

## Assignment Class 12 Accounts

### Topic- Partnership fundamentals

Time Allowed: 40 mins.

Maximum Marks: 20

1. X purchased the business from Y on 1<sup>st</sup> April 2019. For this purpose goodwill is to valued at 100% of the average annual profits of the last four years. The profits shown by Y's business for the last four years were:

Year ended	profit
31/3/16	1,00,000 (after debiting loss of stock by fire rs. 50,000)
31/3/17	(,50,000) (includes voluntary retirement compensation paid rs. 80,000)
31/3/18	1,50,000
31/3/19	2,00,000

Verification of books of accounts revealed the following:

- 1) During the year ended 31/3/17, a machine got destroyed in accident and rs. 60,000 was written off as loss in the profit and loss account.
- 2) on 1st July 2017, two computers costing rs. 40,000 each were purchased and debited to travelling expenses account on which depreciation is to be charged @ 10% p.a. on straight line method.

Calculate value of goodwill.

2. Mahesh, Naresh and Om are partners in the ratio of 2:3:4. with effect from 1st April 2021 they agreed to share profits in the ratio of 1:2:3. Calculate each partner's gain or sacrifice due to change in ratio. They admit C for 1/4 share in profits. For this purpose goodwill is to valued at three years purchase of super profits.

Following information is provided to you:

A's capital	5,00,000
B's capital	4,00,000
General Reserve	1,50,000
Profit & Loss (cr.)	30,000
Sundry assets	12,00,000

The normal rate of return is 15% p.a. Average profits are rs. 2,00,000 per year. You are required to calculate c's share of Goodwill.

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4. The capital of the firm of Anuj and Benu is rs. 10,00,000 and the market value of interest is 15%. Annual salary to the partners is rs. 60,000 each. The profits for the last three years were rs. 2,80,000, rs. 3,80,000 and 4,20,000. Goodwill of the firm is to be valued on the basis of two years purchase of last three years average super profits. Calculate the goodwill of the firm.

5. Yash and Karan were partners in an interior designer firm. Their fixed capitals were rs. 6,00,000 and 4,00,000 respectively. There were credit balances in their current accounts of rs. 4,00,000 and rs. 5,00,000 respectively. The firm had a general reserve of rs. 1,00,000. The firm did not have any liability. They admitted Radhika in business for  $\frac{1}{4}$ <sup>th</sup> share. Average profits of the firm for last five years were rs. 5,00,000. Calculate value of goodwill for the firm by capitalization of average profits method, Normal rate of return is 10%.