareholders' Funds		1,60,000	3,20,000	80	80
2. Current Liabilities		40,000	80,000	20	20
Total		2,00,000	4,00,000	100	100
II. Assets					
1. Non-Current Assets		1,50,000	3,00,000	75	75
2. Current Assets		50,000	1,00,000	25	25
Total		2,00,000	4,00,000	100	100

12. Calculate 'Cash Flows from Investing Activities' and 'Cash Flows from Financing Activities' for the year ended 31st March, 2021 from the following Balance Sheet of Kamna Ltd. as at 31st March, 2021 showing your workings clearly:

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Kamna Ltd.
Balance Sheet
as at 31st March, 2021

Particulars	Note No.	31st March, 2021 (₹)	31st March, 2020 (₹)
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital		12,00,000	11,00,000
(b) Reserves and surplus		3,00,000	2,00,000
2. Non-Current Liabilities	1		
Long-term borrowings		2,40,000	1,70,000
3. Current Liabilities			
Trade payables		2,20,000	2,81,000
Total		19,60,000	17,51,000
II. Assets			
1. Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2	10,70,000	8,50,000
(ii) Intangible Assets	3	40,000	1,12,000
2. Current Assets			
(a) Current Investments		2,40,000	1,50,000
(b) Inventories		1,20,000	1,21,000
(c) Trade Receivables		1,70,000	1,43,000
(d) Cash and Cash Equivalents		3,20,000	3,75,000
Total		19,60,000	17,51,000

Notes to Accounts:

Note No.	Particulars	31st March, 2021 (₹)	31st March, 2020 (₹)
1.	Reserve and Surplus Surplus i.e. Balance in Statement of Profit & Loss	3,00,000 <u> </u>	2,00,000 <u> </u>
2	Tangible Assets: Machinery Accumulated Depreciation	12,70,000 (2,00,000) <u>10,70,000</u>	10,00,000 (1,50,000) <u>8,50,000</u>
3	Intangible Assets: Goodwill	<u>40,000</u>	<u>1,12,000</u>

Additional Information:

A piece of machinery costing ₹ 24,000 on which accumulated depreciation was ₹ 16,000, was sold for ₹ 6,000.

Ans. Working Notes

Dr.		Machinery A/c		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)		
To Balance b/d	10,00,000	By Bank A/c (Sale proceed)	6,000		
To Bank A/c (Bal. fig. Machinery Purchased)	2,94,000	By Accumulated Dep.	16,000		
		By Loss on sale (24,000 – 16,000 – 6,000)	2,000		
		By Balance c/d	12,70,000		
	12,94,000				12,94,000

Cash Flow from Investing Activities

Particulars	Amount (₹)
Proceeds from sale of machinery	6,000
Purchase of machinery (Working Note)	(2,94,000)
Net Cash used in Investing Activities	(2,88,000)

Cash Flow from Financing Activities

Particulars	Amount (₹)
Proceeds from issue of share capital	1,00,000
Proceeds from long term borrowings	70,000
Net Cash flow from Financing Activities	1,70,000

Term-II, (Delhi Set-III)

Series : ABCD5/5

Question Paper
Code No. 67/5/3**Note: Except these all other Questions are from Delhi Set-I**

1. Present the following information in the Balance Sheet of Wisdom Club as at 31st March, 2021 :

Particulars	Amount (₹)
Prize fund (1st April, 2020)	4,80,000
Prize fund Investment (1st April, 2020)	4,80,000
Prizes awarded	1,50,000

Ans.

In the books of Wisdom Club**Balance Sheet [An Extract]**

as at 31st March 2021

Liabilities	Amount (₹)	Assets	Amount (₹)
Prize fund	4,80,000	Prize fund Investment	4,80,000
(-) Prizes awarded	(1,50,000)		
	3,30,000		

3. David, Dolly and Divya are partners in a firm sharing profits and losses in the ratio 3 : 2 : 1. Divya retired from the firm and David and Dolly decided to share future profits & losses in the ratio 3 : 2. At the time of Divya's retirement, the goodwill of the firm was valued at ₹ 90,000.

