

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION**DEATH OF A PARTNER****WORK SHEET 1**

NAME OF STUDENT:

DATE:

Q. 1 Name the account which is opened to transfer the share of profit of the deceased partner in the year of his death.

Ans

Q. 2 When is Partner's Executors' Account prepared?

Ans

Q. 3 A, B and C were partners in a firm. C died on 28th Feb 2014. His share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of the average profit of three complete years before death, profit for 2011, 2012 and 2013 were Rs. 1400, Rs. 1600 and Rs. 1800 respectively.
Calculate C's share of profit till his death.

Ans

Q. 4 A B and C are partners sharing profit and losses in the ratio 2:2:1. C died on 31st March 2014 profit and sales for the calendar year 2013 were Rs. 3,00,000 and Rs. 30,00,000 respectively. Sales during January to March 2014 were 4,50,000. Calculate share and profit of C up to date of death.

Ans

Q.5 Ajit and Bijit are in partnership sharing profits and losses in the ratio of 3: 2. Bijit died three months after the date of the last Balance Sheet prepared on 31.03.2012. According to the Partnership Deed, Bijit's representative is entitled to the following payments:
a) His capital as per the last Balance Sheet.
b) Interest on above capital @ 6% p.a. till the date of death.
c) His share of profits till the date of death calculated on the basis of last year's profits.
Bijit's capital as per the last Balance Sheet was Rs. 40,000 and his drawings till the date of death were Rs. 5,000. The last year's profits were Rs. 30,000. Draw Bijit's Account to be rendered to his legal representative.

KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION
CH: 5 DISSOLUTION OF A PARTNERSHIP FIRM
WORKSHEET - 1

NAME OF STUDENT:

DATE:

1	State three points of difference between dissolution of partnership and dissolution of partnership firm.				
ans	Dissolution of partnership		Dissolution of partnership firm		
2.	What does section 48 of Indian Partnership Act,1932 says regarding settlement of accounts with special reference to application of assets (sec.48(b)) says?				
ans	1				
	2				
	3				
	4				
3.	State any four cases when court may pass order for dissolution of the firm.				
ans	1				
	2				
	3				
	4				
4.	State three points of difference between 'Realisation Account' and 'Revaluation Account'.				
ans	'Realisation Account'		'Revaluation Account'		
5.	Pass journal entries for the following transactions:				
	1	Realisation expenses were Rs. 10,000			
	2.	Realisation expenses Rs. 15,000 paid by Reema, a partner			
	3.	Realisation expenses Rs. 12,000 paid by the firm on behalf of Dhanshree, a partner			
	4.	Janak, a partner was paid remuneration (including expenses) of Rs. 20,000 to carry out dissolution of a firm. Actual expenses were Rs. 10,000. Expenses incurred were paid by Janak.			
ans	date	particular	l.f	Dr. amount	Cr. amount
	1				
	2				
	3				
	4				
6.	Pass journal entries in the following cases: 1.Dissolution expenses were Rs. 16,000. Out of the said expenses, Rs. 6,000 were borne by the firm, and the balance by Rushil , a partner. Rs. 16,000 were paid by the firm. 2. Realisation expenses Rs. 10,000 were borne and paid by Mr. Chitransh , a partner. 3. Bhavin, a partner is to carry out dissolution of the firm at an agreed remuneration of Rs. 20,000 4. Aditya, a partner, is paid remuneration of Rs. 15,000 for dissolution of a firm. Realisation expenses were Rs. 8,000 are paid by the firm.				

5. Realisation expenses of Rs. 10,000 were to be borne by Babu, a partner. However, it was paid by Sabu, another partner. It was to be recorded in the books.

ans	date	Particular	l.f	Dr. amount	Cr . amount
	1.				
	2				
	3				
	4				
	5				

7. A and B were partners sharing profits in the ratio of 3:2. Pass necessary journal entries under following situations at the time of dissolution of firm:

1	Workmen Compensation reserve in the balance sheet was Rs. 1,50,000
2	Workmen Compensation reserve was Rs. 1,20,000 and liability for it was Rs. 70,000
3	Workmen Compensation reserve was Rs. 60,000 and liability for it was Rs. 75,000
4	Workmen Compensation reserve was Rs. 30,000 and liability for it was Rs. 30,000
5	Workmen Compensation reserve was nil and liability for it was Rs. 30,000

ans	date	Particular	l.f	Dr. amount	Cr . amount
	1.				
	2				
	3				
	4				
	5				

8. Pass necessary journal entries in the books of X and Y

1. There was an old furniture in the firm which had been written off completely in the books. This was sold for Rs. 3000
2. Mohit, an old customer whose account of Rs. 3000 was written off as bad in the previous year, paid 60% of the amount
3. There was an old typewriter which had been written off completely from the books it was estimated to realise Rs. 400. It was taken by partner X at an estimated price less 25%

ans

KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION
CH: 5 DISSOLUTION OF A PARTNERSHIP FIRM
WORKSHEET - 2

NAME OF STUDENT:

DATE:

1. Charu, Dhvani, Iknor and Paavni were partners in a firm. They had entered into partnership firm last year only, through a verbal agreement. They contributed Capitals in the firm and to meet other financial requirements, few partners also provided loan to the firm. Within a year, their conflicts arisen due 4 to certain disagreements and they decided to dissolve the firm. The firm had appointed Ms. Kavya, who is a financial advisor and legal consultant, to carry on the dissolution process. In the first instance, Ms. Kavya had transferred various assets and external liabilities to Realisation A/c. Due to her busy schedule; Ms. Kavya has delegated this assignment to you, being an intern in her firm. On the date of dissolution, you have observed the following transactions: (i) Dhvani's Loan of ₹ 50,000 to the firm was settled by paying ₹ 42,000. (ii) Paavni's Loan of ₹ 40,000 was settled by giving an unrecorded asset of ₹ 45,000. (iii) Loan to Charu of ₹ 60,000 was settled by payment to Charu's brother loan of the same amount. (iv) Iknor's Loan of ₹ 80,000 to the firm and she took over Machinery of ₹ 60,000 as part payment. You are required to pass necessary entries for all the above mentioned transactions.

ans	date	particular	l.f	Dr. amt	Cr.amt

2. *Michael, Jackson and John were partners in a firm sharing profits in the ratio of 3 : 1 : 1. On 31st March, 2017, they decided to dissolve their firm. On that date their Balance Sheet was as follows :*

Balance Sheet of Michael, Jackson and John as at 31.3.2017

<i>Liabilities</i>	<i>Amount Rs.</i>	<i>Assets</i>	<i>Amount Rs.</i>
<i>Creditors</i>	<i>11,500</i>	<i>Bank</i>	<i>6,000</i>
<i>Loan</i>	<i>3,500</i>	<i>Debtors</i>	<i>48,400</i>
<i>Capital :</i>		<i>Less : Provision for Doubtful Debts</i>	<i>2,400</i>
<i>Michael</i>	<i>50,000</i>	<i>Stock in Trade</i>	<i>16,000</i>
<i>Jackson</i>	<i>25,000</i>	<i>Furniture</i>	<i>2,000</i>
<i>John</i>	<i><u>14,000</u></i>	<i>Sundry Assets</i>	<i>34,000</i>
	<i>89,000</i>		
	<i>1,04,000</i>		<i>1,04,000</i>

It was agreed that :

