# DELHI PUBLIC SCHOOL, JAMMU
## Cycle Test I (2018-19)

**Class:- XII** **Assignment** **Sub-Accountancy**

Q1. A, B and C are partners in a firm sharing profits in the ratio of 5:3:2. From 1.4.2015, they decided to share the profits equally. For this purpose the goodwill of the firm was valued at Rs 4,80,000. Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of the partners.

Q2. State any two situations in which the court may order to dissolve a Partnership Firm.

Q3. Give necessary journal entry for increase in the value of liabilities at the time of revaluation

Q4. When does the need for valuation of internally generated goodwill arise?

Q5 A partnership deed provides for the payment of interest on capital but there was a loss instead of profits during the year 2010-11. At what rate will the interest on capital be allowed

Q6. A firms Average profit are Rs. 7,00,000 which includes overvaluation of stock of Rs. 50,000. Capital invested in the business is Rs. 55,00,000 and the normal rate of return is 10%. Calculate goodwill at four times the super profit.

Q7. X, Y, Z are sharing profits and losses in the ratio 5:3:2 and .They decide to share future profits and losses in the ratio 2:3:5 with effect from 1$^{st}$ April, 2014.They also decide to record the effect of the following accumulated profits, losses and reserves without affecting their book figures by passing a single entry.

| | |
|---|---|
| General Reserve A/C | Book Figure |
| Profit and losses (credit) | 6,000 |
| Advertisement Suspense A/C | 24,000 |
| Pass necessary Single Adjusting Entry. | 12,000 |

Q8.Suresh and Ramesh were partners in a firm sharing profits in the ratio of 3:2. Their capitals were Suresh Rs 9,00,000 and Ramesh Rs. 6,00,000. The partnership deed provided for the following:

i) Interest on capital @5% p.a.

ii) Rs. 60,000 p.a. salary to Suresh and 2,000 per month to Ramesh.
The profits earned by the firm for the year ended 31.03.2010 was Rs. 2,34,000. The profits were divided equally without providing for the above. Pass adjusting entry.

Q9. On 1$^{st}$ April, 2015, an existing firm had assets of Rs. 10,00,000 including cash of Rs. 20,000. Its creditors amounted to Rs. 50,000 on that date. The partner’s capital accounts showed a balance of Rs 8,00,000 while the reserve fund amounted to Rs. 1,50,000. If the normal rate of return is 15% and the goodwill of the firm is valued at Rs. 1,80,000 at 3 year’s purchase of super profit, find the average profit of the firm.

Q10. X,Y and Z are partners in a firm sharing profits and losses in the ratio of 2:2:1. Their balance sheet as at 31st March 2015 was:

| Liabilities | | Amount(Rs) | Assets | Amount(Rs) |
|---|---|---|---|---|
| Creditors | | 30,000 | Land | 85,000 |
| Bills payable | | 1,20,000 | Building | 50,000 |
| General reserve | | 25,000 | Plant and machinery | 1,00,000 |
| Capital Accounts: | | 50,000 | Stock | 40,000 |
| X | 1,50,000 | | Debtors | 1,25,000 |
| Y | 1,60,000 | | Cash | 1,05,000 |
| Z | 1,70,000 | 4,80,000 | Bank | 2,00,000 |
| | | 7,05,000 | | 7,05,000 |

From 1st April 2016 the partners decided to share profits in the ratio of 1:2:3. For this purpose it was agreed that:

i) Goodwill of the firm is valued at Rs. 60,000.
ii) Land should be revalued at Rs. 1,00,000 and Building should be depreciated by 6%.
iii) Creditors amounted to Rs 3,000 were not to be paid.

You are required to

a) Pass journal entries to give effect to the above stated agreement without opening the Revaluation Account.
b) Prepare Partners' capital account.

Q11. a) X,Y and Z are partners in a firm sharing profits and losses in the ratio of 5:3:2. Calculate new profit sharing ratio and sacrificing ratio if Z acquires 1/5 share equally from X and Y.

b) A, B and C sharing profits in the ratio of 4:3:2, decided to share the future profits and losses in the ratio of 2:3:4. Balance sheet of the firm shows workmen compensation reserve is Rs 90,000. Show the accounting treatment

i) If the claim on account of workmen compensation is estimated at Rs. 45,000.

ii) If the claim on account of workmen compensation is estimated at Rs. 99,000.

Q12. Naresh and Suresh are partners with capitals of Rs. 3,00,000 each as on 31st March, 2017. Naresh had withdrawn Rs 50,000 against capital on 1st October, 2016 and also Rs. 1,00,000 besides the drawings against capital. Sukesh also had drawings of Rs. 1,00,000. Interest on capital is to be allowed @ 10% p.a.

Net Profit for the year was Rs. 2,00,000. Pass the journal entry for interest on capital and distribution of profits.

Q13. From the following information, calculate value of goodwill of M/s Sharma and Gupta:

I) At three years purchase of Average Profit.
II) At three years purchase of Super Profit.
III) On the basis of capitalisation of Average Profit.
IV) On the basis of capitalisation of Super Profit.

Information:

a) Average capital employed in the business- Rs. 7,00,000.
b) Net Trading Results of the firm for the past years: Profit 2007- Rs. 1,47,600; loss 2008-Rs 1,48,100; Profit 2009-Rs. 4,48,700.
c) Rate of interest expected from capital having regard to the risk involved-18%.
d) Remuneration to each partner for his service- Rs. 500 per month.
e) Assets (excluding goodwill) –Rs. 7,54,762; Liabilities-Rs. 31,329.

Q14. A B and C are partners in a firm. Their capital accounts stood at Rs. 6,00,000 Rs. 5,00,000 and Rs. 4,00,000 respectively on 1st April 2016. They shared profits in the proportion of 4:2:3.partners are entitled to interest on capital @ 8% p.a and salary to B and C @Rs 7,000 per month and Rs. 10,000 per quarter respectively as per the provisions of the partnership Deed. C's share of profit (exc luding interest on capital but including salary) is guaranteed at a minimum of 1,10,000 p.a. Any deficiency arising on that account shall be met by A. The profits for the year ended 31st March, 2017 amounted to Rs. 4,24,000.

Prepare profit and loss appropriation account for the year ended 31st March 2017.

Q15. X and Y entered into partnership on 1St April, 2016 and contributed Rs 2,00,000 and 1,50,000 respectively as their capitals. On 1st October,2016, X provided Rs. 50,000 as loan to the firm. As per the provisions of the partnership deed :

i) 20% of profits before charging interest on drawings but after making appropriations to be transferred to general reserve.
ii) Interest on capital @ 12% p.a. and interest on drawings 10%p.a.
iii) X to get monthly salary of Rs. 5,000 and Y to get salary of Rs. 22,500 per quarter.
iv) X is entitled to a commission of 5% on sales. Sales for the year were Rs 3,50,000.
v) Profit and loss to be shared in the ratio of capital contribution upto Rs. 1,75,000 above it equally.

The profit for the year ended 31st March 2017, before providing for any interest was Rs 4,61,000. The drawings of X and Y were Rs 1,00,000 and Rs 1,25,000 respectively. Pass the necessary journal entries relating to appropriation out of profits. Prepare profit and loss appropriation account and partners capital accounts.