Pass the necessary journal entry for treatment of goodwill without opening goodwill account on Divya's retirement.

Ans. 3. Working Notes :

Calculation of gaining ratio of David and Dolly

$$\text{Gaining Ratio} = \text{New Ratio} - \text{Old Ratio}$$

$$\text{Gaining Share of David} = \frac{3}{5} - \frac{3}{6} = \frac{18-15}{30} = \frac{3}{30}$$

$$\text{Gaining share of Dolly} = \frac{2}{5} - \frac{2}{6} = \frac{12-10}{30} = \frac{2}{30}$$

$$\text{Gaining Ratio} = \frac{3}{30} : \frac{2}{30} : 3 : 2$$

$$\text{Goodwill of the firm} = ₹ 90,000$$

$$\begin{aligned}\text{Share of Divya in Goodwill} &= ₹ 90,000 \times \frac{1}{6} \\ &= ₹ 15,000\end{aligned}$$

It will be compensated by David and Dolly in 3 : 2.

Journal Entry

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	David's Capital A/c	Dr.	9,000	—
	Dolly's Capital A/c	Dr.	6,000	—
	To Divya's Capital A/c		—	15,000
	(Being goodwill compensated by David and Dolly)			

6. Madhu, Shilpi and Renuka were partners in a firm sharing profits in the ratio 2 : 2 : 1. The firm closes its books on 31st March every year. Shilpi died on 30th June, 2021. On Shilpi's death, the goodwill of the firm was valued at ₹ 30,000. On Shilpi's death, her share in the profits of the firm till the date of her death was to be calculated on the basis of previous year's profit which was ₹ 60,000.

(i) Calculate Shilpi's share in the profits of the firm till her death.

(ii) Pass necessary journal entries for the treatment of goodwill without opening goodwill account and Shilpi's share of profit till the date of her death.

Ans. 6. (i) Shilpi's share in profits will be calculated for (1 April to 30 June) 3 months

$$\begin{aligned}\text{Shilpi's share in profits} &= ₹ 60,000 \times \frac{2}{5} \times \frac{3}{12} \\ &= ₹ 6,000\end{aligned}$$

(ii) **Journal Entries**

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Madhu's Capital A/c	Dr.	8,000	—
	Renuka's Capital A/c	Dr.	4,000	—
	To Shilpi's Capital A/c		—	12,000
	(Being goodwill compensated by gaining partners)			
	Profit & Loss Suspense A/c	Dr.	6,000	—
	To Shilpi's Capital A/c		—	6,000
	(Being share of profit transferred to retiring partner's capital A/c)			

In the Books of

**Comparative Statement of Profit & Loss
for the years ending 31st March, 2020 and 2021**

Particulars	2019-20	2020-21	Absolute Change (₹)	Percentage Change (₹)
Revenue from Operations	10,00,000	15,00,000	5,00,000	50
Add: Other Income	—	—	—	—
Total Revenue	10,00,000	15,00,000	5,00,000	50
Less: Expenses	5,00,000	6,00,000	1,00,000	20
Profit before tax	5,00,000	9,00,000	4,00,000	80
Less: Tax @ 40%	2,00,000	3,60,000	1,60,000	80
Profit After Tax	3,00,000	5,40,000	2,40,000	80

Term-II, (Outside Delhi Set-I)

Series : ABCD4/3

Question Paper
Code No. 67/3/1**PART-A****(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)****1. What is meant by a Not For Profit Organisation.****2**

Ans. The main purpose of any business organisation is to earn profit. In other words, they work for self interest. However, there are some organisations whose basic aim is to serve the society i.e., these organisations work for the welfare of the society as a whole. These organisations are called not for Profit Organisations.

2. A, B, C and D were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 3 : 4. On 31.3.2022, C retired from the firm and his share was acquired by A and B in the ratio of 3 : 2. Calculate the new profit sharing ratio of A, B and D.