- (i) Michael was to take over Furniture at RS. 2,600 and Debtors amounting to RS. 40,000 at Rs. 34,400 and the Creditors of Rs. 10,000 were to be paid by him at this figure.
- (ii) Jackson was to take over all the stock in trade at Rs. 14,000 and some of the other Sundry Assets at Rs. 28,800 (being 10% less than book value).
- (iii) John was to take over the remaining Sundry Assets at 90% of the book value and assumed the responsibility for the discharge of the loan.
- (iv) The remaining debtors were sold to a debt collecting agency for 50% of the book value. The expenses of dissolution Rs.600 were paid by John.
- Prepare Realisation Account, Bank Account and Partners' Capital Accounts.

ans

Realisation account

Dr.		cr.	
Particular	amount	particular	amount

Partners' capital account

particular	Michael	jackson	John	particular	Michael	Jackson	John

Bank/ Cash account

Particular	amount	particular	amount

3 Prashant and Rajesh were partners in a firm sharing profits in the ratio of 3:2 they decided to dissolve the firm on 31/3/2023. Prashant was deputed to realise the assets and to pay the liabilities. He was to be paid Rs. 1000 as a commission for his services. Their balance sheet as on date was as follows:

liabilities	amount	assets	amount
Creditors	80,000	Building	1,20,000
Mrs, Prashant's loan	40,000	Investments	30,600
Rajesh's loan	24,000	Debtors	34,000
Investments fluctuation fund	8,000	Less: provision	<u>4,000</u>
Prashant's capital	42,000	Bills receivable	37,400
Rajesh's capital	42,000	Cash	6,000
		Profit and loss account	8,000
		goodwill	4,000
	2,36,000		2,36,000

Following was agreed upon:

1. Prashant agreed to pay his wife's loan
 2. Debtors realised Rs.24,000
 3. Rajesh took all the investments at Rs. 27,000
 4. Building realised Rs. 1,52,000
 5. Creditors were payable after 2 months. They were paid immediately at 10% discount
 6. Bills receivable were settled at a loss of Rs.1400
 7. Realisation expenses amounted Rs.2500
- Prepare realisation account.

Ans

Realisation account			
particular	amount	particular	amount

KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION
CH:5 ANALYSIS OF FINANCIAL STATEMENT
WORKSHEET

NAME OF STUDENT:

DATE:

What is Operating Cycle? In case Operating Cycle cannot be identified, how many months it is assumed?

An s:	
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2. What are the items included in Cash and Cash Equivalents?

An s:	1	
	2	
	3	
	4	

3. State any one objective and one limitation of Financial Statement Analysis.

an s	1	
	2	

4. Match the Followings:

An s:	Horizontal or Dynamic Analysis	Cross-Sectional Analysis
	Vertical or Static Analysis	Time Series Analysis

5. Which of the following is not a tool of financial analysis?
 (a) Comparative Income Statement (b) Comparative Position Statement
 (c) Statement of Profit & Loss (d) Cash Flow Statement

An s:	
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6. Explain briefly any four limitations of 'Analysis of Financial Statements.'

An s:	
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7.	Explain briefly any four importance of 'Analysis of Financial Statements.'
An s:	
8.	<p>Under which Major and Sub-headings will the following items be shown in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?</p> <p>(1) Bank Loans (2) Securities Premium Reserve (3) Provisions for Warranties (4) Copyright (5) Loose Tools and Stores & Spares (6) Public Deposit</p>
An s:	
9.	<p>Under which major headings and subheadings will the following items be presented in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?</p> <p>(i) Interest accrued and due on debentures (ii) Loose tools (iii) Accrued interest on calls in advance (iv) Interest due on calls in arrears (v) Trademarks (vi) Premium on redemption of debentures (vii) Plant and Machinery (viii) Patents</p>

10	State giving reason whether Trade Payables are classified as Current Liabilities or Non-Current Liabilities in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013 in the following cases:		
	Case	Operating Cycle Period (Months)	Expected Payment Period (Months)
	1	8	10
	2	10	12
	3	11	13
	4	14	13
	5	15	16
11	Which item is assumed to be 100 while preparing common size statement of profit and loss?		
Ans			
12	From the following balance sheet of S Ltd. as at March 2017. Prepare a common size balance sheet:-		
Particulars	Note No	31 Mar 2023	31 Mar 2022
I. Equity and Liabilities			
1. Shareholders' Funds			
a) Share Capital		10,00,000	5,00,000
b) Reserves and Surplus		2,00,000	3,00,000
2. Non-current Liabilities			
Long term Borrowings		8,00,000	5,00,000
3. Current Liabilities			
Trade Payables		4,00,000	2,00,000
Total		24,00,000	15,00,000
II. Assets			
1. Non-Current Assets			
Fixed Assets-Tangible Assets		15,00,000	10,00,000
2. Current Assets			
Cash and Cash Equivalent		9,00,000	5,00,000
Total		24,00,000	15,00,000
Ans			

13

Convert the following particulars into Common Size Statement of Profit and Loss and interpret the changes in 2018:

Particulars	31 st March 2018	31 st March 2017
Revenue from Operations	18,00,000	15,00,000
Other Income	72,000	45,000
Cost of Materials Consume	8,64,000	6,60,000
Finance Costs	1,80,000	1,80,000
Other Expenses	54,000	1,05,000

An

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION**CH-1-FUNDAMENTALS OF PARTNERSHIP FIRM****WORK SHEET 1****NAME OF STUDENT:****DATE:**

1	In case of fixed capitals, interest on capital (a) is credited to Partner's Capital Account. (b) is credited to Partner's Current Account. (c) may be credited to Partner's Capital or Current Account. (d) is debited to Partner's Capital Account
A	(b) is credited to Partner's Current Account.
2	Ram and Shyam are prepared for the year ended 31st March, 2021, which show a profit of Rs. 1,50,000 before allowing interest on a loan of Rs. 50,000 from Shyam @ 10% p.a. Each partner is entitled to salary as follows: Ram Rs. 15,000 per annum Shyam Rs. 10,000 per annum. What is Ram's total appropriation of profit for the year ended 31st March, 2021? (a) Rs. 77,500 (b) Rs. 70,000 (c) Rs. 75,000 (d) Rs. 80,000
A	(c) Rs. 75,000
3	A,B,C, and D are partners in a firm. They want to expand their business for which additional capital and more managerial experts are required. For this they admit more members in their firm. What is the maximum number of additional members that can be admitted by them in the firm: (a) 02 (b) 50 (c) 20 (d) 46
A	(d) 46
4	Sharma and Verma were partners in a firm. The partnership deed provided that interest on partners' drawings will be charged @ 12% per annum. During the year Sharma withdrew Rs. 6,000. Interest on his drawings will be : (a) Rs. 600 (b) Rs. 330 (c) Rs. 360 (d) Rs. 720
A	(c) Rs. 360
5	Assertion (A): Amit, Bharat and Charu are partners in the firm. The partnership deed provided for salary to Amit of Rs. 60,000 p.a. Bharat and Charu also ask for salaries of Rs. 60,000 each. Salaries to Bharat and Charu is to be allowed. Reason (R): In the absence of Partnership Deed, provisions of the Partnership Act, 1932 apply. Thus, salaries are not to be allowed to them. In the context of above two statements, which of the following is correct? (a) Assertion (A) and Reason (R) are correct but the Reason (R) is not correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are correct and Reason (R) is

