**MARIGOLD PUBLIC SCHOOL**
**HOLIDAY HOME WORK**
**CLASS XII**
**SUBJECT -ACCOUNT**

## CHAPTER:1
## ACCOUNTING FOR PARTNERSHIP FIRMS: BASIC CONCEPTS

Q.1 State the conditions under which capital balances may change under the system of a Fixed Capital Account.

Q.2 A is partner in a firm. His capital as on Jan 01, 2007 was Rs. 60,000. He introduced additional capital of Rs. 20000 on Oct 01 2007. Calculate interest on A's capital @ 9% p.a.

Q.3 Alka, Barkha and Charu are partners in a firm having no partnership agreement. Alka, Barkha and Charu contributed Rs. 20,000, Rs. 30,000 and Rs. 1,00,000 respectively. Alka and Barkha desire that the profit should be divided in the ratio of capital contribution. Charu does not agree to this. How will you settle the dispute.

Q.4 A and B are partners in a firm without a partnership deed. A is an active partner and claims a salary of Rs. 18,000 per month. State with reason whether the claim is valid or not.

Q.5 Chandar and Suman are partners in a firm without a partnership deed. Chandar's capital is Rs. 10,000 and Suman's capital is Rs. 14,000. Chander has advanced a loan of Rs. 5000 and claim interest @ 12% p.a. State whether his claim is valid or not.

Q.6 R, S, and T entered into a partnership of manufacturing and distributing educational CD's on April 01, 2006. R looked after the business development, S content development and T financed the project. At the end of the year (31-03-2007) T wanted an interest of 12% on the capital employed by him. The other partners were not inclined to this. How would you resolve this within the ambit of the Indian Partnership Act, 1932?

Q.7 A, B and C are partners in a firm. A withdrew Rs. 1000 in the beginning of each month of the year. Calculate interest on A's drawing @ 6% p.a.

Q.8 A, B and C are partners in a firm, B withdrew Rs. 800 at the end of each month of the year. Calculate interest on B's drawings @ 6% p.a.

Q.9 A, B and C are partners in a firm. They have omitted interest on capital @ 10 % p.a. for three years ended 31st march 2007. Their fixed capitals on which interest was to be calculated through –out were

| | |
|---|---|
| A | Rs. 1,00,000 |
| B | Rs. 80,000 |
| C | Rs. 70,000 |

Give the necessary Journal entry with working notes.

Q.10 X, Y, and Z are partners sharing profits and losses in the ratio of 3:2:1. After the final accounts have been prepared it was discovered that interest on drawings @ 5 % had not been taken into consideration. The drawings of the partner were X Rs. 15000, Y Rs. 12,600, Z Rs. 12,000. Give the necessary adjusting Journal entry.

Q.11 A, B and C are partners sharing profits and losses in the ratio of 3:2:1. Their fixed capitals are Rs. 1,50,000, Rs. 1,00,000 and Rs. 80,000 respectively. Profit for the year after providing interest on capital was Rs. 60,000, which was wrongly transferred to partners equally. After distribution of profit it was found that interest on capital provided to them @ 10% instead of 12% . Pass necessary adjustment entry.
Show your working clearly.

Q.12 Ravi and Mohan were partner in a firm sharing profits in the ratio of 7:5. Their respective fixed capitals were Ravi Rs. 10,00,000 and Mohan Rs. 7,00,000. The partnership deed provided for the following:-
(i) Interest on capital @ 12% p.a.
(ii) Ravi's salary Rs. 6000 per month and Mohan's salary Rs. 60000 per year.
The profit for the year ended 31-03-2007 was Rs. 5,04,000 which was distributed equally without providing for the above. Pass an adjustment Entry.

Q.13 Distinguish between fixed capital method and fluctuating capital method.

Q.14 A, B and C were partners in a firm having capitals of Rs. 60,000, Rs. 60,000 and Rs. 80,000 respectively. Their current account balances were A- Rs. 10,000, B- Rs. 5000 and C- Rs. 2000 (Dr.). According to the partnership deed the partners were entitled to an interest on capital @ 5% p.a. C being the working partner was also entitled to a salary of Rs. 6,000 p. a. The profits were to be divided as follows:
(i) The first Rs. 20,000 in proportion to their capitals.
(ii) Next Rs. 30,000 in the ratio of 5:3:2.
(iii) Remaining profits to be shared equally.
During the year the firm made a profit of Rs. 1,56,000 before charging any of the above items.
Prepare the profit and loss appropriate on A/C.

Q.15 A and B are partners sharing profits in proportion of 3:2 with capitals of Rs. 40,000 and Rs. 30,000 respectively. Interest on capital is agreed at 5 % p.a. B is to be allowed an annual salary of Rs. 3000 which has not been withdrawn. During 2001 the profits for the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 12,000. A provision of 5% of this amount is to be made in respect of commission to the manager.
Prepare profit and loss appropriation account showing the allocation of profits.