2

Ans. C's share in profit = $\frac{3}{10}$

$$\text{C's share acquired by A} = \frac{3}{5} \times \frac{3}{10} = \frac{9}{50}$$

$$\text{A's new share} = \frac{1}{10} + \frac{9}{50} = \frac{5+9}{50} = \frac{14}{50}$$

$$\text{C's share acquired by B} = \frac{2}{5} \times \frac{3}{10} = \frac{6}{50}$$

$$\text{B's new share} = \frac{2}{10} + \frac{6}{50} = \frac{10+6}{50} = \frac{16}{50}$$

New profit sharing ratio of A, B and D

$$\frac{14}{50} : \frac{16}{50} : \frac{4}{10} = 14 : 16 : 20 \text{ or } 7 : 8 : 10$$

3. P, Q and R were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. On 31.3.2020 R retired from the firm. On R's retirement the balance sheet of the firm showed sundry debtors at ₹ 3,75,000. It was decided to write off ₹ 5,000 as bad debts and create a provision of 2½% on debtors for bad and doubtful debts. Pass necessary journal entries for the above transactions in the books of the firm on R's retirement.

2**Ans.****In the books of P, Q and R
Journal Entries**

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Revaluation A/c	Dr.	14,250	—
	To Debtors A/c		—	5,000
	To Provision for bad debts A/c		—	9,250
	(Being writer off bad debts and P.B.D. recorded.)			
	P's Capital A/c	Dr.	5,700	—
	Q's Capital A/c	Dr.	4,275	—
	R's Capital A/c	Dr.	4,275	—
	To Revaluation A/c		—	14,250
	(Being loss on revaluation transferred to Partner's Capital A/c.)			

4. From the following information obtained from the books of 'Murlidhar Charitable Hospital', calculate the amount of medicines to be debited to the Income and Expenditure Account of the hospital for the year ended 31.03.2022.

Particulars	31.3.2021 Amount (₹)	31.3.2022 Amount (₹)
Stock of medicines	1,70,000	3,75,000
Creditors for medicines	5,40,000	8,25,000

During the year ₹ 11,49,000 were paid to the Creditors for medicines. Medicines of ₹ 3,30,000 were purchased in cash for emergency use.

OR

State with reason how the following items will be treated while preparing the Income and Expenditure Account' and 'Balance Sheet' of a Not-for-Profit Organisation:

- Sale of used sports material.
- Late membership fees
- Government Grant for the construction of building.

Ans.

In the Books of 'Murlidhar Charitable Hospital'

Dr.		Stock of Medicines Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)	
To Balance b/d	1,70,000	By Income and Expenditure A/c	15,59,000	
To Purchase		(Balancing figure)		
Cash 3,30,000		By Balance c/d	3,75,000	
Credit <u>14,34,000</u>	17,64,000			
	19,34,000		19,34,000	

Dr.		Creditors for Medicines Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)	
To Cash A/c (Payment)	11,49,000	By Balance b/d	5,40,000	
To Balance c/d	8,25,000	By Purchase (Bal. Fig.)	14,34,000	
	19,74,000		19,74,000	

OR

- Sale of used sports material is a sale of the asset of the NPO. Hence if there is profit on sale, it will be shown on the income side of Income and Expenditure A/c and if there is loss on sale, loss will be shown on the expenditure side of Income and Expenditure Account.
The cost of used sports material will be shown in balance sheet by subtracting from the amount of sports material.
- Life membership fees is a capital receipt hence will be shown in the liabilities side of balance sheet only by adding to capital fund.
- Government grant is for some specific purpose. Hence will be shown in the liabilities side of balance sheet only.

5. X, Y and Z were partners in a firm. The firm closes its books on 31st March every year. On 31st December, 2021, X died. The partnership deed provided that the share of deceased partner in the profit of the firm till the date of his death will be calculated on the basis of last year's profit. The profit for the year ended 31.3.2021 was ₹ 6,00,000. Calculate X's share in the profit of the firm till the date of his death and pass the necessary journal entry for the same in the books of the firm.

3

Ans. 5. X's share in profit will be calculated for:

(April 2021 to 31 Dec. 2021) = 9 months

Last year's profit = ₹ 6,00,000

$$X's \text{ share in profit} = ₹ 6,00,000 \times \frac{1}{3} \times \frac{9}{12}$$

= ₹ 1,50,000

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Profit and Loss Suspense A/c	Dr.	1,50,000	—
	To X's capital A/c		—	1,50,000
	(Being share of profit of x transferred.)			

