

CLASS:  
12

**INDIAN SCHOOL MUSCAT  
FIRST PERIODIC ASSESSMENT  
SET - B**

SUBJECT:  
ACCOUNTANCY

QP.NO.

VALUE POINTS

SPLIT UP  
MARKS

1. State any two circumstances, when need for valuation of goodwill of a firm may arise.  
a) Admission of a new partner  
b) Retirement of a partner  
1
2. Calculate interest on drawings of Mr.Soman @ 10%p.a. for the year ended 31<sup>st</sup> March, 2018 if he withdrew ₹.6,000 at the end of each quarter.  
$$IOD = 6000 \times 4 \times 10/100 \times 4.5/12 = ₹.900$$
  
1
3. How does the factor 'efficiency of management' affect the Goodwill of a firm?  
If the management is experienced capable and competent, the firm will earn higher profits as compared to other firms, it will thus increase the value of goodwill.  
1
4. X, Y and Z are partners in a firm. They admitted W their landlord as a partner in the firm. W brings sufficient amount of capital and goodwill premium for his share in the profits. W had given a loan of ₹.1,00,000 @ 10% p.a. interest to the partnership firm before he became the partner. Now the accountant of the firm is emphasizing that the interest on loan should be paid @ 6%p.a. Is he right in doing so? Give reason in support of your answer.  
No, the accountant is not right in doing so.  
Because W had given a loan of ₹.1,00,000 @ 10%p.a. interest to the partnership firm before he became the partner and had been agreed to be paid interest at that rate.  
1
5. What do you mean by Number of years purchase?  
It means the number of years for which the firm is likely to earn the same amount of profit after change of ownership because of the efforts put in the past.  
1
6. Ameena, Beena and Davina are partners in a firm. Their capital accounts stood at ₹.4,00,000; ₹.3,00,000 and ₹.2,00,000 respectively on 1<sup>st</sup> April 2018. They shared profits and losses in the ratio of 3:2:1 respectively. Partners are entitled to interest on capital @ 6% per annum and salary to Beena and Davina @ ₹.2,000 per month and ₹.3,000 per quarter respectively as per the provisions of Partnership Deed.  
Beena's share of profit including interest on capital but excluding  
3

salary is guaranteed at a minimum of ₹.41,000 p.a. Any deficiency arising on that account shall be met by Davina. Profit for the year ended 31<sup>st</sup> March 2019 amounted to ₹.1,56,000. Prepare Profit and Loss Appropriation Account.

Profit and Loss Appropriation a/c for the year ended 31<sup>st</sup> March 2019

Particulars	Amount	Amount	Particulars	Amount	Amount
To IOC			By Net		1,56,000
Ameena	24,000		profit		
Beena	18,000				
Davina	12,000	54,000			
To Salary					
Beena	24,000				
Davina	12,000	36,000			
To profit					
trfed	33000				
Ameena					
Beena	23,000				
22,000					
Add Def	10,000	66000			
1,000					
Davina					
11,000					
Less : Def					
1,000					
		1,56,000			1,56,000

OR

A, B and C were partners. Their capitals were A - ₹.1,20,000; B - ₹.80,000 and C - ₹.40,000 respectively. According to the Partnership Deed, they were entitled to an interest on capital @ 5% p.a. in addition, B was also entitled to draw a salary of ₹.2,000 per month. C was entitled to a commission of 5% on the profits after charging interest on capital, but before charging the salary payable to B. The net profit for the year were ₹.1,20,000 distributed in the ratio of capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 5:3:2.

Pass necessary adjustment entry showing the workings clearly.

JE:

Date	Particulars	L/F	Dr	Cr
	A's Capital a/c Dr		14,700	
	To B's Capital a/c			11,580
	To C's Capital a/c			3,120
	(Being entry passed for past adjustments)			

7. Average profit of the firm is ₹. 3,00,000. Total tangible assets in the firm are ₹.28,00,000 and outside liabilities are ₹.8,00,000. In the same type of business the normal rate of return in similar business is 10%. Find the value of goodwill by Capitalization of Super Profit Method.
- Capital employed = 28,00,000 – 8,00,000 = ₹.20,00,000
- Normal Profit = 20,00,000 \* 10/100 = ₹. 2,00,000
- Super Profit = 3,00,000 – 2,00,000 = ₹.1,00,000
- Goodwill = 1,00,000 \* 100 / 10 = ₹.10,00,000

**OR**

X and Y are partners sharing profits and losses in the ratio of 3:2. They admit Z into partnership for 1/4<sup>th</sup> share in goodwill. Z brings in his share of goodwill in cash. Goodwill for this purpose is to be calculated at two years purchase of the average normal profit of past three years. Profits of the last three years ended 31<sup>st</sup> March were:

2016- Profit ₹.1,00,000 (including profit on sale of assets ₹.10,000)

2017- Loss ₹.40,000 (including loss by fire ₹.60,000)

2018- Profit ₹.1,40,000 (including insurance claim received ₹.36,000 and interest on investments and Dividend received ₹.16,000)

Calculate value of goodwill.

