

DWARKA INTERNATIONAL SCHOOL
CLASS XII, ACCOUNTANCY
HOLIDAY HOME WORK

COMPLETE THIS WORK IN YOUR CLASSWORK NOTEBOOK

1: (Average Profit Method): Akansha, Chetna and Dipanshu are partners in a firm sharing profits and losses in the ratio of 3:2:1. They decide to take Jatin into partnership from January 1, 2015 for 1/5 share in the future profits. For this purpose, goodwill is to be valued at 2 times the average annual profits of the previous four years. The average profits for the past four years were.

Year	(Rs.)
2012	96,000
2013	60,600
2014	62,400
2015	84,400

Calculate the value of goodwill.

2: The profits of a firm for the last five years were:

Year →	2011	2012	2013	2014	2015
Profits (Rs.)	45,000	50,000	52,000	65,000	85,000

Calculate the value of goodwill on the basis of two years of purchase of weighted average profits, the weights to be used are 2011-1, 2012-2, 2013-3, 2014-4 and 2015-5

3: (Super Profit Method) firm earned net profits during the last three years as:

Year	2011-13	2013-14	2014-15
Profits (Rs.)	36,000	40,000	44,000

The capital investment of the firm is Rs. 1,20,000. A fair return on the capital having regard to the risk involved is 10%. Calculate the value of goodwill on the basis of three years purchase of the super profit for the last three years.

4: (Capitalisation Method): A earns Rs. 1,20,000 as its annual profits, the rates of normal profit being 10%. The assets of the firm amounted to Rs. 14,40,000 and liabilities to Rs. 4,80,000. Find out the value of goodwill by capitalization method.

5: (Average profit method): A and B are partners in a firm. They admit C into the firm. The goodwill for the purpose is to be calculated at 2 year's purchase of the average normal profits of the last three years which were Rs. 10,000, Rs. 15,000 and Rs. 30,000 respectively. Second year's profit included profit on sale of Machinery Rs. 10,000. Find the value of goodwill of the firm on C's Admission.

6: (Super profit method): The average net profits expected of a firm in future are Rs. 68,000 per year and capital invested in the business by the firm is Rs. 3,50,000. The rate of interest expected from capital invested in this class of business is 12%. The remuneration of the partners is estimated to be Rs. 8,000 for the year. You are required to find out the value of goodwill on the basis of two years' purchase of super profits.

7: (Super profit method): On April 1st, 2014 an existing firm had assets of Rs. 75,000 including cash of Rs. 5,000. The partners' capital accounts showed a balance of Rs. 60,000 and reserves

constituted the rest. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs. 24,000 at 4 years purchase of super profits, find the average profits of the firm.

8: M/s Aradhya having the assets of Rs 10,00,000 and Liabilities of Rs 4,20,000. The firm earns the annual profit of Rs. 90,000. The rate of interest expected from the capital having regard to the risk involved is 15%. Calculate the amount of Goodwill by Capitalisation of Super Profit method.

9: A business earned average profits of Rs. 1,00,000 during the last few years. The normal rate of return in similar type of business is 10%. The assets of the business were Rs. 10,00,000 and external liabilities was Rs. 1,80,000. Calculate the value of goodwill of the firm by super profit method, if the goodwill is valued at 2. 1/2 years' purchase of super profits.

10: A business has earned average profits of Rs. 1,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out the 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 profit. The assets of the business were Rs. 10,00,000 and its external liabilities Rs. 1,80,000.

11: A partnership firm earned net profits during the last 3 years as follows

Year	Net Profit
2007-2008	1,90,000
2008-2009	2,20,000
2010-2011	2,50,000

The capital employed in the firm throughout the above mentioned period has been Rs. 4,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of all the partners during this period is estimated to be Rs. 1,00,000 per annum. Calculate the value of goodwill on the basis of

(i) 2 years' purchase of super profits earned on average basis during the above mentioned 3 years and

(ii) By capitalisation method.

12: Complete Q1 to Q34 of T.S.Grewal of **CHANGE IN PROFIT SHARING RATIO OF EXISTING PARTNERS.**