6. X Ltd. purchased assets of ₹ 18,00,000 and took over liabilities of ₹ 6,00,000 of Y Ltd. for a purchase consideration of ₹ 10,00,000. The payment to Y Ltd. was made by issue of 9% debentures of ₹ 100 each at ₹ 125.

Calculate the number of 9% debentures issued in favour of Y Ltd. and pass the necessary journal entries for the above transactions in the books of X Ltd.

OR

Pass necessary journal entries in the books of Z Ltd. for the following transactions:

- (a) Z Ltd. invited applications for issuing 10,000, 9% debentures of ₹ 100 each at a premium of ₹ 10 per debenture. The full amount was payable on application. Applications were received for 15,000 debentures. Applications for 3,000 debentures were rejected and the applications money was refunded. Debentures were allotted to the remaining applicants on a pro-rata basis.
- (b) The company has a balance of ₹ 60,000 in securities premium reserve account. Loss on issue of debentures ₹ 1,00,000 was written off as per the provisions of the Companies Act. 2013.

Ans. 6. Calculation of no. of debentures issued:

Purchase consideration = ₹ 10,00,000

Nominal value of deb. = ₹ 100

Premium = 25

$$\text{No. of Debentures issued} = ₹ \frac{10,00,000}{125}$$

= 8,000 Debentures

In the Books of X Ltd.

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Assets A/c	Dr.	18,00,000	—
	To Liabilities A/c		—	6,00,000
	To Y Ltd. (Pur. Cons.)		—	10,00,000
	To Capital Reserve (Bal. Fig.)		—	2,00,000
	(Being business taken over of Y Ltd.)			
	Y Ltd.	Dr.	10,00,000	
	To 9% Debentures A/c		—	8,00,000
	To Securities Premium Reserve A/c		—	2,00,000
	(Being purchase consideration satisfied by giving 9% debentures.)			

OR

(a)

In the books of Z limited

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Bank A/c Dr. To Debenture App. and Allot. A/c (Being debenture money received.)		16,50,000 —	— 16,50,000
	Debenture App. and Allot. A/c Dr. To 9% Debentures A/c To Securities Premium Reserve A/c To Banks A/c (Being debentures issued.)		16,50,000 — — —	— 10,00,000 1,00,000 5,50,000

(b) **In the books of Z limited
Journal Entries**

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Securities Premium Reserve A/c Dr. Statement of Profit & Loss Dr. To Loss on Issue of Debentures A/c (Being loss on issue of debentures written off first securities by Premium Reserve then by Statement of Profit of Loss.)		60,000 40,000 —	— — 1,00,000

7. T, U and V were partners in a firm sharing profits and losses in the ratio of 2 : 1 : 2. Their firm was incurring huge losses thus it had to be closed. After transferring assets (other than cash in hand and bank) and third party liabilities to Realization Account the following transactions took place:

- T took away 50% of the stock at book value less 10% for ₹ 90,000, and the remaining stock was sold for ₹ 40,000.
- Creditors of ₹ 78,000 took over machinery of ₹ 80,000 in full settlement of their claim.
- ₹ 5,000 debtors previously written off were recovered.
- Mrs. V's loan of ₹ 72,000 was paid by the firm.
- Loss on dissolution was ₹ 80,000.

Pass necessary journal entries for the above transactions in the book of T, U and V.

5

OR

D, E and F were partners in a firm sharing profits in the ratio of 5 : 2 : 3. On 31.3.2022 their balance sheet was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	53,000	Cash	16,000
Bills Payable	62,000	Bank	17,000
General Reserve	2,00,000	Stock	18,000
Capitals:		Debtors	1,99,000
D	7,00,000	Investments	1,15,000
E	5,00,000	Machinery	7,50,000
F	<u>6,00,000</u>	Land and Building	10,00,000
	21,15,000		21,15,000

On the above date D retired from the firm and the following was agreed upon:

- (i) Goodwill of the firm was valued at ₹ 1,00,000, D's share of goodwill was adjusted through the capital accounts of remaining partners.
- (ii) Investments were to be brought to their market value which was ₹ 85,000.
- (iii) Machinery was to be depreciated to ₹ 7,00,000.
- (iv) Land and Building was to be appreciated to ₹ 12,00,000.
- (v) The balance in D's capital account was transferred to his loan account.

