

Red Rose Senior Secondary School
Holiday Home Work
Class - XII
Subject - Accountancy

Qy:-1- Select one comprehensive problem
& prepare a project file for this.

(Note - 1) Use A4 size punch
papers for this project)

2) Don't use any different colour
pen to write.

3) Use only blue sketch pen for
heading & blue gel or dot pen
to write project.

COMPREHENSIVE PROJECTS – I

Project No. 1. Mr. Rajat Gupta had 1,000 shares of Reliance Industries Ltd. of ₹ 10 each. In March, 2019, he sold his shares @ ₹ 980 each and decided to set up a manufacturing business of room coolers on 1 April, 2019 under the name of M/s. Supreme Cooler. He decided that all transactions should be made through bank and deposited the whole money in Dena Bank. He purchased a running factory of coolers consisting of Factory Land and Building for ₹ 4,00,000, Plant and Machinery ₹ 3,50,000, Furniture ₹ 70,000, Stock ₹ 80,000 but agreed to pay ₹ 9,50,000 as purchase consideration. He later approached his banker for a loan to meet the working capital requirement. Bank advanced loan amounting to ₹ 4,00,000 @ 10% p.a. His transactions for the year ending 31st. March, 2020, were as follows :

Particulars	(₹)
Total Purchases (₹ 4,10,000 in Cash)	12,40,000
Total Sales (₹ 5,25,000 in Cash)	20,50,000
Wages	2,30,000
Carriage	20,500
Power and Lighting	16,500
Salary of Staff and Manager	1,25,000
Postage and Call	5,200
Printing and Stationery	4,800
Advertising	16,700
Received from Debtors	12,11,000

Insurance Premium	12,100
Conveyance	15,200
Paid to Creditors	6,50,000
Drawings during the year @ ₹ 10,000 p.m.	1,20,000
Bank Loan repaid ₹ 1,00,000 on March, 31, 2020.	

You are required to :

- (1) Journalise these transactions and post them into ledger accounts.
- (2) Draw Trial Balance.

Additional Informations :

- (i) Closing Stock ₹ 1,10,000
 - (ii) Depreciate Land and Building by 5% and Plant and Machinery and Furniture by 10%.
 - (iii) Salary Outstanding ₹ 8,000 and wages outstanding ₹ 15,000.
 - (iv) Insurance premium prepaid ₹ 1,200.
 - (v) Interest on Bank Loan is due.
- (3) Prepare financial statements for the year 2019-20.
 - (4) Compare and comment on the profitability and short term solvency of the enterprise when similar firms earn Gross Profit @ 25% and Net Profit @ 11%.

Solution. The Project work involves the followings :

- (a) to prepare accounting records of M/s Supreme Coolers for the year ending 31st March, 2020.
- (b) to prepare Trial Balance and financial statements.
- (c) to find profitability and short-term solvency ratios.

Necessary data and information is given to complete the project work.

Execution of Project Work

- (i) Preparation of Journal, Ledger and Trial Balance.
- (ii) Preparation of Financial Statements for the year ending 31st March, 2020.
- (iii) Computation of :
 - **Profitability Ratio :** (i) Gross Profit Ratio
 - (ii) Net Profit Ratio
 - (iii) Operating Ratio
 - **Short Term Solvency Ratio :** (i) Current Ratio
 - (ii) Liquid Ratio

(1) **M/s Supreme Coolers**
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 April 1	Bank A/c To Capital A/c (For Commence Business)	Dr.	9,80,000	9,80,000

April 1	Land and Building A/c	Dr.	4,00,000	
	Plant and Machinery A/c	Dr.	3,50,000	
	Furniture A/c	Dr.	70,000	
	Stock A/c	Dr.	80,000	
	Goodwill A/c (Bal. Fig.)	Dr.	50,000	
	To Bank A/c			9,50,000
	(For various assets purchased for ₹ 9,50,000)			
	Bank A/c	Dr.	4,00,000	
	To 10% Bank Loan A/c			4,00,000
	(For bank loan taken @ 10% per annum)			
	Purchases A/c	Dr.	4,10,000	
	To Bank A/c			4,10,000
	(For goods purchased in cash)			
	Purchases A/c	Dr.	8,30,000	
	To Creditors A/c			8,30,000
	(For goods purchased on credit)			
	Bank A/c	Dr.	5,25,000	
	Debtors' A/c	Dr.	15,25,000	
	To Sales A/c			20,50,000
	(For goods sold on cash and credit)			
	Wages A/c	Dr.	2,30,000	
	Carriage A/c	Dr.	20,500	
	Power and Lighting A/c	Dr.	16,500	
	Salaries A/c	Dr.	1,25,000	
	Postage and Call A/c	Dr.	5,200	
	Printing and Stationery A/c	Dr.	4,800	
	Advertising A/c	Dr.	16,700	
	Insurance Premium A/c	Dr.	12,100	
	Conveyance A/c	Dr.	15,200	
	To Bank A/c			4,46,000
	(For Various Expenses Paid)			
	Bank A/c	Dr.	12,11,000	
	To Debtors A/c			12,11,000
	(For cash received from debtors)			
	Creditors A/c	Dr.	6,50,000	
	To Bank A/c			6,50,000
	(For cash paid to Creditors)			
	Drawings A/c	Dr.	1,20,000	
	To Bank A/c			1,20,000
	(For drawing made during year)			
2020	Bank Loan A/c	Dr.	1,00,000	
March 31	To Bank A/c			1,00,000
	(For Bank Loan repaid)			
	Total		81,47,000	81,47,000

Ledger Accounts

Dr.

