i) Goodwill of the firm is valued at ₹ 75,000 and Rajesh brought cash for his share of goodwill
ii) Rajesh is to bring ₹ 1,50,000 as his capital
iii) Motor car is valued at ₹ 1,20,000, stock at ₹ 1,80,000 and debtors at ₹ 1,00,000
iv) Anticipated claim on workmen compensation fund is ₹ 10,000
v) Unrecorded investment of ₹ 2,000 has to be brought into account
vi) Revaluation profit of ₹ 15,000

Prepare capital accounts and balance sheet after Rajesh's admission

28. a) A partnership firm earned the net profits during the last three years as follows 2020 - ₹ 25,000, 2021 - ₹ 17,000 and 2022 - ₹ 27,000. The capital investment of the firm throughout the above mentioned period has been ₹ 80,000. Having regard to the risk involved 15% is considered to be a fair return on the capital employed in the business. Calculate the value of goodwill on the basis of 3 years purchase of super profit.

(OR)

b) Vasu and Ramji are partners sharing profit in the ratio 3:2. Their balance sheet as on 31st December 2020 is as under

Liabilities	₹	₹	Assets	₹
Capital accounts			Furniture	25,000
Vasu	30,000		Stock	20,000
Ramji	20,000	50,000	Debtors	10,000
Reserve fund		5,000	Cash in hand	35,000
Sundry creditors		45,000	profits and loss A/c (loss)	10,000
		1,00,000		1,00,000

On 1.1.2021 they admit Surya into their firm as a partner on the following arrangements

i) Surya brings ₹ 10,000 as capital for $1/4$ share of profit
ii) Stock to be depreciated by 10%
iii) Debtors to be revalued at ₹ 7,500
iv) Furniture to be revalued at ₹ 40,000
v) There is an outstanding wages ₹ 4,500 not yet recorded

Prepare revaluation account, partners capital account

Class : 12

UNIT TEST - 2, AUGUST - 2024

ACCOUNTANCY

Time allowed : 1.30 Hours] [Max. Marks : 45

PART - I

I. Choose the correct Answer 10x1=10

1. Which of the following statement is true?
   a) Goodwill is an intangible asset b) Goodwill is a current asset
   c) Goodwill is a fictitious asset d) Goodwill cannot be acquired
2. The average rate of return of similar concerns is considered as
   a) Average profit b) Normal rate of return
   c) Expected rate of return d) None of these
3. Identify the incorrect pair
   a) Goodwill under Average profit method - Average profit x Number of years of purchase
   b) Goodwill under Super profit method - Super profit x Number of years of purchase
   c) Goodwill under Annuity method - Average profit x Present value of annuity factor
   d) Goodwill under Weighted average - Weighted average profit x Number of years of purchase
4. Book profit of 2020 is ₹ 35,000 non - recurring income included in the profit is ₹ 1,000 and abnormal loss charged in the year 2020 was ₹ 2,000 then the adjusted profit is
   a) ₹ 36,000 b) ₹ 31,000 c) ₹ 38,000 d) ₹ 34,000
5. The total capitalised value of a business is ₹ 1,00,000 assets are ₹ 1,50,000 and liabilities are ₹ 80,000 The value of goodwill as per the capitalisation method will be
   a) ₹ 40,000 b) ₹ 70,000 c) ₹ 1,00,000 d) ₹ 30,000
6. On revaluation, the increase in the value of assets leads to
   a) Gain b) Loss c) Expense d) None of these
7. If the old profit sharing ratio is more than the new profit sharing ratio of a partner the difference is called
   a) Capital ratio b) Sacrificing ratio c) Gaining ratio d) None of these
8. Which of the following statements is not true in relation to admission of a partner?
   a) Generally mutual rights of the partners change
   b) The profits and losses of the previous years are distributed to the old partners
   c) The firm is reconstituted under a new agreement
   d) The existing agreement does not come to an end
9. Select the odd one out
   a) Revaluation profit b) Accumulated loss
   c) Goodwill brought by new partner d) Investment fluctuation fund

10. Balaji and Kamalesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamalesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamalesh.