Prepare Revaluation Account and D's Capital Account on his retirement.

Ans.

In the Books of T, U and V
Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i) (a)	T's Capital A/c Dr.		90,000	—
	To Realisation A/c (Being 50% stock taken by T.)		—	90,000
(b)	Cash A/c Dr.		40,000	—
	To Realisation A/c (Being remaining stock sold.)		—	40,000
(ii)	No Entry			
(iii)	Cash A/c Dr.		5,000	—
	To Realisation A/c (Being written off debtors recovered)		—	5,000
(iv)	Realisation A/c Dr.		72,000	—
	To Cash A/c (Being liability paid off.)		—	72,000
(v)	T's Capital A/c Dr.		32,000	—
	U's Capital A/c Dr.		16,000	—
	V's Capital A/c Dr.		32,000	—
	To Realisation A/c (Being loss transferred to partner's capital A/c.)		—	80,000

OR

In the Books of D, E and F

Dr.		Cr.	
Revaluation A/c			
Particulars	Amount (₹)	Particulars	Amount (₹)
To Investment A/c	30,000	By Land and Building	2,00,000
To Machinery A/c	50,000		
To Partners' Capital A/c:			
D 60,000			
E 24,000			
F 36,000	1,20,000		
	2,00,000		2,00,000

Dr.		Cr.	
D's Capital A/c			
Particulars	Amount (₹)	Particulars	Amount (₹)
To D's Loan A/c	9,10,000	By Balance b/d	7,00,000
		By General Reserve	1,00,000

		By Revaluation A/c	60,000
		By E's Capital A/c	20,000
		By F's Capital A/c	30,000
	9,10,000		9,10,000

8. Pass necessary journal entries for the issue of debentures in the following cases:

- (a) Issued 50,000, 9% debentures of ₹ 100 each at per redeemable at per.
 (b) Issued 10,000, 8% debentures of ₹ 100 each at 7% premium redeemable at per.
 (c) Issued 750, 8% debentures of ₹ 100 each at 10% discount redeemable at per.
 (d) Issued 1,000, 9% debentures of ₹100 each at 5% premium redeemable at 8% premium.
 (e) Issued 500, 9% debentures of ₹ 100 each at 10% discount redeemable at 10% premium.

5

Ans.

In the Books of

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(a)	Bank A/c To Debenture App. and Allot. A/c (Being debenture money received.)	Dr.	50,00,000 —	— 50,00,000
	Debenture App. and Allot. A/c To 9% Debentures A/c (Being debentures issued.)	Dr.	50,00,000 —	— 50,00,000
(b)	Bank A/c To Debenture App. and Allot. A/c (Being debenture money received.)	Dr.	10,70,000 —	— 10,70,000
	Debenture App. and Allot. A/c To 8% Debentures A/c To Securities Premium Reserve A/c (Being debentures issued.)	Dr.	10,70,000 — —	— 10,00,000 70,000
(c)	Bank A/c To Debenture App. and Allot. A/c (Being debenture money received.)	Dr.	67,500 —	— 67,500
	Debenture App. and Allot. A/c Discount on Issue of Deb. A/c To 8% Debentures A/c (Being debentures issued.)	Dr. Dr.	67,500 7,500 —	— — 75,000
(d)	Bank A/c To Debenture App. and Allot. A/c (Being debenture amount received.)	Dr.	1,05,000 —	— 1,05,000
	Debenture App. and Allot. A/c Loss on Issue of Deb. A/c To 9% Debentures A/c To Securities Premium Reserve A/c	Dr. Dr.	1,05,000 8,000 — —	— — 1,00,000 5,000