Bank A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Capital A/c		9,80,000	2019	By Land & Building A/c		4,00,000
	To Bank Loan A/c		4,00,000		By Plant & Machinery A/c		3,50,000
	To Sales A/c		5,25,000		By Furniture A/c		50,000
	To Debtors A/c		12,11,000		By Stock A/c		90,000
					By Goodwill A/c		60,000
					By Purchases A/c		4,10,000
					By Wages A/c		2,30,000
					By Carriage A/c		20,500
					By Power & Lighting A/c		16,500
					By Salaries A/c		1,25,000
					By Postage & Call A/c		5,200
					By Printing & Stationery A/c		4,800
					By Advertising A/c		16,700
					By Insurance A/c		12,100
					By Conveyance A/c		15,200
					By Creditors A/c		6,50,000
				2020	By Drawing A/c		1,20,000
				Mar. 31	By Bank Loan		1,00,000
					By Balance c/d		4,40,000
			31,16,000				31,16,000
2020							
April 1	To Balance b/d		6,04,000				

Dr.

Capital A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2020				2019			
Mar. 31	To Balance c/d		9,80,000	Apr. 1	By Bank A/c		9,80,000
				2020			
				Apr. 1	By Balance b/d		9,80,000

Dr.

Land & Building A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		4,00,000	Mar. 31	By Balance c/d		4,00,000
2020							
Apr. 1	To Balance b/d		4,00,000				

Dr.

Plant & Machinery A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		3,50,000	Mar. 31	By Balance c/d		3,50,000
2020							
Apr. 1	To Balance b/d		3,50,000				

Dr. Furniture A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		70,000	Mar. 31	By Balance c/d		70,000
2020							
Apr. 1	To Balance b/d		70,000				

Dr. Stock A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		80,000	Mar. 31	By Trading A/c		80,000

Dr. Goodwill A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		50,000	Mar. 31	By Balance c/d		50,000
2020							
Apr. 1	To Balance b/d		50,000				

Dr. 10% Bank Loan A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2020				2019			
Mar. 31	To Bank A/c		1,00,000	Apr. 1	By Bank A/c		4,00,000
	To Balance c/d		3,00,000	2020			4,00,000
			4,00,000	Apr. 1	By Balance b/d		3,00,000

Dr. Purchases A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		4,10,000	Mar. 31	By Trading A/c		12,40,000
	To Creditors A/c		8,30,000				
			12,40,000				12,40,000

Dr. Sales A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2020				2019			
Mar. 31	To Trading A/c		20,50,000	Apr. 1	By Bank A/c		5,25,000
					By Debtors A/c		15,25,000
			20,50,000				20,50,000

Dr. Wages A/c				Cr.			
Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2020			
Apr. 1	To Bank A/c		2,30,000	Mar. 31	By Trading A/c		2,30,000

Dr.

Carriage A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		20,500	2020 Mar. 31	By Trading A/c		20,500

Dr.

Power & Lighting A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		16,500	2020 Mar. 31	By Trading A/c		16,500

Dr.

Salaries A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		1,25,000	2020 Mar. 31	By Profit & Loss A/c		1,25,000

Dr.

Postage & Call A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		5,200	2020 Mar. 31	By Profit & Loss A/c		5,200

Dr.

Printing & Stationery A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		4,800	2020 Mar. 31	By Profit & Loss A/c		4,800

Dr.

Advertising A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		16,700	2020 Mar. 31	By Profit & Loss A/c		16,700

Dr.

Insurance Premium A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		12,100	2020 Mar. 31	By Profit & Loss A/c		12,100

Dr.

Conveyance A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		15,200	2020 Mar. 31	By Profit & Loss A/c		15,200

Dr.

Creditors A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2020 Mar. 31	To Bank A/c To Balance c/d		6,50,000 1,80,000 <u>8,30,000</u>	2019 2020 Apr. 1	By Purchases A/c By Balance b/d		8,30,000 <u>8,30,000</u> 1,80,000

Dr.

Debtors A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 2020 Apr. 1	To Sales A/c To Balance b/d		15,25,000 <u>15,25,000</u> 3,14,000	2020 Mar. 31	By Bank A/c By Balance c/d		12,11,000 3,14,000 <u>15,25,000</u>

Dr.

Drawing A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 Apr. 1	To Bank A/c To Balance b/d		1,20,000 <u>1,20,000</u>	2020 Mar. 31	By Balance c/d		<u>1,20,000</u>

(3)

Trial Balance of Supreme Coolers

as on 31-3-2020

Name of Ledger Accounts	Dr. Bal. (₹)	Cr. Bal. (₹)
Bank A/c	4,40,000	
Capital A/c		9,80,000
Land & Building A/c	4,00,000	
Plant & Machinery A/c	3,50,000	
Furniture A/c	70,000	
Stock A/c	80,000	
Goodwill A/c	50,000	
10% Bank Loan		3,00,000
Purchases A/c	12,40,000	
Sales A/c		20,50,000
Wages A/c	2,30,000	
Carriage A/c	20,500	
Power & Lighting A/c	16,500	
Salaries A/c	1,25,000	
Postage & Call A/c	5,200	
Printing & Stationery A/c	4,800	

Advertising A/c	16,700	
Insurance Premium A/c	12,100	
Conveyance A/c	15,200	
Debtors A/c	3,14,000	
Creditors A/c		1,80,000
Drawings A/c	1,20,000	
	35,10,000	35,10,000

(4) **Financial Statements of Supreme Coolers**

Trading and Profit & Loss A/c
for the year ending March 31, 2020

Dr.

Cr.

