HOLIDAY HOME WORK
SUBJECT : - ACCOUNTANCY
CLASS:- XII
SESSION:- 2018-19

CHAPTER : 01

ACCOUNTING FOR PARTNERSHIP FIRM : FUNDAMENTAL

VERY SHORT ANSWER QUESTIONS (1 MARK)

Nature of partnership firm :

Q.1 What are partners collectively called ?
Q.2 Does a partnership firm possess separate legal entity ?
Q.3 What can be the minimum number of partners in a firm ?
Q. 4. What can be the maximum number of partners in a firm?
Q.5. Is it necessary to have a partnership agreement in writing?
Q.6. A, B and C desire that D should not participate in the conduct of the business of the firm. Can they prevent D?
Q. 7. What is partnership deed?
Q.8. Alka, Barkha and Charu are partners in a firm having no partnership ‘agreement. Alka, Barkha and Charu contributed Rs. 2,00,000, Rs. 3,00,000 and Rs. 1,00,000 respectively. Alka and Barkha desire that the profits should be divided in the ratio of capital contribution. Charu does not agree to this How will you settle the dispute?
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Q.9 Write two items of credit side of Current Accounts.
Q.10 Write two items of debit side of Current Accounts.
Q.11 If the partner's capitals are fixed, where will you record interest on drawings and share of Profit
Q.12 Mention two items that may appear on the debit side of a partner's fixed capital account?
Q.13 List any two items that may appear on the debit side of the Capital Account of a partner when the capitals are fluctuating.
Q.14 List any two items that may appear on the credit side of the Capital Account of a partner when the capitals are fluctuating.

Short Answer Questions (3 marks)

Q.1 State any three characteristics of partnership.
Q.2. In the absence of a partnership deed, how are mutual relations of partners salary of governed?
Q.3. Why is Profit and Loss Appropriation Account prepared by a Partnership Firm ?
Q.4 List any two circumstances under which the fixed capital of partners may change ?
Ans. Following are the circumstances under which the fixed capital of partners may change.

(i) Fresh Capital introduced by a partner, and
(ii) Capital withdrawn by a partner permanently with the consent of other partners.

LONG QUESTIONS AND ANSWERS (6 MARKS)

Q.1 A and B were partners in a firm sharing profits in the ratio of their capitals contributed on

commencement of business which were Rs. 80,000 and Rs. 60,000 respectively.
The firm started business on April I, 2001. According to the partnership agreement
10% of profit is to be transferred to General Reserve.
On capital is to be allowed at 12% p.a.. and interest on Drawings is to be charged at 10% p.a.
A and B are to get a monthly salary of Rs. 2,000 and Rs. 3,000 respectively.

The profits for year ended March 31, 2002 before making above appropriation was Rs. 1,20,000. The drawings of A and B were Rs. 40,000 and Rs. 50,000, respectively. Interest on drawings amounted to Rs. 2,000 for A and Rs. 2,500 for B.
Prepare Profit and Loss Appropriation Account and Partners Capital assuming that their capitals are fluctuating.

Q.2 X and Y are partners in a firm. Their capitals as on April 1, 1996 were Rs. 2,50,000 and Rs.

1,80,000 respectively. They share profits equally. On July 1, 1996, they decided their capitals should be Rs. 2,00,000 each. The necessary adjustments in the capitals were made by withdrawing or introducing cash. According to the partnership deed, interest on Capital is to be allowed at 8% p.a. X is to get an annual salary of Rs. 4,000 and Y is allowed a monthly salary of Rs. 800. It was found that Y was regularly withdrawing his monthly salary.

The manager of the firm is entitled to a commission of 10% if the profit before any adjustment is made according to the partnership deed.

Net profit for the year ended on 31^{st} March, 1997, before charging interest on capital and salary, was Rs. 80,000. Prepare the profit and loss appropriation account, partner's capital accounts and current accounts.

Guarantee of Profit to New Partner and Old Partner

Q.3 A, B & C are partners sharing profits in the ratio 5:3:2. According to the partnership agreement

c is to get a minimum amount of Rs. 10,000 as his share of profits every year.
The net profit for the year 1989 amounted to Rs. 40,000.
Prepare the profit and loss appropriation account.

CHAPTER : 02
ADMISSION OF A PARTNER

Q 1 A and B were partners in a firm sharing profits and losses in the ratio of 3: 2. They admit C into the partnership with $\frac{1}{6}$ th share in the profits. Calculate the new profit sharing ratio.

