CHOITHRAM SCHOOL MANIKBAGH INDORE
CLASS XII Session: 2018-19

SUBJECT : Accountancy — ASSIGNMENT No. 04

Scheduled Date. 22/11/2018 — Submission Date. 03/12/2018

<table>
<tr><th>Q.no</th><th>Questions</th><th>Mark</th></tr>
<tr><td>1</td><td>Why heirs of a retiring / deceased partner are entitled to a share of goodwill of the firm ?
Ans. as goodwill is the result of combined efforts of all the partners including deceased partner.</td><td>1</td></tr>
<tr><td>2</td><td>Aman, Yatin and Uma were partners and were sharing profits and losses in the ratio of 5:3:2. Uma retired and her share was taken over by Aman and Yatin in 5:3 ratio. Calculate the gaining ratio of Aman and Yatin.</td><td>1</td></tr>
<tr><td>3</td><td>Vinay and Naman are partners sharing profit in the ratio of 4:1. Their capitals were Rs.90,000 and Rs.70,000 respectively. They admitted Prateek for 1/3 share in the profits. Prateek brought Rs.1,00,000 as his capital. Calculate the value of firm’s goodwill.</td><td>1</td></tr>
<tr><td></td><td>Very Short Answer</td><td></td></tr>
<tr><td>4</td><td>Ajay, Bhawna and Shreya were partners sharing profits in the ratio 2:2:1. On July 1st, 2017 Shreya died. The books of accounts are closed on March 31 every year. Sales for the year 2016-17 amounted to Rs. 5,00,000 and that from 1st April to 30th June 2017 were Rs.1,40,000. The rate of profit during the past three years had been 10% on sales. Since Shreya’s legal representative was her only son, who is specially abled, it was decided that the profit for the purpose of settling Shreya’s account is to be calculated as 20% on sales. Calculate Shreya’s share of profits till date of her death and pass necessary journal entry for the same.</td><td>2</td></tr>
<tr><td>5</td><td>Amit and Kartik are partners sharing profits and losses equally. They decided to admit Saurabh for an equal share in the profits . For this purpose, the goodwill of the firm was to be valued at four year’s purchase of super profits.
The Balance sheet of the firm on Sourabh’s admission was as follows :
<table>
<tr><th>Liabilities</th><th>Amount</th><th>Asset</th><th>Amount</th></tr>
<tr><td>Capitals – Amit</td><td>90,000</td><td>Machinery</td><td>75,000</td></tr>
<tr><td>Kartik</td><td>50,000</td><td>Furniture</td><td>15,000</td></tr>
<tr><td>Reserve</td><td>20,000</td><td>Stock</td><td>30,000</td></tr>
<tr><td>Loan</td><td>25,000</td><td>Debtors</td><td>20,000</td></tr>
<tr><td>Creditors</td><td>5,000</td><td>Cash</td><td>50,000</td></tr>
<tr><td></td><td>1,90,000</td><td></td><td>1,90,000</td></tr>
</table>
The normal rate of return is 12% per annum. Average profit of the firm for the last four years was Rs.30,000. Calculate Saurabh’s share of goodwill.</td><td>2</td></tr>
<tr><td>6</td><td>Rajiv and Sanjeev were partners ina firm. Their partnership deed provided that the profits shall be divided as follows :
First Rs.20,000 to Rajiv and the balance in the ratio 4:1. The profits for the year ended 31st March, 2017 were Rs.60,000 which had been distributed among the partners. On 1/4/2016, their capitals were Rajiv Rs.90,000 and Sanjeev Rs.80,000. Interest on capital was to be provided @ 6% p.a. While preparing the profit and loss appropriation, interest on capital was omitted. Pass necessary rectifying entry for the same. Show your working clearly.</td><td>2</td></tr>
<tr><td>7</td><td>Compute interest on drawing of Rajesh @ 10% p.a. for the year ended 31st march, 2017 if he withdrew Rs.3,000 p.m. for first six months in the beginning of each months and he withdrew Rs.3,000 p.m. for the later 6 month at the end of each months.</td><td>2</td></tr>
<tr><td></td><td>Short Answer</td><td></td></tr>
<tr><td>8</td><td>Parth, Raman and Zainisha are partners in a firm manufacturing furniture. They have been sharing profits and losses in the ratio of 5:3:2. From 1st April, 2017 they decided to share future profits and losses in the ratio of 2:5:3. Their balance sheet showed a debit balance of Rs.4,000 in profit and loss account, balance of Rs.36,000 in General Reserve and a Balance of Rs.12,000 in Workmen’s Compensation Reserve It was agreed that :
i) The goodwill of the firm be valued at Rs.76,000.
ii) The stock (book value of Rs.40,000) was to be depreciated by 8%
iii) Creditors amounting to Rs.900 were not likely to be claimed.
iv) Claim on account of Workmen’s Compensation amounted to Rs.20,000.</td><td>3</td></tr>
</table>