Particulars	(₹)	Particulars	(₹)
To Opening Stock A/c	80,000	By Sales	20,50,000
To Purchases A/c	12,40,000	By Closing Stock A/c	1,10,000
To Wages A/c 2,30,000			
Add : Outstanding 15,000	2,45,000		
To Carriage A/c	20,500		
To Power and Lighting A/c	16,500		
To Gross Profit c/d	5,58,000		
	21,60,000		21,60,000
To Salaries A/c 1,25,000		By Gross Profit b/d	5,58,000
Add : Outstanding 8,000	1,33,000		
To Postage & Call A/c	5,200		
To Printing & Stationery A/c	4,800		
To Advertisement A/c	16,700		
To Insurance Prem. A/c 12,100			
Less : Prepaid 1,200	10,900		
To Conveyance A/c	15,200		
To Depreciation A/c :			
Land & Building	20,000		
Plant & Machinery	35,000		
Furniture	7,000		
To Interest on Bank Loan O/S	40,000		
To Net Profit	2,70,200		
	5,58,000		5,58,000

Balance Sheet
as on March 31, 2020

Liabilities	(₹)	Assets	(₹)
Creditors	1,80,000	Bank	4,40,000
Outstanding Wages	15,000	Debtors	3,14,000
Outstanding Salaries	8,000	Closing Stock	1,10,000
Bank Loan 4,00,000		Prepaid Insurance Premium	1,200
Less : Paid (1,00,000)		Land & Building 4,00,000	
Add : O/S Interest 40,000	3,40,000	Less : Depreciation 20,000	3,80,000

Capital	9,80,000		Plant & Machinery	3,50,000	
Add : N.P.	2,70,200		Less : Depreciation	35,000	3,15,000
	12,50,200		Furniture	70,000	
Less : Drawings	(1,20,000)	11,30,200	Less : Depreciation	7,000	63,000
		16,73,200	Goodwill		50,000
					16,73,200

(5) Ratio Analysis

Profitability Ratios :

$$(i) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Revenue from Operations}} \times 100$$

$$= \frac{₹ 5,58,000}{₹ 20,50,000} \times 100 = 27.22\%$$

$$(ii) \text{ Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Revenue from Operations}} \times 100$$

$$= \frac{2,70,200}{20,50,000} \times 100 = 13.18\%$$

(iii) Operating Ratio

$$= \frac{(\text{Cost of Revenue from Operations} + \text{Operating Expenses})}{\text{Net Revenue from Operations}} \times 100$$

where,

$$(a) \text{ Cost of Revenue from Operations} = \text{Revenue from Operations} - \text{Gross Profit}$$

$$= ₹ 20,50,000 - 5,58,000$$

$$= ₹ 14,92,000$$

$$(b) \text{ Operating Expenses} = (\text{Administrative and Selling and Distribution Expenses})$$

$$= 1,33,000 + 5,200 + 4,800 + 16,700 + 10,900 + 15,200 + 20,000 + 35,000 + 7,000$$

$$= ₹ 2,47,800$$

$$\text{Operating Ratio} = \frac{(\text{₹ } 14,92,000 + 2,47,800)}{20,50,000} \times 100$$

$$= \frac{17,39,800}{20,50,000} \times 100 = 84.87\%$$

$$(iv) \text{ Operating Profit Ratio} = \frac{\text{Operating Profit}}{\text{Net Revenue from Operations}} \times 100$$

$$\text{Operating Profit} = \text{Net Revenue from Operations} - \text{Operating Cost}$$

$$= ₹ 20,50,000 - (14,92,000 + 2,47,800)$$

$$= ₹ 3,10,200$$

$$\text{Operating Profit Ratio} = \frac{\text{₹ } 3,10,000}{\text{₹ } 20,50,000} \times 100 = 15.13\%$$

Short Term Solvency Ratios :

$$(i) \quad \text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\text{₹ } 8,65,200}{\text{₹ } 2,43,000} = 3.56 : 1$$

where,

$$\begin{aligned} \text{Current Assets} &= \text{Bank} + \text{Debtors} + \text{Closing Stock} + \text{Prepaid Expenses} \\ &= \text{₹ } 4,40,000 + 3,14,000 + 1,10,000 + 1,200 \\ &= \text{₹ } 8,65,200 \end{aligned}$$

$$\begin{aligned} \text{Current Liabilities} &= \text{Creditors} + \text{Outstanding Wages} + \text{O/S Salary} \\ &\quad + \text{Interest O/S} \\ &= \text{₹ } 1,80,000 + 15,000 + 8,000 + 40,000 \\ &= \text{₹ } 2,43,000 \end{aligned}$$

$$(ii) \quad \text{Liquid Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

$$\begin{aligned} \text{Liquid Assets} &= \text{Bank} + \text{Debtors} \\ &= \text{₹ } 4,40,000 + 3,14,000 \\ &= \text{₹ } 7,54,000 \end{aligned}$$

$$\text{Liquid Ratio} = \frac{\text{₹ } 7,54,000}{\text{₹ } 2,43,000} = 3.1 : 1$$

Comments

- (1) The Gross Profit Ratio is 27.22% against the industry standard of 25%. Thus, cost of goods sold of our firm is less than that of industry.
- (2) The Net Profit is 13.18% against the industry standard of 11% which is quite good.
- (3) The Current Ratio is 3.56 : 1 and Liquid Ratio is 3.1 : 1 against the standard of 2 : 1 and 1 : 1 respectively. Thus, short term solvency position is more than satisfactory.

Project No. 2. (Comprehensive) :

On 1st January, 2019, Mr. Amit Sharma decided to open a computer training centre in Delhi. He purchased a commercial complex measuring 300 square feet carpet area at a cost of ₹ 3,50,000 and decided to invest ₹ 3,00,000 as a further capital in the proposed business.