Q.16 What do you mean by "gaurantee of profits to the partners" explain? Do all the related practical problems of your books.

Q.17 What do you mean by" Past adjustments"? Solved all the related practical problems of your books.

Q.18 Project work
i- Comprehensive project
ii- Specific project 1
iii- Specific project 2

NOTE:- The students will prepare a Project file to record their work related to the problems attempt by them.
Project file should be neatly handwritten and presentable with page number marked. Each step of the solution needs to be highlighted.

## CHAPTER:2
## RECONSTITUTION OF PARTNERSHIP

Q.1 On what occasions does the need for valuation of goodwill arise?
Q.2 Why is it necessary to revalue assets and reassess liabilities at the time of admission of new partner?
Q.3 What is meant by sacrificing ratio?
Q.4 State two occasions when sacrificing ratio may be applied.
Q.5 A business has earned average profit of Rs. 60,000 during the last few years. The assets of the business are Rs. 5,40,000 and its external liabilities are Rs. 80,000. The normal rate of return is 10%. Calculate the value of goodwill on the basis of capitalisation of super profits.
Q.6 The capital of a firm of Arpit and Prajwal is Rs. 10,00,000. The market rate of return is 15% and the goodwill of the firm has been valued Rs. 1,80,000 at two years purchase of super profits. Find the average profits of the firm.
Q.7 The average profits for last 5 years of a firm are Rs. 20,000 and goodwill has been worked out Rs. 24,000 calculated at 3 years purchase of super profits. Calculate the amount of capital employed assuming the normal rate of interest is 8 %.
Q.8 Rahul and Sahil are partners sharing profits together in the ratio of 4:3. They admit Kamal as a new partner. Rahul surrenders $1/4^{th}$ of his share and Sahil surrenders $1/3^{rd}$ of his share in favour of Kamal. Calculate the new profit sharing ratio.
Q.9 Ajay and Naveen are partners sharing profits in the ratio of 5:3. Surinder is admitted in to the firm for $1/4^{th}$ share in the profit which he acquires from Ajay and Naveen in the ratio of 2:1. Calculate the new profit sharing ratio.
Q.10 A and B were partners sharing profits in the ratio of 3:2. A surrenders $1/6^{th}$ of his share and B surrenders $1/4^{th}$ of his share in favour of C, a new partner. What is the new ratio and the sacrificing ratio.
Q.11 Aarti and Bharti are partners sharing profits in the ratio of 5:3. They admit Shital for $1/4^{th}$ share and agree to share between them in the ratio of 2:1 in future. Calculate new and sacrificing ratio.
Q.12 X and Y divide profits and losses in the ratio of 3:2. Z is admitted in the firm as a new partner with $1/6^{th}$ share, which he acquires from X and Y in the ratio of 1:1. Calculate the new profit sharing ratio of all partners.
Q.13 Rakhi and Parul are partners sharing profits in the ratio of 3:1. Neha is admitted as a partner. The new profit sharing ratio among Rakhi, Parul and Neha is 2:3:2. Find out the sacrificing ratio.

Q.14 X and Y are partners sharing profits in the ratio of 5:4. They admit Z in the firm for $1/3^{rd}$ profit, which he takes $2/9^{th}$ from X and $1/9^{th}$ from Y and brings Rs. 1500 as premium. Pass the necessary Journal entries on Z's admission.
Q.15 Ranzeet and Priya are two partners sharing profits in the ratio of 3:2. They admit Nilu as a partner, who pays Rs. 60,000 as capital. The new ratio is fixed as 3:1:1. The value of goodwill of the firm was determined at Rs. 50,000. Show journal entries if Nilu brings goodwill for her share in cash.
Q.16 A and B are partners sharing profits equally. They admit C into partnership, C paying only Rs. 1000 for premium out of his share of premium of Rs. 1800 for $1/4^{th}$ share of profit. Goodwill account appears in the books at Rs. 6000. All the partners have decided that goodwill should not appear in the new firms books.

Q.17 A and B are partners sharing profits in the ratio of 3:2. Their books showed goodwill at Rs. 2000. C is admitted with $1/4^{th}$ share of profits and brings Rs. 10,000 as his capital but is not able to bring in cash goodwill Rs. 3000. Give necessary Journal entries.
Q.18 Piyush and Deepika are partners sharing in the ratio of 7:3. they admit Seema as a new partner. The new ratio being 5:3:2. Pass journal entries.
Q.19 A and B are partners with capital of Rs. 26,000 and Rs. 22,000 respectively. They admit C as partner with $1/4^{th}$ share in the profits of the firm. C brings Rs. 26,000 as his share of capital. Give journal entry to record goodwill on C's admission.
Q.20 A and B are partners sharing profits in the ratio of 3:2. They admit C into partnership for $1/4^{th}$ share. C is unable to bring his share of goodwill in cash. The goodwill of the firm is valued at Rs. 21,000. give journal entry for the treatment of goodwill on C's admission.