	<p>the correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is correct but the Reason (R) is not correct.</p> <p>(d) Assertion (A) is not correct but the Reason (R) is correct.</p>								
A	(d) Assertion (A) is not correct but the Reason (R) is correct.								
6	<p>Interest on partners' loan is to be treated as :-</p> <p>(a) an appropriation out of profits</p> <p>(b) A charge against profits</p> <p>(c) Both A & B(d) None of A & B</p> <p>(d) None of these</p>								
A	(b) A charge against profits								
3/4 Marks Questions									
7	<p>Kanika and Gautam are partner's. Doing a dry cleaning business in Lucknow, sharing profits in the ratio 2:1 with capitals Rs.5,00,000 and Rs.4,00,000 respectively. Kanika withdrew the following amounts during the year to pay the hostel expenses of her son.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1st April 10,000</td> <td style="text-align: center;">1st June 9,000</td> <td style="text-align: center;">1st Nov. 14,000</td> <td style="text-align: center;">1st Dec. 5,000</td> </tr> </tbody> </table> <p>Gautam withdrew Rs.15,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. He also paid Rs.20,000 per month as rent for the office of partnership which was in a nearby shopping complex. Calculate interest on Drawings @6% p.a.</p>	Rs.	Rs.	Rs.	Rs.	1st April 10,000	1st June 9,000	1st Nov. 14,000	1st Dec. 5,000
Rs.	Rs.	Rs.	Rs.						
1st April 10,000	1st June 9,000	1st Nov. 14,000	1st Dec. 5,000						
A	<p>Calculation of Interest on drawings:</p> <p>Kanika</p> <p>10000*12= 120000</p> <p>9000*10= 90000</p> <p>14000*5= 70000</p> <p>5000*4= <u>20000</u></p> <p style="padding-left: 40px;"><u>300000</u></p> <p>Rs.300000*6/100*1/12=1500</p> <p>Gautam</p> <p>60000*6/100*7.5/12=2250</p>								
8	<p>Read the following hypothetical situation, Answer Question No. 1 to 3</p> <p>Puneet and Raju are partners in a clay toys making firm. Their capitals were Rs.5,00,000 and Rs.10,00,000 respectively. The firm allowed Puneet to get a commission of 10% on the net profit before charging any commission and Raju to get a commission of 10% on the net profit after charging all commission.</p> <p>Following is the Profit & Loss Appropriation Account for the year ended 31st March 2022:</p>								

Profit and loss Appropriation Account for the year ended 31st March 2022					
Dr.		Cr.			
Particulars	Amt(Rs.)	Particulars	Amt.(Rs.)		
To Puneet's Capital(commission (....*10/100)	44,000	By P and L a/c	.....	
To Raju's cap.a/c(commission)	.....			
To profit transfer to (Share in profit)					
Puneet'scap.	.....			
Raju's cap	.....			
	<u>.....</u>		<u>.....</u>		
1	Raju's commission will be: (a) Rs.40,000 (b) Rs.44,000 (c) Rs.36,000 (d) Rs.36400				
A	(c) Rs.36,000				
2	Puneet's share of profit will be: (a) Rs.1,80,000 (b) Rs.1,44,000 (c) Rs.2,16,000 (d) Rs.1,60,00				
A	(a) Rs.1,80,000				
3	Interest on capital of Puneet and Raju will be: (a) Allowed (b) Not allowed (c) Only (a) is correct (d) Only (b) is correct				
A	(d) Only (b) is correct				
9	Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of Rs. 2,00,000. The firm incurred a loss of Rs.22,00,000 for the year ended 31st March,2023. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account.				
A	Journal Entry				
	Date	Particulars	L.F.	Dr.Rs.	Cr.Rs
	31.03.2023	Maanika's cap A/c Dr		2,40,000	
		Bhavi's cap A/c b Dr		1,60,000	
		To Komal's cap. A/c			4,00,000

(Being the Deficiency of Komal met by Maanika and Bhavi)

Profit and loss Appropriation Account
for the year ended 31st March 2023

Dr.		Cr.	
Particulars	Amt.(Rs.)	Particulars	Amt.(Rs.)
To Net Loss (P & L A/c)	22,00,000	By Loss transfer to Maanika's cap.	12,00,000
		Bhavi's cap	8,00,000
		Komal's cap	2,00,000
	<u>22,00,000</u>		<u>22,00,000</u>

Loss of the firm: 22,00,000

Komal's share of loss = $22,00,000 \times \frac{1}{11} = \text{Rs.} 2,00,000$

Guaranteed Minimum profit Rs.2,00,000

- 10 Following are the profit and Loss Appropriation Account and Partners capital Account of Asha, Nisha and Kavita Sharing profits and losses in the ratio of 2:1:1. You are required to complete the missing entries and figures:

Profit and loss Appropriation Account
for the year ended 31st March 2023

Dr.		Cr.	
Particulars	Amt.(Rs.)	Particulars	Amt.(Rs.)
To Interest on Capital		By .....	.....
Asha 1,000			
Nisha 800			
Kavita 200	2,000		
To .....	.....	
To Nisha's Commission A/c (13,200 x 10/110)	1,200		
To partners Capital A/c (Share in profit)			
Asha 			
Nisha 			
Kavita .....	.....	
	<u>17,200</u>		<u>17,200</u>

Partner's Capital Account							
Dr				Cr.			
Particulars	Asha	Nisha	Kavita	Particulars	Asha	Nisha	Kavita
To Drawing A/c	6,000	5,000	4,000	By Balance b/d	20,000	19,000	4,000
To Balance c/d	.....	.....	.....	By Int. on capital	.....	.....	.....
				By Salary A/c			2,000
				By Commission a/c		.....
				By P& L A/c	6,000		3,000
	<u>27,000</u>	<u>21,000</u>	<u>9,200</u>		<u>27,000</u>	<u>21,000</u>	<u>9,200</u>
	0						
A	1. To Kavita's Salary Rs.2,000 2. By Profit & loss A/c Rs. 17,200 3. To Partners capital A/c (share Profit) Asha Rs.6,000 Nisha Rs.3,000 Kavita Rs.3,000 4. To Balance c/d Asha Rs.21,000 Nisha Rs.16,000 Kavita Rs.5,200 5. By Interest on capital A/c Asha Rs.1,000 Nisha Rs.800 Kavita Rs.200 6. By Commission A/c Nisha Rs. 1,200						
11	Amay, Anmol and Rohan entered into partnership on 1st July, 2022 to share profits and losses in the ratio of 3:2:1. Amay guaranteed that Rohan's share of profit after charging interest on capital @ 6% p.a would not be less than Rs. 36,000 p.a. Their fixed capital balances are: Rs. 2,00,000, Rs. 1,00,000 and Rs. 1,00,000 respectively. Profit for the year ended 31st March, 2023 was Rs.1,38,000. Prepare Profit and Loss Appropriation A/c.						
A	Profit and loss Appropriation Account for the year ended 31st March 2023						
Dr.				Cr.			
Particulars	Amt.(Rs.)		Particulars	Amt.(Rs.)			
To Interest on Capital			By P and L A/c	1,38,000			
Amay's curr.a/c	9,000						
Anmol's curr.a/c	4,500						
Rohan's curr,a/c	4,500	18,000					
To Partner's curr. a/c							
Amay	53,000						
Anmol	40,000						
Rohan	27,000	1,20,000					
		<u>1,38,000</u>			<u>1,38,000</u>		

