Brain International School
Vikas Puri, New Delhi

ASSIGNMENT NO. 1

SUBJECT: ACCOUNTANCY **CLASS-XII** **APRIL,2025**

Chapter 1: Fundamentals of Partnership

Q1. Ram, Rahim and Roshan were partners sharing profits and losses in the ratio of 2:2:1. Their fixed Capital balances were ₹ 2,50,000 ; ₹ 2,00,000 and ₹ 1,50,000 respectively. For the year ended March 31, 2024 profits of ₹ 42,000 were distributed without providing for Interest on Capital @ 10% p.a. as per the partnership deed.
While passing an adjustment entry, which of the following is correct?
A. Roshan will be debited by ₹ 2,100
B. Roshan will be credited by ₹ 2,100
C. Roshan will be credited by ₹ 3,000
D. Roshan will be debited by ₹ 3,000

Q2. Aman, Daman and Raman were partners sharing profits and losses in the ratio of 5:4:3. Raman's fixed Capital balance as on March 31, 2024 was ₹ 5,40,000. Which of the following items would have affected this Capital balance?
A. Profit/Loss for the year
B. Additional Capital introduced
C. Reduction in Capital due to Capital Adjustment
D. Both B and C

Q3. Assertion: Partner's current accounts are opened when their capital are fluctuating.
Reasoning: In case of Fixed capitals all the transactions other than Capital are done through Current account of the partner.
A. Both A and R are true and R is the correct explanation of A.
B. Both A and R are true but R is not the correct explanation of A.
C. A is true but R is false
D. A is false but R is true

Q4. Pankaj, Quraisi and Rozer were partners with fixed capital of ₹ 80,000, ₹64,000 and ₹48,000. After distributing the profit of ₹96,000 for the year ended 31st March 2022 in their agreed ratio of 3:1:1. It was observed that:

(1) Interest on capital was provided at 10% p.a. instead of 8% p.a.

(2) Salary of ₹ 12,000 was credited to Pankaj instead of Quraisi.

You are required to pass journal entry in the beginning of the next year to rectify the above omissions.

Q5. A and B are partners in the ratio 3:2. The firm maintains fluctuating capital accounts and the balance of the same as on 31st March, 2024 amounted to ₹3,20,000 and ₹2,80,000 for A and B respectively. Their drawings during the year were ₹60,000 each.
As per the Partnership Deed, interest on capital @10% p.a. on opening capital had been provided to them. Calculate opening capitals of partners given that their profit was ₹1,80,000. Show your workings clearly.

Q6. A and B started a partnership business on 1st April 2019. Their capital contributions were ₹3,00,000 and ₹ 2,00,000 respectively. The partnership deed provided:

- **a)** Interest on capitals @5% p.a.
- **b)** A to get a salary of ₹ 15,000 p.a. and B ₹1,000 monthly.
- **c)** Commission to B @10% of profits after charging interest on capital, salary and such commission.
- **d)** Profits are to be shared in the ratio of 3:2.

The profits for the year ended 31st March 2020 before making above appropriations were ₹3,00,000. A's drawing during the year were ₹5,000 and for B it was ₹7,000. Prepare Profit and Loss Appropriation Account and Partners Capital Accounts for the year ended March 31, 2020.

Q7. Cheese and Slice are equal partners. Their capitals as on April 01, 2022 were ₹50,000 and ₹1,00,000 respectively. After the accounts for the financial year ending March 31, 2023 have been prepared, it is observed that interest on capital @ 6% per annum and salary to Cheese @ ₹5,000 per annum, as provided in the partnership deed has not been credited to the partners' capital accounts before distribution of profits. You are required to give necessary rectifying entries using P&L adjustment account.

Chapter 2: Goodwill: Nature And Valuation

Q1. Capital invested in a firm is ₹5,00,000. Normal rate of return is 10%. Average profits of the firm are ₹64,000 (after an abnormal loss of ₹4,000). Value of goodwill at four times the super profits will be: **1**

- **a)** ₹72,000
- **b)** ₹40,000
- **c)** ₹2,40,000
- **d)** None of these

Q2. Tangible Assets of the firm are ₹14,00,000 and Outside liabilities are ₹4,00,000. Profit of the firm is ₹1,50,000 and normal rate of return is 10%. Calculate capital employed.

- **a)** ₹10,00,000
- **b)** ₹1,00,000
- **c)** ₹50,000
- **d)** ₹20,000

Q3. Calculate goodwill using:

- **a)** Capitalisation of Average Profits
- **b)** Capitalisation of Super Profits

- Actual Average Profits- ₹72,000
- Normal Rate of Return- 10%
- Assets- ₹9,70,000
- Liabilities- ₹4,00,000

Q4. Assertion (A): Two factors affecting goodwill are efficient management, repeated customer leading to higher sales and profit; thus, it leads to higher value of goodwill.

Reason (R): Management is efficient leads to higher profit and thus, increase in the value of goodwill. Similarly repeated customer' leads to increased sale and thus higher profits increase in value of goodwill.

- **a)** Both R and A are correct.
- **b)** Both R and A are not correct.
- **c)** A is correct but R is not correct.
- **d)** R is correct but A is not correct.

Q5. Luv and Kush are partners sharing profits equally. They admit Shubh into partnership for equal share. Goodwill was agreed to be valued at two years' purchase of average profit of last four years. Profits for the last four years were:

Year Ended	Normal Profit/ (Loss) (₹)
31st March, 2019	70,000;
31st March, 2020	1,00,000;
31st March, 2021	55,000 (Loss);
31st March, 2022	1,44,000.

The books of account of the firm were perused and following was noticed:

1. Firm had profit on sale of building (abnormal gain) of ₹10,000 during the year ended 31st March, 2019.
2. Firm incurred loss on sale of computers (abnormal loss) of ₹20,000 during the year ended 31st March, 2020.
3. Repairs to car of ₹50,000 was wrongly debited to Vehicles Account on 1st June, 2020. Depreciation was charged on vehicles @ 12% p.a. on Straight Line Method. Calculate the value of Goodwill.

Q6. The average net profits of a firm are ₹ 1,80,000 per year. Average capital employed by the firm is ₹7,00,000. The normal rate of return from capital invested in this type of business is 10%. Remuneration of the partners is expected to be ₹ 20,000 p.a. Find out the value of goodwill on the basis of two years purchase of super profits.