He approached Punjab National Bank for loan which agreed to provide 80% loan of the cost of computers. He bought 25 computers of HCL costing ₹ 30,000 each. He paid ₹ 1,50,000 and P.N. Bank financed the remaining 80% amount of ₹ 6,00,000 @ 10% p.a. The loan was payable in 4 annual instalment along with interest due.

The transactions during the year were :

	(₹)
Purchased Furniture	
Fees received from students	40,000
Bought computer stationery	5,90,000
Sale of Computer Stationery	1,70,000
Wages paid	1,60,000
Salaries paid	90,000
Electricity charges	1,25,000
Advertisement	47,500
Postage and Call	22,000
General Expenses	9,500
Insurance Premium	6,000
Bought Printer Machine	4,600
	30,000

He withdrew ₹ 7,000 p.m. as drawing and repaid the annual instalment of bank loan along with interest due on 31st December 2019. Assume all transactions took place through P.N. Bank. You are required to :

(1) Journalise these transactions after considering the following information :

- (i) Depreciate building by 5% and computer and furniture @ 10% p.a.
- (ii) Salary unpaid ₹ 9,000
- (iii) Advertisement includes unissued material worth ₹ 4,000.
- (iv) Insurance prepaid ₹ 1,500.
- (v) Stock of computer stationery ₹ 19,500.

(2) Post them into ledger and prepare Trial Balance.

(3) Prepare financial statements for the year ended 31st. December, 2019.

(4) Mr. Amit Sharma wishes to expand his business further so he approached his banker for loan. What ratios should his banker consider before providing loan considering that similar firms earn 60% as Gross Profit and 17% as Net Profit.

Solution. The Project Work involves the followings (Planning) :

(a) to prepare accounting records of Mr. Amit Sharma for the accounting year 2019.

(b) to prepare Trial Balance and his financial statements.

(c) to find profitability ratios and solvency ratios.

(d) to find out whether he will get bank loan or not.

Necessary data is given to complete the Project Work.

Execution of Project Work

(i) Preparation of Journal, Ledger and Trial Balance.

(ii) Preparation of financial statements for the year ending 31st. December, 2019.

(iii) Computation of gross profit ratio, net profit ratio and operating ratio to assess profitability.

(iv) Computation of short term and long term solvency ratios to know whether loan be given by bank or not.

(1)

Books of Mr. Amit Sharma
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019				
Jan. 1	Building A/c Dr. Bank A/c Dr. To Capital A/c (For capital invested in business)		3,50,000 3,00,000	6,50,000
Jan. 1	Bank A/c Dr. To 10% Bank Loan (For loan taken for P.N. Bank)		6,00,000	6,00,000
Jan. 1	Computers A/c Dr. To Bank A/c (For 25 computers purchased @ 30,000 each and bank provided 80% loan)		7,50,000	7,50,000
Jan. 1	Furniture A/c Dr. To Bank A/c (For furniture purchased)		40,000	40,000
	Bank A/c Dr. To Fees and Sales A/c (For fee received from computer classes during year)		5,90,000	5,90,000
	Purchases A/c Dr. To Bank A/c (For stationery purchased for computer)		1,70,000	1,70,000
	Bank A/c Dr. To Sales A/c (For computer stationery sold)		1,60,000	1,60,000
	Wages A/c Dr. Salaries A/c Dr. Electricity Charges A/c Dr. Advertisement A/c Dr. Postage & Call A/c Dr. General Expenses A/c Dr. Insurance A/c Dr. To Bank A/c (For expenses paid)		90,000 1,25,000 47,500 22,000 9,500 6,000 4,600	3,04,600
	Printer Machine A/c Dr. To Bank (For printer purchased)		30,000	30,000
	Drawings A/c Dr. To Bank A/c (For drawing made during year)		84,000	84,000
	Interest on Bank Loan A/c Dr. To Bank Loan A/c (For interest due on bank loan ₹ 6,00,000 @ 10% p.a.)		60,000	60,000

	Bank Loan A/c To Bank A/c (For first instalment on loan paid along with interest @ 10% on loan i.e. ₹ 1,50,000 + 60,000)	Dr.	2,10,000	2,10,000
Dec. 31	Depreciation A/c To Building A/c To Computers A/c To Furniture A/c (For depreciation provided)	Dr.	96,500	17,500 75,000 4,000
Dec. 31	Salaries A/c To Salaries Outstanding A/c (For salary due but not paid)	Dr.	9,000	9,000
Dec. 31	Stock of Advertisement A/c To Advertisement A/c (For stock of advertisement material)	Dr.	4,000	4,000
	Prepaid Insurance A/c To Insurance A/c (For insurance prepaid)	Dr.	1,500	1,500
Dec. 31	Stock of Goods A/c To Purchases A/c (For Stock of stationary purchased for computers left)	Dr.	19,500	19,500

(2)

Ledger Accounts

Building A/c

Cr.

Dr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 Jan. 1	To Capital A/c		3,50,000	2019 Dec. 31	By Depreciation A/c		17,500
				Dec. 31	By Balance c/d		3,32,500
			3,50,000				3,50,000
2020 Jan. 1	To Balance b/d		3,32,500				

Bank A/c

Cr.