	Guarantee met for 9 months.																																							
12	<p>Seema and Meena decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of Rs 1,00,000 and Rs.50,000 on 1st April 2018 for this. Seema expressed her willingness to admit Neema as a partner without capital, who is specially abled but very creative and intelligent friend of her. Meena agrees to this. The terms of partnership were as follows:</p> <p>(i) Seema, Meena and Neema will share profits in the ratio of 2:2:1. (ii) Interest on Capital will be provided @6%p.a.</p> <p>Due to shortage of Capital , Seema contributed Rs.25,000 on 30th September 2018 and Meena contributed Rs10,000 on 1st January 2019 as additional Capital. The profit of the firm for the year ended 31st March 2019 was Rs1,68,900.</p> <p>Prepare the profit and loss Appropriation account for the year ended 31st march 2019</p>																																							
A	<p>Working Note: Interest on capital</p> <p>Seema = 1,00,000 x 6/100 + 25,000 x 6/100 x 6/12 = 6,750 (1Mk) Meena = 50,000 x 6/100 + 10,000 x 6/100 x 6/12 = 3,300 (1Mk)</p> <p style="text-align: center;">Profit & Loss Appropriation A/C</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Dr</th> <th></th> <th style="text-align: right;">Cr</th> </tr> </thead> <tbody> <tr> <td style="width: 30%;"></td> <td style="width: 20%; text-align: center;">Particulars</td> <td style="width: 20%; text-align: center;">Amount</td> <td style="width: 30%;"></td> </tr> <tr> <td></td> <td>To Interest on Capital</td> <td></td> <td>By Net Profit</td> </tr> <tr> <td></td> <td> Seema - 6750</td> <td></td> <td>1,68,900</td> </tr> <tr> <td></td> <td> Meena - 3300</td> <td style="text-align: right;">10,050</td> <td></td> </tr> <tr> <td></td> <td>To Net Divisible Profit</td> <td></td> <td></td> </tr> <tr> <td></td> <td> Seema 63,540</td> <td></td> <td></td> </tr> <tr> <td></td> <td> Meena 63,540</td> <td></td> <td></td> </tr> <tr> <td></td> <td> Neena 31,770</td> <td style="text-align: right;">1,58,850</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1,68,900</td> <td style="text-align: right;">1,68,900</td> </tr> </tbody> </table>	Dr		Cr		Particulars	Amount			To Interest on Capital		By Net Profit		Seema - 6750		1,68,900		Meena - 3300	10,050			To Net Divisible Profit				Seema 63,540				Meena 63,540				Neena 31,770	1,58,850				1,68,900	1,68,900
Dr		Cr																																						
	Particulars	Amount																																						
	To Interest on Capital		By Net Profit																																					
	Seema - 6750		1,68,900																																					
	Meena - 3300	10,050																																						
	To Net Divisible Profit																																							
	Seema 63,540																																							
	Meena 63,540																																							
	Neena 31,770	1,58,850																																						
		1,68,900	1,68,900																																					
13	<p>Piya and Bina are partners in a firm sharing profits and losses in the ratio of 3 : 2. Following was the Balance Sheet of the firm as on 31-3-2023.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Liabilities</th> <th style="text-align: right;">Amount (Rs)</th> <th style="text-align: left;">Assets</th> <th style="text-align: right;">Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>Capitals :Piya</td> <td style="text-align: right;">80,000</td> <td>Sundry Assets</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td> Bina</td> <td style="text-align: right;">40,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,20,000</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,20,000</u></td> <td></td> <td style="text-align: right;"><u>1,20,000</u></td> </tr> </tbody> </table> <p>The profits Rs. 30,000 for the year ended 31-3-2023 were divided between the partners without allowing interest on capital @ 12% p.a. and salary to Piya @ Rs 1,000 per month. During the year Piya withdrew Rs. 8,000 and Bina withdrew Rs. 4,000. Showing your working notes clearly, pass the necessary rectifying entry.</p>	Liabilities	Amount (Rs)	Assets	Amount (Rs)	Capitals :Piya	80,000	Sundry Assets	1,20,000	Bina	40,000				<u>1,20,000</u>				<u>1,20,000</u>		<u>1,20,000</u>																			
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	<u>1,20,000</u>		<u>1,20,000</u>																																					
A	<p>Working Note:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Priya</th> <th style="text-align: center;">Bina</th> </tr> </thead> <tbody> <tr> <td>Closing Capital</td> <td style="text-align: right;">80,000</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Add: Drawing</td> <td style="text-align: right;">8,000</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>Less: Sh of Profit</td> <td style="text-align: right;">(18,000)</td> <td style="text-align: right;">(12,000)</td> </tr> <tr> <td>Opening Capital</td> <td style="text-align: right;">70,000</td> <td style="text-align: right;">32,000</td> </tr> </tbody> </table> <p style="text-align: center;">Correct P & L Appropriation Account</p>		Priya	Bina	Closing Capital	80,000	40,000	Add: Drawing	8,000	4,000	Less: Sh of Profit	(18,000)	(12,000)	Opening Capital	70,000	32,000																								
	Priya	Bina																																						
Closing Capital	80,000	40,000																																						
Add: Drawing	8,000	4,000																																						
Less: Sh of Profit	(18,000)	(12,000)																																						
Opening Capital	70,000	32,000																																						

TO Interest on Capital		By Net Profit	30,000
Priya – 8,400			
Bina 3,840	12,240		
To Salary to Piya	12,000		
To Share of profit	<u>5,760</u>		
	<u>30,000</u>		<u>30,000</u>
	Piya	Bina	
Due Int. on capital	8,400	3,840	
Salary	12,000	---	
Sh of profit	3,456	2,304	
Total Due(Cr)	23,856	6,144	
Amount Drawn(Dr)	<u>18,000</u>	<u>12,000</u>	
Net Effect	5,856 (Cr)	5,856(DR)	
Journal Entries			
Bina's Capital Account Dr	5,856		
To Piya's Capital Account		5,856	

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION**CH-1-FUNDAMENTALS OF PARTNERSHIP FIRM****WORK SHEET 1****NAME OF STUDENT:****DATE:**

1	In case of fixed capitals, interest on capital (a) is credited to Partner's Capital Account. (b) is credited to Partner's Current Account. (c) may be credited to Partner's Capital or Current Account. (d) is debited to Partner's Capital Account
A	
2	Ram and Shyam are prepared for the year ended 31st March, 2021, which show a profit of Rs. 1,50,000 before allowing interest on a loan of Rs. 50,000 from Shyam @ 10% p.a. Each partner is entitled to salary as follows: Ram Rs. 15,000 per annum Shyam Rs. 10,000 per annum. What is Ram's total appropriation of profit for the year ended 31st March, 2021? (a) Rs. 77,500 (b) Rs. 70,000 (c) Rs. 75,000 (d) Rs. 80,000
A	
3	A,B,C, and D are partners in a firm. They want to expand their business for which additional capital and more managerial experts are required. For this they admit more members in their firm. What is the maximum number of additional members that can be admitted by them in the firm: (a) 02 (b) 50 (c) 20 (d) 46
A	
4	Sharma and Verma were partners in a firm. The partnership deed provided that interest on partners' drawings will be charged @ 12% per annum. During the year Sharma withdrew Rs. 6,000. Interest on his drawings will be : (a) Rs. 600 (b) Rs. 330 (c) Rs. 360 (d) Rs. 720
A	
5	Assertion (A): Amit, Bharat and Charu are partners in the firm. The partnership deed provided for salary to Amit of Rs. 60,000 p.a. Bharat and Charu also ask for salaries of Rs. 60,000 each. Salaries to Bharat and Charu is to be allowed. Reason (R): In the absence of Partnership Deed, provisions of the Partnership Act, 1932 apply. Thus, salaries are not to be allowed to them. In the context of above two statements, which of the following is correct?