v) Investments (book value Rs.38,000) were revalued at Rs.40,000.

vi) 10% of the profits every year will be transferred to Green Fund.

Pass necessary journal entries for the above.

9 Madhu and Neha were partners in a firm sharing profits and losses in the ratio of 3:5. Their fixed capitals were Rs.4,00,000 and Rs.6,00,000 respectively. On 1/1/2016, Tina was admitted as a new partner for $1/4^{th}$ share in the profits of the firm. Tina acquired her share from Neha. Tina brought Rs.4,00,000 as her capital which was to be kept fixed like capitals of Madhu and Neha. Calculate goodwill of the firm on Tina's admission and new profit sharing ratio of Madhu, Neha and Tina. Also pass necessary journal entry for the treatment of goodwill on Tina's admission considering that Tina did not bring her share of goodwill premium in cash. **3**

10 Distinguish between **3**

a) Drawing against capital and Drawing against profits.

b) Profit and loss account and Profit and loss appropriation account.

Long answer

11 A, B and C were in partnership sharing profits in proportion to their capitals. Their Balance Sheet as on 31/3/2016 was as follows :- **5**

Liabilities	Amount	Asset	Amount
Creditors	15,600	Cash	16,000
Reserve	6,000	Debtors 20,000 (-) Prov. For bad debts 400	19,600
A's Capital	90,000	Stock	18,000
B's Capital	60,000	Machinery	48,000
C's Capital	30,000	Building	1,00,000
	2,01,600		2,01,600

On the above date, B retired owing to ill health and following adjustments were agreed upon

Building be appreciated by 10%
Provision for Doubtful Debts be increased to 5% of debtors.
Machinery be depreciated by 15%
Goodwill of the firm be valued at Rs.36,000 and be adjusted into the Capital Accounts of A and C who will share profits in future in the ratio of 3:1.
A provision be made for outstanding repairs bill for Rs.3,000.
Included in the creditors is Rs.1,800 for an outstanding legal claim, which is not likely to arise.
Out of the insurance premium paid, Rs.2,000 is for next year but it was debited to profit and loss account.
The partners decide to fix the capital of the new firm as Rs.1,20,000 in the profit sharing ratio.
B to be paid Rs.9,000 in cash and the balance to be transferred to his loan account.
Prepare the Revaluation account, Partners' Capital account and the Balance Sheet of the new firm after B's retirement.

12 A and B are partners in a firm with equal ratio. **5**

Balance sheet as at 31^{st} March, 2015

Liabilities	Amount	Asset	Amount
Creditors	1,00,000	Bank	40,000
Bills Payable	60,000	Debtors	60,000
General Reserve	40,000	Building	2,00,000
Capital a/c A	2,00,000	Machinery	1,00,000
B	1,00,000	Investment	40,000
		Patents	20,000
		Furniture	20,000
		Goodwill	20,000
	5,00,000		5,00,000

Adjustments :

1) C comes for $1/5^{th}$ share and brings capital Rs.1,00,000 and premium Rs.20,000 out of

	Rs.30,000 New ratio 2:2:1. 2) Rs.10,000 included in creditors are not likely to be paid. 3) Patents are valueless. 4) 10% provision for doubtful debts on debtors out of general reserve. 5) Capitals of A and b be adjusted in new ratio and the difference to be adjusted in cash. Prepare revaluation account, partners’ capital account and balance sheet of the new firm.	