Dr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 Jan. 1	To Capital A/c		3,00,000	2019 Jan. 1	By Computers A/c		7,50,000
	To Bank Loan A/c		6,00,000	Jan. 1	By Furniture A/c		40,000
	To Fees & Sales A/c		5,90,000	Jan. 1	By Purchases A/c		1,70,000
	To Sales A/c		1,60,000	Jan. 1	By Wages A/c		90,000
					By Salaries A/c		1,25,000
					By Electricity Charges A/c		47,500
					By Advertisement A/c		22,000
					By Postage & Call A/c		9,500
					By General Expenses A/c		6,000
					By Insurance A/c		4,600
					By Printer Machine		30,000

				Dec. 31	By Drawing A/c By Bank Loan A/c By Balance c/d	84,000 2,10,000 61,400 1,65,000
2020			16,50,000			
Jan. 1	To Balance b/d		11,400			

Dr. **Capital A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Dec. 31	To Balance c/d		6,50,000	Jan. 1	By Building A/c By Bank A/c		3,50,000 3,00,000 6,50,000
			6,50,000				
				2020			
				Jan. 1	By Balance b/d		6,00,000

Dr. **Bank Loan A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Dec. 31	To Bank A/c To Balance c/d		2,10,000 4,50,000 6,60,000	Jan. 1	By Bank A/c By Interest A/c		6,00,000 60,000 6,60,000
				2020			
				Jan. 1	By Balance b/d		4,50,000

Dr. **Computers A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Jan. 1	To Bank A/c		7,50,000	Dec. 31	By Depreciation A/c By Balance c/d		75,000 6,75,000 7,50,000
			7,50,000				
2020							
Jan. 1	To Balance b/d		6,75,000				

Dr. **Furniture A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Jan. 1	To Bank A/c		40,000	Dec. 31	By Depreciation A/c By Balance c/d		4,000 36,000 40,000
			40,000				
2020							
Jan. 1	To Balance b/d		36,000				

Dr.

Fees and Sales A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 Dec. 31	To Trading A/c		7,50,000	2019	By Bank A/c		5,90,000
					By Bank A/c		1,60,000
			7,50,000				7,50,000

Dr.

Purchases A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		1,70,000	2019 Dec. 31	By Stock of Goods A/c		19,500
					By Trading A/c		1,50,500
			1,10,000				1,10,000

Dr.

Wages A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		90,000	2019 Dec. 31	By Trading A/c		90,000

Dr.

Salaries A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		1,25,000	2019 Dec. 31	By Profit & Loss A/c		1,34,000
	To Salaries Outstanding A/c		9,000				
			1,34,000				1,34,000

Dr.

Electricity Charges A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		47,500	2019 Dec. 31	By Profit & Loss A/c		47,500

Dr.

Advertisement A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		22,000	2019 Dec. 31	By Stock of Advertisement A/c		4,000
				Dec. 31	By Profit & Loss A/c		18,000
			22,000				22,000

Dr.

Postage & Call A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		9,500	2019 Dec. 31	By Profit & Loss A/c		9,500

Dr.

General Expenses A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		6,000	2019 Dec. 31	By Profit & Loss A/c		6,000

Dr.

Insurance A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		4,600	2019 Dec. 31	By Prepaid Insurance A/c		1,500
				Dec. 31	By Profit & Loss A/c		3,100
			4,600				4,600

Dr.

Printer Machine A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		30,000	2019 Dec. 31	By Balance c/d		30,000
2020 Jan. 1	To Balance b/d		30,000				

Dr.

Drawings A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Bank A/c		1,44,000	2019 Dec. 31	By Balance c/d		1,44,000
2020 Jan. 1	To Balance b/d		1,44,000				

Dr.

Interest on Bank Loan A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 Dec. 31	To Bank Loan A/c		60,000	2019 Dec. 31	By Profit & Loss A/c		60,000

Dr.

Depreciation A/c

Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019 Dec. 31	To Building A/c		17,500	2019 Dec. 31	By Profit & Loss A/c		96,500

	To Computers A/c		75,000				
	To Furniture A/c		4,000				
			96,500				96,500

Dr. **Salaries Outstanding A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019	To Balance c/d		9,000	2019			
				Dec. 31	By Salaries A/c		9,000
				2020			
				Jan. 1	By Balance b/d		9,000

Dr. **Stock of Advertisement A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Dec. 31	To Adver. A/c		4,000	Dec. 31	By Balance c/d		4,000
2020							
Jan. 1	To Balance b/d		4,000				

Dr. **Insurance Prepaid A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Dec. 31	To Insurance A/c		1,500	Dec. 31	By Balance c/d		1,500
2020							
Jan. 1	To Balance b/d		1,500				

Dr. **Stock of Goods A/c** Cr.

Date	Particulars	J.F.	(₹)	Date	Particulars	J.F.	(₹)
2019				2019			
Dec. 31	To Purchases A/c		19,500	Dec. 31	By Profit & Loss A/c		19,500

Trial Balance
as on 31st December, 2019

Name of Ledger Accounts	Dr. Bal. (₹)	Cr. Bal. (₹)
Building A/c	3,32,500	
Bank A/c	61,400	6,50,000
Capital A/c		4,50,000
Bank Loan A/c	6,75,000	
Computers A/c	36,000	7,50,000
Furniture A/c		
Fees & Sales A/c	1,50,500	
Purchases A/c	90,000	
Wages A/c	1,34,000	
Salaries A/c		

Electricity Charges A/c	47,500	
Advertisement A/c	18,000	
Postage & Call A/c	9,500	
General Expenses A/c	6,000	
Insurance A/c	3,100	
Printer Machine A/c	30,000	
Drawings A/c	84,000	
Interest on Bank Loan A/c	60,000	
Depreciation A/c	96,500	
Salaries Outstanding A/c		9,000
Stock of Advertisement A/c	4,000	
Prepaid Insurance A/c	1,500	
Stock of Goods (31-12-2019)	19,500	
	<u>18,59,000</u>	<u>18,59,000</u>

(3)

Financial Statements of Amit Sharma

Trading and Profit & Loss A/c

Dr.

for the year ending December 31, 2019

Cr.