	<p>(a) Assertion (A) and Reason (R) are correct but the Reason (R) is not correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is correct but the Reason (R) is not correct.</p> <p>(d) Assertion (A) is not correct but the Reason (R) is correct.</p>								
A									
6	<p>Interest on partners' loan is to be treated as :-</p> <p>(a) an appropriation out of profits</p> <p>(b) A charge against profits</p> <p>(c) Both A & B(d) None of A & B</p> <p>(d) None of these</p>								
A									
3/4 Marks Questions									
7	<p>Kanika and Gautam are partner's. Doing a dry cleaning business in Lucknow, sharing profits in the ratio 2:1 with capitals Rs.5,00,000 and Rs.4,00,000 respectively. Kanika withdrew the following amounts during the year to pay the hostel expenses of her son.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1st April 10,000</td> <td style="text-align: center;">1st June 9,000</td> <td style="text-align: center;">1st Nov. 14,000</td> <td style="text-align: center;">1st Dec. 5,000</td> </tr> </tbody> </table> <p>Gautam withdrew Rs.15,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. He also paid Rs.20,000 per month as rent for the office of partnership which was in a nearby shopping complex. Calculate interest on Drawings @6% p.a.</p>	Rs.	Rs.	Rs.	Rs.	1st April 10,000	1st June 9,000	1st Nov. 14,000	1st Dec. 5,000
Rs.	Rs.	Rs.	Rs.						
1st April 10,000	1st June 9,000	1st Nov. 14,000	1st Dec. 5,000						
A									

8 Read the following hypothetical situation, Answer Question No. 1 to 3
 Puneet and Raju are partners in a clay toys making firm. Their capitals were Rs.5,00,000 and Rs.10,00,000 respectively. The firm allowed Puneet to get a commission of 10% on the net profit before charging any commission and Raju to get a commission of 10% on the net profit after charging all commission.

Following is the Profit & Loss Appropriation Account for the year ended 31st March 2022:

Profit and loss Appropriation Account
 for the year ended 31st March 2022

Dr.			Cr.
Particulars	Amt.(Rs.)	Particulars	Amt.(Rs.)
To Puneet's Capital (commission) (....*10/100)	44,000	By P and L a/c	.....
To Raju's cap.a/c (commission)	.....	
To profit transfer to (Share in profit)			
Puneet's cap.			
Raju's cap ..... ..	.....	

- | | |
|---|---|
| 1 | Raju's commission will be:
(a) Rs.40,000
(b) Rs.44,000
(c) Rs.36,000
(d) Rs.36,400 |
| A | |
| 2 | Puneet's share of profit will be:
(e) Rs.1,80,000
(f) Rs.1,44,000
(g) Rs.2,16,000
(h) Rs.1,60,00 |
| A | |
| 3 | Interest on capital of Puneet and Raju will be:
(e) Allowed
(f) Not allowed
(g) Only (a) is correct
(h) Only (b) is correct |
| A | |

9 Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of Rs. 2,00,000. The firm incurred a loss of Rs.22,00,000 for the year ended 31st March,2023. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account.

A

10 Following are the profit and Loss Appropriation Account and Partners capital Account of Asha, Nisha and Kavita Sharing profits and losses in the ratio of 2:1:1. You are required to complete the missing entries and figures:

Profit and loss Appropriation Account
for the year ended 31st March 2023

Dr.		Cr.	
Particulars	Amt.(Rs.)	Particulars	Amt.(Rs.)
To Interest on Capital		By .....	.....
Asha 1,000			
Nisha 800			
Kavita 200	2,000		
To .....	.....	
To Nisha's Commission A/c (13,200 x10/110)	1,200		
To partners Capital A/c (Share in profit)			
Asha 			
Nisha 			
Kavita .....	.....	
	<u>17,200</u>		<u>17,200</u>

Partner's Capital Account

Dr				Cr.			
Particulars	Asha	Nisha	Kavita	Particulars	Asha	Nisha	Kavita
To Drawing A/c	6,000	5,000	4,000	By Balance b/d	20,000	19,000	4,000
To Balance c/d	.....	.....	.....	By Int. on capital	.....	.....	.....
				By Salary A/c			2,000

					By Commission a/c By P& L A/c	6,000	.....	3,000	
		<u>27,00</u> <u>0</u>	<u>21,000</u>	<u>9,200</u>		<u>27,000</u>	<u>21,000</u>	<u>9,200</u>	
A									
11	Amay, Anmol and Rohan entered into partnership on 1st July, 2022 to share profits and losses in the ratio of 3:2:1. Amay guaranteed that Rohan's share of profit after charging interest on capital @ 6% p.a would not be less than Rs. 36,000 p.a. Their fixed capital balances are: Rs. 2,00,000, Rs. 1,00,000 and Rs. 1,00,000 respectively. Profit for the year ended 31st March, 2023 was Rs.1,38,000. Prepare Profit and Loss Appropriation A/c.								
A									
12	Seema and Meena decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of Rs 1,00,000 and Rs.50,000 on 1 st April 2018 for this. Seema expressed her willingness to admit Neema as a partner without capital, who is specially abled but very creative and intelligent friend of her. Meena agrees to this. The terms of partnership were as follows: (iii) Seema, Meena and Neema will share profits in the ratio of 2:2:1. (iv) Interest on Capital will be provided @6%p.a.								

	<p>Due to shortage of Capital , Seema contributed Rs.25,000 on 30th September 2018 and Meena contributed Rs10,000 on 1st January 2019 as additional Capital. The profit of the firm for the year ended 31st March 2019 was Rs1,68,900.</p> <p>Prepare the profit and loss Appropriation account for the year ended 31st march 2019</p>																				
A																					
13	<p>Piya and Bina are partners in a firm sharing profits and losses in the ratio of 3 : 2. Following was the Balance Sheet of the firm as on 31-3-2023.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Liabilities</th> <th style="text-align: right;">Amount (Rs)</th> <th style="text-align: left;">Assets</th> <th style="text-align: right;">Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>Capitals :Piya</td> <td style="text-align: right;">80,000</td> <td>Sundry Assets</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>Bina</td> <td style="text-align: right;">40,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,20,000</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,20,000</u></td> <td></td> <td style="text-align: right;"><u>1,20,000</u></td> </tr> </tbody> </table> <p>The profits Rs. 30,000 for the year ended 31-3-2023 were divided between the partners without allowing interest on capital @ 12% p.a. and salary to Piya @ Rs 1,000 per month. During the year Piya withdrew Rs. 8,000 and Bina withdrew Rs. 4,000.</p> <p>Showing your working notes clearly, pass the necessary rectifying entry.</p>	Liabilities	Amount (Rs)	Assets	Amount (Rs)	Capitals :Piya	80,000	Sundry Assets	1,20,000	Bina	40,000				<u>1,20,000</u>				<u>1,20,000</u>		<u>1,20,000</u>
Liabilities	Amount (Rs)	Assets	Amount (Rs)																		
Capitals :Piya	80,000	Sundry Assets	1,20,000																		
Bina	40,000																				
	<u>1,20,000</u>																				
	<u>1,20,000</u>		<u>1,20,000</u>																		
A																					

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION**CH-2- GOODWILL: NATURE AND VALUATION****WORK SHEET 2****NAME OF STUDENT:****DATE:**