Q. 3 Radha and Rukmani are partners in a firm sharing profits in 3 :2 ratio. They admitted Gopi as a new partner. Radha surrendered $\frac{1}{3}$rd of her share in favour of Gopi and Rukmani surrended $\frac{1}{4}$th of her share in favour of Gopi, Calculate new profit sharing ratio.

Q 4 X and Y are partners in a firm sharing profits in 5:3 ratio. They admit C in to the firm and the new profit sharing ratio was agreed at 4:2:2.Calculate the sacrificing ratio.

Q.5 Compute the value of goodwill on the basis of four years' purchase o the average profits based on the last five years.

The profits for the last five years were as follows:

	Rs.
1992	40,000
1993	50,000
1994	60,000
1995	50,000
1996	60,000

Q.6 Capital employed in a business is Rs. 2,00,000. The normal rate of return on capital employed is 15%. During the year - 1996 the firm earned a profit of Rs. 48,000. Calculate goodwill on the basis of 3 years purchase of super profit.

Q.7 Rajan and Rajani are partners in a firm. Their capitals were Rajan Rs 300,000 Rajani Rs. 2,00,000. During the year 1996 the firm earned a profit of Rs. *i,50X)0.* Calculate the value of goodwill of the firm assuring that the normal rate of return ,s 20%.

Q.8 A and B are partners in a firm, sharing Profits and Losses in the ratio of 3 : 2. Their capitals are Rs. 1,80,000 and Rs. 1,40,000 respectively. They admit X in partnership on conditions that he will bring Rs. 67,500 as goodwill and Rs. 1,50,000 as capital and get 1/4 share in the profits of the firm. Assuming that the capital and goodwill have been brought in cash by the new partner, pass the necessary journal entries and find out w profit sharing ratio of partners when (A) Goodwill is retained in the firm (B) Goodwill is withdrawn by old partners.

Q.9 X and Y are partners in a firm sharing profits in 3 : 2 ratio. The admitted Z as a new partner and the new profit-sharing ratio will be 2: 1: 1. Z brought s. 10,000 for her share of goodwill. Goodwill already appeared in the books of X and Y Rs. 5,000. Pass the necessary Journal entries in the books of the new firm for the above transactions.

Q.9 *A* and *B* are partners sharing profits in the ratio of 3 : 2. They admit *C* into the partnership with Ith share in future profits. The new profit sharing ratio is 5 : 4 : 3. *C* brings into the business Rs. 50,000 for his capital but could not bring any amount for goodwill. The firm's goodwill on *C's* admission was valued at Rs. 48,000. Pass journal entries.

Q.10 X and *Y* are partners in a firm sharing profits in the ratio of 5 : 3. On March 1, 2004 limited ***Z*** as a new partner. The new profit sharing ratio will be 4 : 3 :2. ***Z*** brought in Rs. 1,00,000 in cash as his share of capital but could not bring any amount for in cash. The firm's goodwill on *Z's* admission was valued at Rs. 1,80,000. At of Z's admission goodwill existed in the books of the firm at Rs. 2,40,000. Pass necessary journal entries in the books of the firm on Z's admissions. Show your working clearly.

REVALUATION OF ASSETS AND LIABILITIES

ACCOUNTING TREATMENT OF RESERVES AND ACCUMULATED PROFITS OR LOSSES

Q.11 Following is the balance sheet of Shashi and Ashu sharing profits as 3:2

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors General Reserve Workmen's Compensation Fund Capitals : Shashi Ashu	18,000 25,000 15,000 15,000 10,000 83,000	Debtors 22,000 Less : Provision for Doubtful debts 1,000 Land and Building Plant and Machinery Stock Bank	 21,000 18,000 12,000 11,000 21,000 83,000

On admission of Tanya for 1/6th share in the profits it was decided that :

(i) Provision for doubtful debts to be increased by Rs. 1,500

(ii) Value of Land and Building to be increased to Rs. 21,000

(iii) Value of Stock to be increased by Rs. 2,500

(iv) The liability of Workmen's Compensation Fund was determined to be Rs. 12,000

(v) Tanya brought in as her share of premium/goodwill Rs. 10,000 in cash.

(vi) Tanya was to bring further cash of Rs. 15,000 for her capital.

Prepare Revaluation A/c, Partners' Capital A/cs and Balance Sheet of the new firm.