Particulars	(₹)	Particulars	(₹)
To Purchases A/c	1,50,500	By Fees and Sales A/c	7,50,000
To Wages A/c	90,000		
To Gross Profit c/d	5,09,500		
	<u>7,50,000</u>		<u>7,50,000</u>
To Salaries A/c	1,34,000	By Gross Profit b/d	5,09,500
To Electricity Charges	47,500		
To Advertisement A/c	18,000		
To Postage & Call A/c	9,500		
To General Expenses A/c	6,000		
To Insurance A/c	3,100		
To Interest on Bank Loan	60,000		
To Depreciation A/c			
Building	17,500		
Computers	75,000		
Furniture	4,000		
	<u>96,500</u>		
To Net Profit	1,34,900		
	<u>5,09,500</u>		<u>5,09,500</u>

Balance Sheet

for the year ended on 31st December, 2019

Liabilities	(₹)	Assets	(₹)
Salary Outstanding	9,000	Bank	61,400
Bank Loan	4,50,000	Prepaid Insurance	1,500
Capital	6,50,000	Stock of Goods	19,500
Add : Net Profit	<u>1,34,900</u>	Stock of Advertisement	4,000
	<u>7,84,900</u>	Building A/c (less Depreciation)	3,32,500

Less : Drawings	(84,000)	7,00,900	Computers (less Dep.)	6,75,000
			Furniture (less Dep.)	36,000
			Printer Machine	30,000
		11,59,900		11,59,900

**(4) Banker should consider the following ratios before providing loan :
Profitability Ratios :**

$$(a) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Revenue from Operations}} \times 100$$

$$= \frac{5,09,500}{7,50,000} \times 100 = 67.93\%$$

$$(b) \text{ Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Revenue from Operations}} \times 100$$

$$= \frac{1,34,900}{7,50,000} \times 100 = 17.98\%$$

(c) Operating Ratio

$$= \frac{(\text{Cost of Revenue from Operations} + \text{Operating Expenses})}{\text{Net Revenue from Operations}} \times 100$$

where,

$$(i) \text{ Cost of Revenue from Operations} = \text{Revenue from Operations} - \text{G.P.} \\ = ₹ 7,50,000 - 5,09,500 = ₹ 2,40,500$$

$$(ii) \text{ Operating Expenses} = \text{Salaries} + \text{Electricity} + \text{Advertisement} + \text{Postage} \\ + \text{General Expenses} + \text{Insurance} + \text{Depreciation} \\ = ₹ 3,14,600$$

$$\text{Operating Ratio} = \left(\frac{2,40,500 + 3,14,600}{7,50,000} \right) \times 100$$

$$= \frac{5,55,100}{7,50,000} \times 100 = 74.01\%$$

Comments

- (1) The Gross Profit Ratio of Mr. Mukesh Nagpal is 67.93% against industry standard of 60% which is quite good.
- (2) The Net Profit ratio of firm is 17.98% against industry standard of 17%. It is also good.

Solvency Ratios

(a) Short-term Solvency Test

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{86,400}{1,59,000} = 0.54 : 1$$

where,

$$\begin{aligned} \text{(i) Current Assets} &= \text{Bank} + \text{Prepaid Insurance} + \text{Stock of stationery} \\ &\quad + \text{Stock of Advertisement Material} \\ &= ₹ 61,400 + 1,500 + 19,500 + 4,000 \\ &= ₹ 86,400 \end{aligned}$$

$$\begin{aligned} \text{(ii) Current Liabilities} &= \text{Salary outstanding} + \text{Instalment of Bank Loan} \\ &\quad \text{(to be paid next year)} \\ &= ₹ 9,000 + 1,50,000 \\ &= ₹ 1,59,000 \end{aligned}$$

$$\begin{aligned} \text{Debt-Equity Ratio} &= \frac{\text{Long Term Loan}}{\text{Capital}} \\ &= \frac{\text{Bank Loan (after 1 year repayment)}}{\text{Capital}} \\ &= \frac{3,00,000}{6,50,900} = 0.46 : 1 \end{aligned}$$

Comments

- (1) Short term solvency position of firm is very poor as current ratio is hardly 0.54 : 1 against standard ratio of 2 : 1.
- (2) Debt-equity Ratio indicates that long term borrowing is only 0.46 : 1 against standard ratio 2 : 1 so loan be granted by bank but firm should improve its current ratio as it is very poor.

Ques-2- Solve given following questions of partnership in your Homework Register.

Note:- It will be submitted by each & every one after holiday when school re-open.

Q. 83. Simmi and Sonu are partners in a firm, sharing profits and losses in the ratio of 3 : 1. The profit and loss account of the firm for the year ending March 31, 2016 shows a net profit of ₹1,50,000. Prepare the Profit and Loss Appropriation Account by taking into consideration the following information :

- (i) Partners capital on April 1, 2015 :
Simmi ₹30,000; Sonu ₹60,000.
- (ii) Current accounts balances on April 1, 2015 :
Simmi ₹30,000 (Cr.); Sonu ₹15,000 (Cr.).
- (iii) Partners drawings during the year amounted to :
Simmi ₹20,000; Sonu ₹15,000.
- (iv) Interest on capital was allowed @ 5% p.a.
- (v) Interest on drawing was to be charged @ 6% p.a. at an average of six months.
- (vi) Partner's salaries : Simmi ₹12,000 and Sonu ₹9,000. Also show the partner's current accounts.