1	The term 'Number of Years' Purchase' means (a) The number of years during which the purchaser of Goodwill expects that the profit due to goodwill are likely to arise in future. (b) Number of years for which goodwill is purchased. (c) Number of years for which goodwill purchased will not help the firm in earning similar profits. (d) None of the above.
A	(a) The number of years during which the purchaser of Goodwill expects that the profit due to goodwill are likely to arise in future.
2	Total Capital employed in the firm is 8,00,000, Normal Rate of Return is 15% and profit for the year is 1.20,000. Value of goodwill as per Capitalisation Method would be (a) 8,20,000. (b) 1,20,000. (c) Nil (d) 4,20,000.
A	(c) Nil
3	M/s. Supertech India has assets of 5,00,000, whereas Liabilities are: Partners Capitals- 3.50,000 General Reserve 60,000 and Sundry Creditors- 90,000. If Normal Rate of Return is 10% and Goodwill of firm is valued at 90,000 at 2 years' purchase of Super Profit, the Average Profit of the firm will be (a) 46,000 (b) 86,000. (c) 1,63,000 (d) 23,000.
A	(b) 86,000.
4	Information: Capital Accounts of Partners Naresh and Vikesh- 5,00,000 each: Balances in Current Accounts of Naresh and Vikesh- 50,000 and 40,000 respectively; Bank Loan- 10,00,000; Goodwill 50,000; Investments-25,000; Advertisement Suspense-15,000. Based on the above information, Capital Employed for the purposes of valuation of Goodwill will be (a) 10,90,000. (b) 10,75,000. (c) 10,00,000. (d) 10,40,000.
A	(c) 10,00,000.
5	Given below are two statements (in each question), one labelled as Assertion (A) and other labelled as Reason (R) Assertion (A): Goodwill is an intangible asset because of which an enterprise is likely to earn higher profits without putting extra efforts. Reason (R): Goodwill is an intangible asset as it exists but does not have a physical existence. Also, if an enterprise enjoys goodwill, it will have repeated customers and will also attract more customers due to which sales will increase and thus the profits. In the context of above two statements, which of the following is correct?

	<p>(a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion</p> <p>(c) Both Assertion (A) and Reason (R) are not correct.</p> <p>(d) Assertion (A) is not correct but the Reason (R) is correct</p>															
A	(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion															
6	<p>Assertion (A): Self-generated Goodwill is recognised in the books of account on reconstitution of a firm because amount is exchanged between the gaining partner or partners and sacrificing partner or partners.</p> <p>Reason (R): According to A5 26, Intangible Assets, Self-generated Goodwill is not recognised in the b of accounts because the value is not paid for it.</p> <p>In the context of above two statements, which of the following is correct?</p> <p>(a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion</p> <p>(c) Both Assertion (A) and Reason (R) are not correct.</p> <p>(d) Assertion (A) is not correct but the Reason (R) is correct</p>															
A	(d) Assertion (A) is not correct but the Reason (R) is correct															
3/4 Marks questions																
7	<p>Purav and Purvi are partners in a firm sharing profits and losses in the ratio of 2 : 1. They decide to take Parv into partnership for 1/4th share on 1st April, 2019. For this purpose, goodwill is to be valued at four times the average annual profit of the previous four or five years, whichever is higher. The agreed profits for goodwill purpose of the past five years are:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Profits</td> <td>14,000</td> <td>15,500</td> <td>10,000</td> <td>16,000</td> <td>15,000</td> </tr> </tbody> </table> <p>Calculate the value of goodwill.</p>	Year	2019	2020	2021	2022	2023	Profits	14,000	15,500	10,000	16,000	15,000			
Year	2019	2020	2021	2022	2023											
Profits	14,000	15,500	10,000	16,000	15,000											
A	<p>Option 1:- Goodwill under Average Profit method = Average profit per year × Years Purchase = Rs. 14,100 × 4 = Rs. 56,400</p> <p>Option 2:- Goodwill under Average Profit method = Average profit per year × Years Purchase = Rs. 14,125 × 4 = Rs. 56,500</p> <p>Goodwill of the firm will be the higher value of the above two options i.e, 56,400 or 56,500.</p> <p>So the goodwill of the firm will be 56,500</p>															
8	<p>Parul , Paresh and Rahul are partners in a firm. Firm gave loan to Rahul on 1st February,2022 of Rs.6,00,000. Interest was agreed to be charged @6% p.a. Interest was paid by cheque up to February,2023 by Rahul on 5th March,2023 and balance was yet to be paid by him.</p> <p>Pass the journal entries for interest on loan to partner</p>															
A	<p style="text-align: center;">Journal Entry</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>L.F.</th> <th>Dr.Rs.</th> <th>Cr.Rs</th> </tr> </thead> <tbody> <tr> <td>1.2.2022</td> <td>Rahul'scapA/c Dr To cash/Bank A/c (Being Loan given to Rahul)</td> <td></td> <td>6,00,000</td> <td>6,00,000</td> </tr> <tr> <td>28.2.2022</td> <td>Rahul's Capital A/c ...Dr ToInt.onloantoRahul A/c</td> <td></td> <td>3,000</td> <td>3,000</td> </tr> </tbody> </table>	Date	Particulars	L.F.	Dr.Rs.	Cr.Rs	1.2.2022	Rahul'scapA/c Dr To cash/Bank A/c (Being Loan given to Rahul)		6,00,000	6,00,000	28.2.2022	Rahul's Capital A/c ...Dr ToInt.onloantoRahul A/c		3,000	3,000
Date	Particulars	L.F.	Dr.Rs.	Cr.Rs												
1.2.2022	Rahul'scapA/c Dr To cash/Bank A/c (Being Loan given to Rahul)		6,00,000	6,00,000												
28.2.2022	Rahul's Capital A/c ...Dr ToInt.onloantoRahul A/c		3,000	3,000												

		(Being Interest on loan Charged)			
5.3.2023	Bank A/c	Dr		3,000	
	To Rahul's Capital A/c				3,000
	(Being Interest Received)				
31.3.2023	Rahul's Cap.A/c	Dr		3,000	
	To int.on loan to Rahul A/c				3,000
	(Being Interest charged)				
31.3.2023	int.on loan to RahulA/c	Dr.		6,000	
	To profit and loss A/c				6,000

9 Ayub and Amit are partners in a firm and they admit Jaspal into partnership w. e. f. 1st April, 2023. They agreed to value goodwill at 3 years' purchase of Super Profit Method for which they decided to average profit of last 5 years. The profit for the last 5 years were:

Year Ended	Net profit(Rs.)
31 st March,2019	1,50,000
31 st March,2020	1,80,000
31 st March,2021	1,00,000 (Including abnormal loss of \$ 1,00,000)
31 st March,2022	2,60,000 (Including abnormal gain(profit) of Rs. 40,000)
31 st March,2023	2,40,000

The firm has total assets of Rs 20,00,000 and Outside Liabilities of Rs 5,00,000 as on that date. Normal Rate of Return in similar business is 10%. Calculate value of goodwill. (Calculate value of goodwill).

A Value of Goodwill under Super Profit Method
 Good Will = Super Profit × Years' Purchases
 = 48,000 × 3Years
 = **Rs. 1,44,000**
 Points of Knowledge: Actual or Average Profit
 = { (1,50,000+1,80,000+1,00,000+1,00,000+2,60,000-40,000+2,40,000)/(5) }
 = 1,98,000
 Actual Capital = Assets – Liabilities
 = 20,00,00 – 5,00,000 = 15,00,000
 Normal Profit = Actual Capital × Rate of Return
 = 15,00,000 × 10/100 = 1,50,000
 Super Profit = Average Profit – Normal Profit
 = (1,98,000 – 1,50,000) = 48,000

10 A business has earned average profit of Rs 4,00,000 during the last few years and the normal rate of return in similar business is 10%. Find value of goodwill by:
 i. Capitalisation of Super Profit Method.
 ii. Super Profit Method if the goodwill is valued at 3 years' purchase of super profits.
 Assets of the business were Rs 40,00,000 and its external liabilities Rs 7,20,000.