a) 1:3 b) 3:1 c) 2:1 d) 1:2

PART - II

II. Answer any five questions. 5x2=10

11. State any two circumstances under which goodwill of a partnership firm is valued.
12. What is Sacrificing Ratio?
13. State whether the following will be debited or credited in the revaluation account.
    a) Depreciation on assets b) Unrecorded liability
    c) Provision for outstanding expenses d) Appreciation of assets
14. Compute average profit from the following information. 2020 : ₹ 8,000; 2021 : ₹ 10,000; 2022 : ₹ 9,000
15. From the following information, calculate the super profit
    i) Capital employed ₹ 2,00,000
    ii) Normal rate of return 15%
    iii) Average profit of the business ₹ 42,000
16. Mala and Vimala were partners sharing profits and losses in the ratio of 3:2. On 31.3.2020, Varshini was admitted as a partner. On the date of admission, the book of the firm showed a reserve fund of ₹ 50,000. Pass the journal entry to distribute the reserve fund.
17. Ambika, Dharani and Padma are partners in a firm sharing profits in the ratio of 5:3:2. They admit Ramya for 25% profit. Calculate the new profit sharing ratio and sacrificing ratio.

PART - III

III. Answer any five questions. 5x3=15

18. State any six factors determining goodwill.
19. What are the adjustments required at the time of admission of a partner?
20. From the following information, calculate the value of goodwill on the basis of 3 years purchase of average profits of last four years.

Year	Result	Amount
2020	Profit	₹ 5,000
2021	Profit	₹ 8,000
2022	Loss	₹ 3,000
2023	Profit	₹ 6,000

21. From the following information, calculate the value of goodwill under annuity method
    i) Average profit - ₹ 14,000
    ii) Normal Profit - ₹ 4,000
    iii) Normal rate of return - 15%
    iv) Years of purchase of goodwill, 5 present value of ₹ 1 for 5 years at 15% per annum as per the annuity table is ₹ 3.352

22. Sri Ram and Raj are partners sharing Profits and losses in the ratio of 2:1. Nelson joins as a partner on 1st April 2020. The following adjustments are to made
    i) Increase the value of stock by ₹ 5,000
    ii) Bring into record investment of ₹ 7,000 which had not been recorded in the books of the firm
    iii) Reduce the value of office equipment by ₹ 10,000
    iv) A provision would also be made for outstanding wages for ₹ 9,500. prepare revaluation Account
23. Govind and Gopal are partners in a firm sharing profits in the ratio of 5:4. They admit Rahim as a partner. Govind surrounders 2/9 of share in favour of Rahim. Gopal surrounders 1/9 of his share in favour of Rahim. Calculate the new profit sharing ratio and sacrificing ratio.
24. Aparna and Priya are partners who share profits and losses in the ratio of 3 : 2. Bindha joins the firm for 1/5 share of profits and brings in cash for her share of goodwill of ₹ 10,000. Pass necessary journal entry for adjusting goodwill on the assumption that the fluctuating capital method is followed and the partners withdraw the entire amount of their share of goodwill.

PART - IV

IV. Answer all the questions : 2x5=10

25. a) The following particulars are available in respect of the business carried on by a partnership firm
    i) Profits earned 2020 : ₹ 25,000; 2021 : ₹ 23,000 and 2022 : ₹ 28,000
    ii) Profit of 2020 includes a non – recurring income of ₹ 2,500
    iii) Profit of 2021 is reduced by ₹ 3,500 due to stock destroyed by fire
    iv) The stock was not insured. But, it is decided to insure the stock in future. The insurance premium is estimated to be ₹ 250 per annum

    You are required to calculate the value of goodwill of the firm on the basis of 2 years purchase of average profits of the last three years.

(OR)

b) Anbu and Shankar are partners in a business sharing profits and losses in the ratio of 3:2. The balance sheet of the partners on 31.03.2020 is as follows

Liabilities	₹	₹	Assets	₹
Capital accounts			Computer	40,000
Anbu	4,00,000		Motor Car	1,60,000
Shankar	3,00,000	7,00,000	Stock	4,00,000
Profit and loss		1,20,000	Debtors	3,60,000
Creditors		1,20,000	Bank	40,000
Workmen compensation fund		60,000		
		10,00,000		10,00,000

Rajesh is admitted for 1/5 share on the following terms