Calculation of Adjusted Normal Profit

Year	Profits	Adjusted profits
2016	1,00,000 – 10,000	90,000
2017	(40,000) + 60,000	20,000
2018	1,40,000 – 36,000 – 16,000	88,000
		1,98,000

Average Profit = 198000/3 = ₹.66,000

Goodwill = 66,000 \* 2 = ₹.1,32,000

8. Rohan and Mohan entered into partnership on 1<sup>st</sup> April, 2018 and contributed ₹.4,00,000 and ₹.3,00,000 respectively as their capitals.

On 1<sup>st</sup> October, 2018 Rohan provided ₹.1,00,000 as loan to the firm.

As per the provisions of the Partnership Deed:

- 20% of profits before charging Interest on Drawings but after making appropriations to be transferred to General Reserve.
- Interest on capital @ 12% p.a. and Interest on Drawings @ 10% p.a.
- Rohan to get monthly salary of ₹.10,000 and Mohan to get salary of ₹.45,000 per quarter.
- Rohan is entitled to a commission of 5% on sales. Sales for the year were ₹.7,00,000.
- Profit and loss to be shared in the ratio of their capital contribution up to ₹.3,50,000 and above equally.

The profits for the year ended 31<sup>st</sup> March, 2019 before providing for any interest was ₹.9,22,000. The drawings of Rohan and Mohan were ₹.2,00,000 and ₹.2,50,000 respectively.

Prepare necessary ledger accounts

Profit and Loss Appropriation a/c for the year ended 31<sup>st</sup> March 2019

Particulars	Amount	Amount	Particulars	Amount	Amount
To IOC			By Net profit		9,19,000
Rohan	48,000		By IOD		
Mohan	36,000	84,000	Rohan	10,000	
			Mohan	12,500	22,500
To Salary					
Rohan	1,20,000				
Mohan	1,80,000	3,00,000			
To Com					
Rohan		35,000			
To Reserve		1,00,000			
To profit trfd					
Rohan	2,36,250				
Mohan	1,86,250	4,22,500			
		9,41,500			9,41,500

Partner's Capital a/c

Particulars	Rohan	Mohan	Particulars	Rohan	Mohan
To Drawings	2,00,000	2,50,000	By bal b/d	4,00,000	3,00,000
To IOD	10,000	12,500	By IOC	48,000	36,000
To Bal c/d	6,29,250	4,39,750	By Salary	1,20,000	1,80,000
			By Com	35,000	
			By P & L app	2,36,250	1,86,250
	8,39,250	7,02,250		8,39,250	7,02,250

**OR**

Anita and Binita are partners sharing profits and losses in the ratio of 3:1. On 1<sup>st</sup> April, 2018 their Fixed capitals were Anita ₹.1,00,000 and Binita ₹.60,000. During the year ended 31<sup>st</sup> March, 2019 they earned a net profit of ₹.1,00,000. The terms of partnership are :

- a) Interest on capital is to be allowed @ 6%p.a.
- b) Anita will get a commission @ 2% on turnover.
- c) Binita will get a salary of ₹.1,000 per month.
- d) Binita will get commission of 5% on profits after deduction of all expenses including such commission. Partners drawings for the year were : Anita ₹.16,000 and Binita ₹.12,000. Turnover for the year was ₹.6,00,000.

After considering the above facts, you are required to prepare the necessary ledger accounts.

Profit and Loss Appropriations a/c for the year ended 31<sup>st</sup> March 2019

Particulars	Amount	Particulars	Amount
To IOC Anita 6,000 Binita 3,600	9,600	By Net profit	1,00,000
To Com : Anita	12,000		
To Salary Binita	12,000		
To Com Binita	3,162		
To profit trfd Anita 47,428 Binita 15,810	63,238		
	1,00,000		1,00,000

Partner's Capital a/c

Particulars	Anita	Binita	Particulars	Anita	Binita
To Bal c/d	1,00,000	60,000	By bal b/d	1,00,000	60,000
	1,00,000	60,000		1,00,000	60,000

Partners Current a/c

Particulars	Anita	Binita	Particulars	Anita	Binita
To Drawings	16,000	12,000	By IOC	6,000	3,600
To Bal c/d	49,428	22,572	By Com	12,000	3,162
			By Salary		12,000
			By P/L app	47,428	15,810
	65,428	34,572		65,428	34,572