A Actual or Average Profit Rs. 4,00,000
 Capitalised Value of Average Profit = 4,00,000 × 100/10

	<p>Or Expected capital = 40,00,000 Actual Capital = Assets – Liabilities = 40,00,000 – 7,20,000 = Rs. 32,80,000 Value of Goodwill under Capitalisation of Average Profit Method Goodwill = Capitalised value of Average Profit – Actual Capital = 40,00,000 – 32,80,000 × 10/100 = Rs. 7,20,000 Super Profit = Average Profit – Normal Profit = 4,00,000 – 32,80,000 × 10/100 = 4,00,000 – 3,28,000 = Rs. 72,000 (1) Value of Goodwill under Capitalisation of Super Profit Method = Super Profit × Reverse Rate of Return = 72,000 × 100/10 = 7,20,000 (2) Value of Goodwill under Super Profit Method = Super profit × Years purchase = 72,000 × 3 = Rs. 2,16,000</p>										
11	<p>Average profit of GS & Co. is Rs. 50,000 per year. Average capital employed in the business is Rs. 3,00,000. If the normal rate of return of capital employed is 10%, calculate goodwill of the firm by: (i) Super Profit Method at three years' purchase. (ii) Capitalisation of Super Profit Method.</p>										
A	<p>Goodwill by Super Profit Method at three year's Purchase: (Average Profit – Normal Profit) × Years Purchase (Average Profit – Capital Employed × Normal Rate of Return) × Year's Purchase (50,000 – 3,00,000 × 10/100) × Year's Purchase (50,000 – 30,000) × 3 years Purchase = 20,000 × 3 Years = Rs. 60,000 Goodwill by capitalisation of Super Profit Method (Average Profit – Normal Profit) × Reverse of Rate of Return (Average Profit – Capital Employed × Normal Rate of Return) × Reverse of Rate of Return = (50,000 – 3,00,000 × 10/100) × Reverse of Rate of Return = (50,000 – 30,000) × 100/10 = Rs. 2,00,000</p>										
12	<p>Sumit purchased Amit's business on 1st April, 2023. Goodwill was decided to be valued at two years' purchase of average normal profit of last four years. The profits for the past four years were:</p> <table border="1"> <thead> <tr> <th>Year Ended</th> <th>31st March 2020</th> <th>31st March 2021</th> <th>31st March 2022</th> <th>31st March 2023</th> </tr> </thead> <tbody> <tr> <td>Profits</td> <td>80,000</td> <td>1,45,000</td> <td>1,60,000</td> <td>2,00,000</td> </tr> </tbody> </table> <p>Books of Account revealed that: (i) Abnormal loss of Rs. 20,000 was debited to Profit and Loss Account for the year ended 31st March, 2015. (ii) A fixed asset was sold in the year ended 31st March, 2016 and gain (profit) of Rs. 25,000 was credited to Profit and Loss Account. (iii) In the year ended 31st March, 2017 assets of the firm were not insured due to oversight. Insurance premium not paid was Rs. 15,000. Calculate the value of goodwill.</p>	Year Ended	31 st March 2020	31 st March 2021	31 st March 2022	31 st March 2023	Profits	80,000	1,45,000	1,60,000	2,00,000
Year Ended	31 st March 2020	31 st March 2021	31 st March 2022	31 st March 2023							
Profits	80,000	1,45,000	1,60,000	2,00,000							

A

Goodwill=Average Profit×No. of years' purchase=1,41,250×2=Rs. 2,82,500

Working Notes:

WN: 1 Calculation of Normal Profits

Year	Profit/(Loss) (₹)	Adjustment	Normal Profit (₹)
31 March, 2016	80,000	20,000	1,00,000
31 March, 2017	1,45,000	(25,000)	1,20,000
31 March, 2018	1,60,000	(15,000)	1,45,000
31 March, 2019	2,00,000	-	2,00,000
			5,65,000

Average profit = 5,65,000/4= Rs.1,41,250

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION**CH-2- GOODWILL: NATURE AND VALUATION****WORK SHEET 2****NAME OF STUDENT:****DATE:**

1	The term 'Number of Years' Purchase' means (a) The number of years during which the purchaser of Goodwill expects that the profit due to goodwill are likely to arise in future. (b) Number of years for which goodwill is purchased. (c) Number of years for which goodwill purchased will not help the firm in earning similar profits. (d) None of the above.
A	
2	Total Capital employed in the firm is 8,00,000, Normal Rate of Return is 15% and profit for the year is 1,20,000. Value of goodwill as per Capitalisation Method would be (e) 8,20,000. (f) 1,20,000. (g) Nil (h) 4,20,000.
A	
3	M/s. Supertech India has assets of 5,00,000, whereas Liabilities are: Partners Capitals- 3,50,000 General Reserve 60,000 and Sundry Creditors- 90,000. If Normal Rate of Return is 10% and Goodwill of firm is valued at 90,000 at 2 years' purchase of Super Profit, the Average Profit of the firm will be (a) 46,000 (b) 86,000. (c) 1,63,000 (d) 23,000.
A	
4	Information: Capital Accounts of Partners Naresh and Vikesh- 5,00,000 each: Balances in Current Accounts of Naresh and Vikesh- 50,000 and 40,000 respectively; Bank Loan- 10,00,000; Goodwill 50,000; Investments-25,000; Advertisement Suspense-15,000. Based on the above information, Capital Employed for the purposes of valuation of Goodwill will be (a) 10,90,000. (b) 10,75,000. (c) 10,00,000. (d) 10,40,000.
A	
5	Given below are two statements (in each question), one labelled as Assertion (A) and other labelled as Reason (R) Assertion (A): Goodwill is an intangible asset because of which an enterprise is likely to earn higher profits without putting extra efforts.

	<p>Reason (R): Goodwill is an intangible asset as it exists but does not have a physical existence. Also, if an enterprise enjoys goodwill, it will have repeated customers and will also attract more customers due to which sales will increase and thus the profits. In the context of above two statements, which of the following is correct?</p> <p>(e) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation Assertion (A). (f) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (g) Both Assertion (A) and Reason (R) are not correct. (h) Assertion (A) is not correct but the Reason (R) is correct</p>												
A													
6	<p>Assertion (A): Self-generated Goodwill is recognised in the books of account on reconstitution of a firm because amount is exchanged between the gaining partner or partners and sacrificing partner or partners. Reason (R): According to A5 26, Intangible Assets, Self-generated Goodwill is not recognised in the b of accounts because the value is not paid for it. In the context of above two statements, which of the following is correct?</p> <p>(d) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation Assertion (A). (e) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (f) Both Assertion (A) and Reason (R) are not correct. (d) Assertion (A) is not correct but the Reason (R) is correct</p>												
A													
3/4 Marks questions													
7	<p>Purav and Purvi are partners in a firm sharing profits and losses in the ratio of 2 : 1. They decide to take Parv into partnership for 1/4th share on 1st April, 2019. For this purpose, goodwill is to be valued at four times the average annual profit of the previous four or five years, whichever is higher. The agreed profits for goodwill purpose of the past five years are:</p> <table border="1" data-bbox="245 1384 1264 1460"> <tr> <td>Year</td> <td>2019</td> <td>2020</td> <td>2021</td> <td>2022</td> <td>2023</td> </tr> <tr> <td>Profits</td> <td>14,000</td> <td>15,500</td> <td>10,000</td> <td>16,000</td> <td>15,000</td> </tr> </table> <p>Calculate the valve of goodwill.</p>	Year	2019	2020	2021	2022	2023	Profits	14,000	15,500	10,000	16,000	15,000
Year	2019	2020	2021	2022	2023								
Profits	14,000	15,500	10,000	16,000	15,000								
A													