(e)	To Premium on Red. of Deb. A/c (Being debentures issues.)		—	8,000
	Bank A/c	Dr.	45,000	—
	To Debenture App. and Allot. A/c (Being debenture amount received.)		—	45,000
	Debenture App. and Allot. A/c	Dr.	45,000	—
	Discount on Issue of Deb. A/c	Dr.	5,000	—
	Loss on Issue of Deb. A/c	Dr.	5,000	—
	To 9% Debentures A/c		—	50,000
	To Premium on Red. of Deb. A/c (Being debentures issued.)		—	5,000

9. From the following 'Receipts and Payments Account' of Golden Club for the year ended 31.3.2022, prepare Income and Expenditure Account:

**Receipts and Payments Account of Golden Club
for the year ended 31.3.2022**

Receipts		Amount (₹)	Payments		Amount (₹)
Bal. b/d			Honorarium		75,000
Cash	70,000		Stationery		15,000
Bank	<u>2,00,000</u>	2,70,000	Electricity Bill		35,000
Subscriptions		2,00,000	Rent		1,20,000
Entrance Fees		50,000	Furniture		1,80,000
Sale of old newspaper		2,000	Fixed Deposit @ 9% p.a. on 31.03.2022		1,00,000
Sale of old furniture (book value ₹ 10,000)		4,000	Balance c/d		
Donations		45,000	Cash	26,000	
Life membership fees		30,000	Bank	<u>50,000</u>	76,000
		<u>6,01,000</u>			<u>6,01,000</u>

Additional Information:

- (i) Club had 1750 members each paying an annual subscription of ₹ 100.
(ii) Furniture was purchased on 31.3.2022.

Ans.

**In the books of Golden Club
Income and Expenditure A/c
for the year ended 31st March, 2022**

Dr.		Cr.	
Expenditure	Amount (₹)	Income	Amount (₹)
To Honorarium	75,000	By Subscriptions	2,00,000
To Stationery	15,000	(-) Advance	<u>(25,000)</u>
To Electricity Bill	35,000	By Entrance fees	50,000
To Rent	1,20,000	By Sale of old newspaper	2,000
To Loss of Sale of Furniture	6,000	By Donations	45,000
To Excess of Income over expenditure	21,000		
	<u>2,72,000</u>		<u>2,72,000</u>

PART-B
(Analysis of Financial Statements)

10. What is meant by 'Cash Flow Statement'? 2

Ans. Cash flow statement is a statement that shows the flow of cash and cash equivalents during a given period of time. Cash flow statement shows the net increases or net decrease of cash and cash equivalents under each activity, i.e., Operating, Investing, Financing and collectively as well.

11. From the following information, prepare a 'Common Size Statement of Profit and Loss' of K K Ltd. for the year ended 31.3.2021 and 31.3.2022: 3

Particulars	31.3.2022 Amount (₹)	31.3.2021 Amount (₹)
Revenue from operations	20,00,000	15,00,000
Other Income	2,00,000	1,50,000
Expenses	4,00,000	3,00,000
Tax Rate 50%		

OR

From the following Balance Sheet of J.J. Ltd. prepare a Comparative Balance Sheet as at 31.3.2022:

J.J. Ltd.

Balance Sheet as at 31.3.2022

Particulars	Note No.	31.3.2022 (₹)	31.3.2021 (₹)
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Equity Share Capital		25,00,000	20,00,000
(b) Reserves and Surplus		5,00,000	4,00,000
2. Non-Current Liabilities			
Long-term borrowings		10,00,000	10,00,000
3. Current Liabilities			
Trade payables		2,00,000	1,00,000
Total		42,00,000	35,00,000
II. Assets			
1. Non Current Assets			
Fixed Assets		30,00,000	25,00,000
2. Current Assets			
Inventories		12,00,000	10,00,000
Total		42,00,000	35,00,000

Ans.

In the Books of K.K. Ltd.