Q. 12 A and B are partners, sharing profits and losses in the ratio 5:3. Their Balance Sheet on 31st December, 2003 was a follows :

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		14,000	Cash	1,000
Bills Payable		7,500	Debtors	25,000
General Reserve		8,000	Stock	40,000
Capitals:	A	65,000	Investments	7,500
	B	54,000	Machinery	30,000
Current A/cs.		15,000	Building	50,000
A		6,000	Goodwill	16,000
	B	1,69,500		1,69,500

C is admitted on the following Conditions :

1. New profit-sharing ratio will be 4:2:1
2. C will bring Rs. 30,000 as capital and Rs. 10,000 as goodwill in cash.
3. Half of the goodwill will be withdrawn by the old partners.
4. The value of stock will be decreases by Rs. 5,400.
5. Rs. 900 is to be provided for unforeseen liability, hence to be accounted for.
6. Rs. 1,200 is to be provided for unforeseen liability, hence to be accounted for.
7. Investments were valued at Rs. 6,000 and taken over by A at this value.

Prepare necessary accounts and the Balance Sheet of a New firm.

Q.13 A and B are equal partners. On 1st Jan., 2003 they decide to admit C into partnership on the basis of the following Balance Sheet as on 31.12.2002.

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		6,000	Cash at Bank	12,000
Outstanding Expenses		2,000	Debtors	16,000
Workmen's		4,000	Stock	22,000
Compensation Fund			Fixed Assets	43,000
Capital A/cs :	A	80,000	Profit & Loss A/c	2,000
50,000		3,000		
B		95,000		95,000
30,000				
Employee's Provident Fund				

The following terms were agreed upon :

1. New profit sharing ratio should be 2:1:1 respectively and C brought in Rs, 20,000 as capital.
2. Fixed Assets is to be appreciated by Rs. 12,000

3. Bad debts amounting to Rs. 2,000 to be written off.
4. A provision of 2% was to be made for discount on creditors.
5. Outstanding expenses be brought down to Rs. 1,800.
6. The liability on Workmen's Compensation Fund is determined at Rs. 1,000
7. Employee's Provident Fund be raised by Rs. 500.
8. C is unable to bring goodwill in cash. Goodwill of the firm valued at Rs. 8,000

Prepare Journal Entries, Partners' Capital Accounts and Opening Balance Sheet.

VERY SHORT ANSWER QUESTIONS

(Questions Carrying 1 Mark)

Q.1. How can a new partner be admitted?

Q.2. Give the two main rights acquired by the new partner. .

Q.3. Why should a new partner contribute towards goodwill on his admission?

Q.4. State the ratio in which the old partners share the amount of cash brought in by the new partner as premium for goodwill.

Q.5. What treatment is made of accumulated profits and losses on the admission of a new partner?

Q.6. Why are assets and liabilities revalued on the admission of a new partner?

Q.7. What is a Revaluation Account?

Q.8. State any two reasons for the preparation of 'Revaluation Account' on the admission of a partner.

Q.10. What are accumulated losses? .

Q.11. Give the journal entry to distribute General Reserve and Profit and Loss Account balance appearing on the liabilities side of Balance Sheet.

Q.12. Why is memorandum revaluation account prepared?

Q.13. State one point of distinction between Revaluation Account and Memorandum Revaluation Account.

Q. 14. Under what circumstances premium for goodwill paid by the incoming partner would never be recorded in the books of account?

Q. 15. X and *Y* shared profits in the ratio of 3: 1. They admit Z to one-third share the future profits. What will be the new profit sharing ratio?

Q. 16. *A, B* and Care partners sharing profits in the ratio of 5 : 3 : 2. *D* is admitted for 1/5th share. What will be the new profit sharing ratio?

Q. 17. *A* and *B* who shared profits in the ratio of 3: 1 admit *C* as a partner for 1 share in profits, which he acquires equally from the old partners. What will be the new profit sharing ratio?

Q. 18. *A* and *B* share profits in the ratio of 2: 1. C is admitted with 1/3rd share profits. *C* acquires 2/3 àf his share from *A* and 1/3 of his share from *B.* 'V will be the new profit sharing ratio?

Q.19. X and *Y* are partners sharing profits in the ratio of 3 : 1. They admit *Z* as a partner. X surrenders 1/3rd of his share and *Y* 1/4th of his share in favour of Z. What will be the new profit sharing ratio?

Q.20. *P* and Q are partners sharing profits in the ratio of *5 :* 3. *R* is admitted and the new ratio is 4 : 3 : 2. What will be the sacrificing ratio?

Q. 21. Pawan and Jayshree are partners. Bindu is admitted for 1/4th share. What is the ratio in which Pawan and Jayshree will sacrifice their share in favour of Bindu?

SHORT ANSWER QUESTIONS (3 marks)

Mention the various matters that need adjustments at the time of admission of a partner.

1. Explain the accounting treatment of goodwill when goodwill account already appears in the books of the finn and new partner brings his share of goodwill in cash.
2. Explain the accounting treatment of goodwill when new partner cannot bring his share of goodwill in cash.