8	<p>Parul , Paresh and Rahul are partners in a firm. Firm gave loan to Rahul on 1st February,2022 of Rs.6,00,000. Interest was agreed to be charged @6% p.a. Interest was paid by cheque up to February,2023 by Rahul on 5th March,2023 and balance was yet to be paid by him. Pass the journal entries for interest on loan to partner</p>												
A													
9	<p>Ayub and Amit are partners in a firm and they admit Jaspal into partnership w. e. f. 1st April, 2023. They agreed to value goodwill at 3 years' purchase of Super Profit Method for which they decided to average profit of last 5 years. The profit for the last 5 years were:</p> <table border="1" data-bbox="244 1216 1262 1630"> <thead> <tr> <th>Year Ended</th> <th>Net profit(Rs.)</th> </tr> </thead> <tbody> <tr> <td>31st March,2019</td> <td>1,50,000</td> </tr> <tr> <td>31st March,2020</td> <td>1,80,000</td> </tr> <tr> <td>31st March,2021</td> <td>1,00,000 (Including abnormal loss of \$ 1,00,000)</td> </tr> <tr> <td>31st March,2022</td> <td>2,60,000 (Including abnormal gain(profit) of Rs. 40,000)</td> </tr> <tr> <td>31st March,2023</td> <td>2,40,000</td> </tr> </tbody> </table> <p>The firm has total assets of Rs 20,00,000 and Outside Liabilities of Rs 5,00,000 as on that date. Normal Rate of Return in similar business is 10%. Calculate value of goodwill. (Calculate valve of goodwill).</p>	Year Ended	Net profit(Rs.)	31 st March,2019	1,50,000	31 st March,2020	1,80,000	31 st March,2021	1,00,000 (Including abnormal loss of \$ 1,00,000)	31 st March,2022	2,60,000 (Including abnormal gain(profit) of Rs. 40,000)	31 st March,2023	2,40,000
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31 st March,2022	2,60,000 (Including abnormal gain(profit) of Rs. 40,000)												
31 st March,2023	2,40,000												
A													

10	<p>A business has earned average profit of Rs 4,00,000 during the last few years and the normal rate of return in similar business is 10%. Find value of goodwill by:</p> <p>iii. Capitalisation of Super Profit Method.</p> <p>iv. Super Profit Method if the goodwill is valued at 3 years' purchase of super profits.</p> <p>Assets of the business were Rs 40,00,000 and its external liabilities Rs 7,20,000.</p>
A	
11	<p>Average profit of GS & Co. is Rs. 50,000 per year. Average capital employed in the business is Rs. 3,00,000. If the normal rate of return of capital employed is 10%, calculate goodwill of the firm by:</p> <p>(iii) Super Profit Method at three years' purchase.</p> <p>(iv) Capitalisation of Super Profit Method.</p>
A	
12	<p>Sumit purchased Amit's business on 1st April, 2023. Goodwill was decided to be valued at two years' purchase of average normal profit of last four years. The profits for the past four years were:</p>

Year Ended	31 st March 2020	31 st March 2021	31 st March 2022	31 st March 2023
Profits	80,000	1,45,000	1,60,000	2,00,000

Books of Account revealed that:

(i) Abnormal loss of Rs. 20,000 was debited to Profit and Loss Account for the year ended 31st March, 2015.

(ii) A fixed asset was sold in the year ended 31st March, 2016 and gain (profit) of Rs. 25,000 was credited to Profit and Loss Account.

(iii) In the year ended 31st March, 2017 assets of the firm were not insured due to oversight. Insurance premium not paid was Rs. 15,000. Calculate the value of goodwill.

A

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION

CH-6 –ISSUE OF DEBENTURES

WORK SHEET -1

NAME OF STUDENT:

DATE:

Q.1 Define the term “Debenture’ and write three points of difference between “Shares and Debentures” based on the following points:

1. Ownership
2. Repayment
3. Voting rights
4. Risk

Ans	Points of difference	Shares	Debentures

Q.2 Explain the types of debentures of following categories:

1. Security point of view
2. Redemption point of view
3. Registration point of view
4. Convertibility point of view

Ans

Q.3	When security premium reserve can be utilised? Write your answer with reference to section 52(2) of Companies Act, 2013																						
Ans																							
Q.4	<p>A Ltd. Issued 10,000 ; 9% debentures of Rs. 100 each at a premium of 10% payable as Rs.25 on Application, Rs. 35 on allotment(including premium) and the balance on first and final call. Application were received for 15,000 debentures. Allotment was made on pro rata basis. All the money were duly received.</p> <p>Journalise the above transactions and prepare the extract of balance sheet</p>																						
Ans	<p style="text-align: center;">JOURNAL OF A LTD.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">DATE</th> <th style="width: 45%;">PARTICULAR</th> <th style="width: 5%;">L. F</th> <th style="width: 20%;">DR. AMOUNT</th> <th style="width: 15%;">CR. AMOUNT</th> </tr> </thead> <tbody> <tr> <td style="height: 300px;"></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">BALANCE SHEET OF A LTD AS ON</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 65%;">PARTICULARS</th> <th style="width: 15%;">NOTE NO.</th> <th style="width: 20%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td style="height: 60px;"></td> <td></td> <td></td> </tr> </tbody> </table> <p>NOTES TO ACCOUNTS:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 65%; height: 40px;"></td> <td style="width: 15%;"></td> <td style="width: 20%;"></td> </tr> </tbody> </table>				DATE	PARTICULAR	L. F	DR. AMOUNT	CR. AMOUNT						PARTICULARS	NOTE NO.	AMOUNT						
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KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION

CH-6 –ISSUE OF DEBENTURES

WORK SHEET -2

NAME OF STUDENT:

DATE:

Q.1 Vayu Ltd purchased the following assets from Agnee Ltd:
 Land and building Rs. 60,00,000 ; Plant and Machinery Rs. 40,00,000 at Rs. 36,00,000.
 The purchase consideration was Rs. 1,10,00,000. Payment was made by issuing cheque of Rs. 20,00,000 in favour of Agnee Ltd, and remaining by issue of 8% Debentures of Rs. 100 each at a premium of 20%
 Record necessary journal entries in the books of Vayu Ltd.

Ans	DT	PARTICULARS	LF	DR.AMT	CR.AMT

Q.2 Pruthvi Ltd took a loan of Rs.8,00,000 from State bank of India and issued 10,000; 9% debentures of Rs. 100 each as collateral security.
 Pass necessary journal entry in the books of Pruthvi Ltd.
 How the above transaction will be treated in balance sheet when journal entry will not be passed?

Ans	Date	Particular	Lf	Dr. amount	Cr. amount
Balance sheet of Pruthvi Ltd. As on...					
	particular			Note no.	amount

	Notes to accounts:				
Q.3	Pass necessary journal entries in the books of Jal Ltd in the following different cases for issue of debentures: <ol style="list-style-type: none"> 1. Issued 30,000; 10% debentures of Rs. 100 each at discount of 5% repayable at par after 5 years. 2. Issued 10% debentures of Rs. 100 each for the total face value of Rs. 40,00,000 at a premium of 5%, redeemable at par after 5 years. 3. Issued Rs. 50,00,000, 10% debentures of Rs. 100 each at par, redeemable at Rs. 105 after 10 years. 4. Issued Rs. 60,00,000, 10% debentures of Rs. 100 each at discount of 5% , repayable at a premium of 10% 5. Issued 70,000; 10% debentures of Rs. 100 each at a premium of 5%, redeemable at 110% after 5 years. 				
Ans	JOURNAL OF JAL LTD.				
	DATE	PARTICULAR	L. F	DR. AMOUNT	CR. AMOUNT

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