**Common size Statement of Profit and Loss
for the years, ending 31st March, 2021 and 2022**

Particulars	Note No.	Absolute Amounts (₹)		% of Revenue from operations	
		31.03.2021	31.03.2022	31.03.2021	31.03.2022
Revenue from operations		15,00,000	20,00,000	100	100
Add: Other Income		1,50,000	2,00,000	10	10
Total Revenue		16,50,000	22,00,000	110	110
Less: Expenses		3,00,000	4,00,000	20	20
Profit before Tax		13,50,000	18,00,000	90	90
Less: Tax @ 50%		6,75,000	9,00,000	45	45
Profit after tax		6,75,000	9,00,000	45	45

OR
In the books of J.J. Ltd.
Comparative Balance Sheet
for the years ended 31st March, 2021 and 2022

Particulars	Note No.	2020-21 (₹)	2021-22 (₹)	Absolute change (₹)	Percentage change (%)
I. Equity and Liabilities:					
1. Shareholders' Funds:					
(a) Equity share capital		20,00,000	25,00,000	5,00,000	25
(b) Reserves and Surplus		4,00,000	5,00,000	1,00,000	25
2. Non-current Liabilities:					
Long-term borrowings		10,00,000	10,00,000	—	—
3. Current Liabilities:					
Trade payables		1,00,000	2,00,000	1,00,000	100
Total		35,00,000	42,00,000	7,00,000	20
II. Assets:					
1. Non-Current Assets:					
Fixed Assets		25,00,000	30,00,000	5,00,000	20
2. Current Assets:					
Inventories		10,00,000	12,00,000	2,00,000	20
Total		35,00,000	42,00,000	7,00,000	20

12. From the following Balance Sheet of Jay Ltd. as at 31.3.2022, calculate 'Cash Flow from Operating Activities':
 Jay Ltd.

Balance Sheet as at 31.3.2022

Particulars	Note No.	31.3.2022 (₹)	31.3.2021 (₹)
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital	1	50,00,000	30,00,000
(b) Reserves and Surplus	2	10,00,000	6,00,000
2. Non-Current Liabilities			
Long-term borrowings	3	8,00,000	4,00,000
3. Current Liabilities			
(a) Trade Payables		2,00,000	3,00,000
(b) Other Current Liabilities	4	3,00,000	1,00,000
(c) Short-term provisions	5	1,50,000	1,00,000
Total		74,50,000	45,00,000
II. Assets			
1. Non Current Assets			
Fixed Assets			
(i) Tangible Assets	6	60,00,000	40,00,000
(ii) Intangible Assets	7	4,00,000	4,00,000
2. Current Assets			
(a) Inventories		7,00,000	40,000
(b) Cash and Cash equivalents		3,50,000	60,000
Total		74,50,000	45,00,000

Note to Accounts:

Note No.	Particulars	31st march, 2021 (₹)	31st march, 2020 (₹)
1.	Share Capital: Equity Share Capital	50,00,000	30,00,000
2	Reserves and Surplus: Surplus i.e. balance in the Statement of Profit and Loss.	10,00,000	6,00,000
3	Long-term borrowings: 10% debentures	8,00,000	4,00,000
4.	Other Current Liabilities: Outstanding rent	3,00,000	1,00,000
5.	Short-term provisions: Provision for tax	1,50,000	1,00,000
6.	Tangible Assets: Land	60,00,000	40,00,000
7.	Intangible Assets: Patents	4,00,000	4,00,000

Additional Information:

₹ 4,00,000, 10% Debentures were issued on 31.3.2022.

Ans. 12.

In the books of Jay Ltd.

Cash flow from Operating Activities

Particulars	Amount (₹)
Net Profit before Tax (Note No. 1)	5,50,000
Adjustment of non-cash and non-operating items:	
Interest on debentures	40,000
Operating profit before working capital changes	5,90,000
<i>Add:</i> Decrease in current assets/increase in current liabilities	
Outstanding expenses	2,00,000
	7,90,000
<i>Less:</i> Increase in current assets/decrease in current liabilities	
Inventories	6,60,000
Trade payables	1,00,000
	(7,60,000)
	30,000
<i>Less:</i> Income tax paid for 2021	(1,00,000)
Net cash used in Operating Activities	(70,000)

Note No. (1)

Calculation of Net Profit before Tax

Profit and Loss balance as on 31st March, 2022 10,00,000

Less: Profit & Loss balance on 31st March, 2021
(6,00,000)

4,00,000

Add: Provision for tax of current year

1,50,000

5,50,000

(Outside Delhi Set-III)