[Ans. Divisible profit ₹1,25,550; Current Account balance : Simmi ₹1,17,063 and Sonu ₹42,937.]

Q. 90. *A* and *B* are partners in a firm sharing profits and losses in the ratio of 3 : 2. The balance in their capital and current accounts as on 1-4-2017 were as under :

	<i>A</i> (₹)	<i>B</i> (₹)
Capital Account	40,000	20,000
Current Account (Cr.)	16,000	12,000

The partnership deed provided that *A* is to be paid salary @ ₹500 p.m. whereas *B* is to get commission of ₹4,000 for the year.

Interest on capital is to be allowed @ 6% p.a. The drawings of *A* and *B* for the year were ₹5,000 and ₹2,000, respectively. Interest on drawings for *A* and *B* works out at ₹225 and ₹75 respectively. The net profit of the firm for the year ended 31st March, 2018 before making these adjustments was ₹35,700.

Prepare the Profit and Loss Appropriation Account and the Partners Capital and Current Accounts.

[Ans. Divisible Profits ₹22,400; Balances of Capital Accounts :— *A* ₹40,000; *B* ₹20,000. Balances of Current Accounts :— *A* ₹32,615; *B* ₹24,085.]

Q. 91. Calculate the interest on Drawings of Tarun @ 8% p.a. for the year ended 31st March, 2018 in each of the following alternative cases :

Case (a) if his drawings during the year were ₹60,000;

Case (b) if he withdrew ₹5,000 p.m. in the beginning of every month;

Case (c) if he withdrew ₹5,000 p.m. at the end of every month;

Case (d) if he withdrew ₹5,000 p.m. during the year;

Case (e) if he withdrew the following amounts as under :

2015 June, 1 : ₹10,000; August 31 : ₹12,000; November 1 : ₹16,000; December 31 : ₹13,000; February 1, 2016 : ₹9,000.

Q. 107. Prem, Param and Priya were partners in a firm. Their fixed capitals were Prem ₹2,00,000; Param ₹3,00,000 and Priya ₹5,00,000. They were sharing profits in the ratio of their capitals. It was decided that the new profit sharing ratio will be 2 : 1 : 2 and its effect will be introduced retrospectively for the last four years. The profits of the last four years were ₹2,00,000; ₹3,50,000; ₹4,75,000 and ₹5,25,000 respectively.

Showing your calculations clearly, pass a necessary adjustment entry to give effect to the new agreement between Prem, Param and Priya.

(C.B.S.E. 2015, All India)

[Ans.] Param's Current A/c	Dr.	1,55,000	
Priya's Current A/c	Dr.	1,55,000	
To Prem's Current A/c			3,10,000]

Q. 108. (HOTS) Alex, John and Sam are partners in a firm. Their capital accounts on 1st April, 2018, stood at ₹1,00,000, ₹80,000 and ₹60,000 respectively.

Each partner withdrew ₹5,000 during the financial year 2018-19.

As per the provisions of their partnership deed :

- John was entitled to a salary of ₹1,000 per month.
- Interest on capital was to be allowed @10% per annum.
- Interest on drawings was to be charged @4% per annum.
- Profits and losses were to be shared in the ratio of their capitals.

The net profit of ₹75,000 for the year ended 31st March 2019, was divided equally amongst the partners without providing for the terms of the deed.

You are required to pass a Single Adjusting Journal Entry to rectify the error.
(Show the working clearly)

ADJUSTMENTS

Q. 45. Calculate the value of goodwill as on 1st April, 2015, on the basis of $2\frac{1}{2}$ year's purchase of the average profits of the last five years. The profits and losses for the years ending 31st March were: 2010 ₹80,000; 2011 ₹1,00,000; 2012 Loss ₹30,000; 2013 ₹1,70,000; 2014 ₹1,60,000 and 2015 ₹1,80,000. You are informed that the profits of the year ending 31st March 2014 included profit on sale of a fixed asset amounting to ₹50,000 and the profits for the year 2015 were effected by a loss due to fire amounting to ₹20,000.

[Ans. ₹2,75,000.]

Hint. Profit for the year 2010 will be ignored.

Q. 46. Calculate the value of goodwill at 2 year's purchase of the average profits of the last 3 years. The profit for the first year was ₹50,000, for second year twice the profit of first year and for the third year one and half times the profit of the second year.

[Ans. ₹2,00,000]

Q. 47. A firm earns a profit of ₹37,000 per year. In the same business a 10% return is generally expected. The total assets of the firm are ₹4,00,000. The value of other liabilities is ₹90,000. Find out the value of goodwill.

[Ans. Goodwill ₹60,000.]

Q. 48. An existing firm had assets of ₹4,00,000 including cash of ₹15,000. The partner's capital accounts showed a balance of ₹3,00,000 and reserves constituted the rest. If the normal rate of return is 12% and the goodwill of the firm is valued at ₹50,000 at $2\frac{1}{2}$ year's purchase of super profits, find the average profits of the firm.

[Ans. ₹68,000]

Q. 61. X, Y and Z are partners sharing profits and losses in the ratio of 5 : 3 : 2. Their position as at 31st March 2019 was as follows :

<i>Liabilities</i>		₹	<i>Assets</i>		₹
Sundry Creditors		44,000	Cash in Hand		8,000
Outstanding Expenses		10,000	Cash at Bank		22,000
Capitals :			Debtors	56,000	
X	2,80,000		Less : Provision	<u>6,000</u>	50,000
Y	2,80,000		Stock		2,80,000
Z	<u>1,00,000</u>	6,60,000	Machinery		1,54,000
			Building		2,00,000
		<u>7,14,000</u>			<u>7,14,000</u>

It was decided that with effect from 1st April 2019, profit and loss sharing ratio will be 3 : 3 : 1. They agreed on the following terms :

(i) Goodwill of the firm be valued at two year's purchase of the average super profits of last three years. Average profits of the last three years are ₹1,08,000, while the normal profits may be taken at ₹66,000.