Series : ABCD4/3

Question Paper
Code No. 67/3/3

Note: Except these all other Questions are from Outside Delhi Set-I

PART-A**(Accounting for Not-for-Profit Organizations,
Partnership Firms and Companies)**

1. Distinguish between and 'Income and Expenditure Account' and 'Receipts and Payments Account' on the following basis: 2

- (1) Nature
(2) Depreciation

Ans. 1. Difference between 'Income and Expenditure A/c' and 'Receipts and Payments A/c':

	Basis	Income and Expenditure A/c	Receipts and Payments A/c
(1)	Nature	It is a nominal account	It is a real account
(2)	Depreciation	Depreciation is shown in Income and Expenditure A/c	Depreciation is not shown in Receipts and Payments A/c

2. A, B, C and D were partners in a firm sharing profits in the ratio of 3 : 4 : 2 : 1. On 31.3.2022, C retired and his share was taken over equally by A and D. 2

Calculate the new profit sharing ratio of A, B and D.

Ans.

$$\text{C's share in profit} = \frac{2}{10}$$

$$\text{C's share acquired by A} = \frac{1}{2} \times \frac{2}{10} = \frac{2}{20}$$

$$\text{A's new share} = \frac{3}{10} + \frac{2}{20} = \frac{6+2}{20} = \frac{8}{20}$$

$$\text{C's share acquired by D} = \frac{1}{2} \times \frac{2}{10} = \frac{2}{20}$$

$$\text{D's new share} = \frac{1}{10} + \frac{2}{20} = \frac{2+2}{20} = \frac{4}{20}$$

New profit sharing ratio of A, B and D

$$\frac{8}{20} : \frac{4}{10} : \frac{4}{20} = \frac{8:4:4}{20} = 2:2:1$$

3. X, Y and Z were partners in a firm sharing profit and losses in the ratio of 5 : 3 : 2. On 31.3.2022 X retired from the firm. On X's retirement the firm had a balance of ₹ 90,000 in the General Reserve Account. The revaluation of assets and reassessment of liabilities resulted in a loss of ₹ 70,000. 2

Pass necessary journal entries for the above transactions on X's retirement.

Ans. 3.

In the books of X, Y and Z

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	General Reserve A/c	Dr.	90,000	—
	To X's capital A/c		—	45,000
	To Y's capital A/c		—	27,000
	To Z's capital A/c		—	18,000
	(Being general reserve distributed.)			
	X's Capital A/c	Dr.	35,000	—
	Y's Capital A/c	Dr.	21,000	—
	Z's Capital A/c	Dr.	14,000	—

To Revaluation A/c (Being loss on revaluation transferred to partners' capital A/c)		—	70,000
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5. P, Q and R were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. P died on 30th June, 2021. The partnership deed provided that on the death of a partner, his share in the profits of the firm till the date of his death will be calculated on the basis of the average profits of the last five years. The profits of the last five years were:

Year	₹
2016-2017	2,00,000
2017-2018	3,00,000
2018-2019	4,00,000
2019-2020	5,00,000
2020-2021	6,00,000

The firm closes its books on 31st March every year.

Calculate P's share in the profits of the firm and pass necessary journal entry for the same. 3

Ans. 5. Calculation of P's share of profit

$$\begin{aligned} \text{Average profit} &= \frac{\text{₹}2,00,000 + \text{₹}3,00,000 + \text{₹}4,00,000 + \text{₹}5,00,000 + \text{₹}6,00,000}{5} \\ &= \frac{\text{₹}20,00,000}{5} = \text{₹}4,00,000 \end{aligned}$$

Profit will be calculated for (1 April, 2021 to 30 June, 2021) = 3 months.

$$\begin{aligned} \text{Share of P in profit} &= \text{₹}4,00,000 \times \frac{4}{10} \times \frac{3}{12} \\ &= \text{₹}40,000 \end{aligned}$$

Journal Entries

Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Profit and Loss Suspense A/c	Dr.	40,000	—
	To P's Capital A/c (Being share of profit till death was transferred to P's capital A/c.)		—	40,000