(ii) Provision on debtors be reduced by ₹2,000.

(iii) Value of stock be increased by 10% and machinery be valued at ₹1,00,000.

(iv) An item of ₹3,000 included in sundry creditors is not likely to be claimed.

Partners do not want to record the altered values of assets and liabilities in the books. Pass an entry to give effect to the above and prepare the revised balance sheet.

[Ans. Loss on Revaluation ₹21,000; Value of Goodwill ₹84,000. Debit Y by ₹8,100 and Credit X and Z by ₹4,500 and ₹3,600 respectively. Total of Balance Sheet ₹7,14,000.]

Q. 93. Anita and Tina are partners sharing profits as 9 : 5. They agree to admit Chetan their manager into partnership, who is to get $\frac{1}{8}$ share in the profits. He acquires this share as $\frac{1}{12}$ from Anita and $\frac{1}{24}$ from Tina. Calculate new profit sharing ratio.

[Ans. New Profit Sharing Ratio 94 : 53 : 21]

Q. 94. Anil and Sunil are partners sharing profits in the ratio of 4 : 1. They admit Vijay into partnership with $\frac{1}{3}$ share in profits which he acquires wholly from Anil. Calculate the new profit sharing ratio.

[Ans. 7 : 3 : 5.]

Q. 95. J & K are partners in a firm sharing profits in the ratio of 2 : 3. L joins the firm. J surrenders $\frac{1}{5}$ th of his share and K, $\frac{1}{3}$ rd of his share in favour of L. Find the new profit sharing ratio.

[Ans. New Ratio 8 : 10 : 7.]

Q. 96. R and S are partners sharing profits in the ratio of 5 : 3. T was admitted. R surrenders $\frac{1}{4}$ of his share and S $\frac{2}{5}$ of his share in favour of T. Calculate the sacrificing ratio and the new ratios.

[Ans. Sacrificing Ratio 25 : 24; New Ratios 75 : 36 : 49.]

Q. 97. A and B are partners sharing profits and losses in the ratio of 5 : 3. They admit C into partnership giving him $\frac{1}{4}$ share in profits which he acquires from A and B in the ratio of 3 : 1. Calculate the new profit sharing ratio.

[Ans. New Ratio 7 : 5 : 4.]

Q. 104. Arun and Varun are partners sharing profits in the ratio of 3 : 2. Bhushan is admitted paying a premium of ₹84,000 for $\frac{1}{4}$ th share of profits which he acquires $\frac{1}{6}$ th from Arun and $\frac{1}{12}$ th from Varun. Calculate new ratios and pass entries.

[Ans. New Ratio 26 : 19 : 15. Premium for goodwill will be distributed in the sacrificing ratio of 2 : 1.]

Q. 105. L and M were partners in a firm sharing profits in 4 : 3 ratio. They admitted O as a new partner. The new profit sharing ratio of L, M and O will be 3 : 3 : 4. O brought ₹2,00,000 for his capital. The goodwill of the firm on O's admission was valued at ₹70,000. O brought his share of goodwill in cash. Calculate sacrificing ratio of L and M and pass necessary journal entries for the above transactions on O's admission.

[Ans. Premium for goodwill brought in by O ₹28,000 will be distributed between L and M in their sacrificing ratio of 19 : 9.]

Q. 106. A and B are partners sharing profits and losses in the proportion of 3 : 2. They agree to admit C into partnership who is to get $\frac{1}{5}$ th share in the business. C brings in ₹1,00,000 for his capital and ₹40,000 for $\frac{1}{5}$ th share of goodwill which he acquires $\frac{3}{20}$ from A and $\frac{1}{20}$ from B. The profit for the first year of the new partnership amounted to ₹2,00,000.

Make the necessary Journal entries in connection with C's admission and apportion the profit between the partners.

[Ans. Profits distributed A ₹90,000; B ₹70,000; C ₹40,000.]

Q. 107. P and Q share profits in the ratio of P, $\frac{5}{8}$ and Q, $\frac{3}{8}$. R is admitted as a partner who brings in ₹60,000 as his capital and ₹20,000 for goodwill. The new profit-sharing ratio is agreed at 7 : 5 : 4. Draft Journal entries.

[Ans. Premium for goodwill will be distributed in the sacrificing ratio of 3 : 1.]

Q. 108. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into partnership, C pays a premium of ₹60,000 for $\frac{1}{4}$ th share of profit. The new ratio is 3 : 3 : 2. Goodwill account appears in the books at ₹2,00,000. Give the necessary Journal entries.

[Ans. Goodwill of ₹2,00,000 written off by A and B in their old ratio, i.e., 3 : 2. Premium for goodwill brought in by C will be credited to A and B in sacrificing ratio of 9 : 1.]

Q. 109. A and B are partners sharing profits and losses in the ratio of 3 : 2 respectively. Goodwill appears in their books at ₹3,00,000. They admit C into partnership. C paying a premium of ₹1,00,000 for one-fourth share of the profits while A and B as between themselves sharing profits and losses as before.

Give Journal entries to record the above arrangement in the books of the firm.

[Ans. Goodwill of ₹3,00,000 written off by A and B in 3 : 2. Premium for goodwill brought in by C credited to A and B in 3 : 2.]