INDIAN SCHOOL AL WADI AL KABIR

Class: XII ACCOUNTANCY	**Department: Commerce**
Worksheet No: 2	**Topic: Retirement of a partner (Comprehensive sums)**

1. Lisa, Monika and Nisha were partners in a firm sharing profits and losses in the ratio of 2:2:1. The Balance Sheet of the firm is as follows:

Balance Sheet as at 31st March, 2023

Liabilities		`	Assets	`
Trade Creditors		1,60,000	Land and Building	10,00,000
Bills Payable		2,44,000	Machinery	12,00,000
Employees' Provident Fund		76,000	Stock	10,00,000
Capitals:			Sundry Debtors	4,00,000
Lisa 14,00,000	14,00,000		Bank	40,000
Monika	3,60,000	31,60,000		
Nisha				
		36,40,000		36,40,000

On 31st March, 2023, Monika retired from the firm and the remaining partners decided to carry on the business. It was agreed that:
(i) Land and building be appreciated by Rs. 2,40,000 and machinery be depreciated by 10%.
(ii) 50% of the stock was taken over by the retiring partner at book value.
(iii) Provision for doubtful debts was to be made at 5% on debtors.
(iv) Goodwill of the firm be valued at Rs. 3,00,000 and Monika's share of goodwill be adjusted in the accounts of Lisa and Nisha.
Prepare Revaluation A/c & Partners' Capital A/c

2. A, B and C were partners in a partnership firm with a profit-sharing ratio 3:2:1. The balance sheet of the firm as on 31st March 2023 were as follows:

LIABILITIES	AMT.	ASSETS	AMT.
Trade Creditors	4,20,000	Goodwill	1,20,000
Workmen Compensation Reserve	2,40,000	Cash at Bank	1,15,000
		Debtors 8,00,000	
Employees Provident Fund	1,20,000	Less: PBDD 40,000	
Investment Fluctuation			7,60,000
Reserve	1,20,000	Advertisement Expenditure	72,000
Capital A/c:		Stock	7,53,000
A 13,60,000		Machinery	10,00,000
B 6,40,000		Investments (Market Value Rs. 3,52,000)	3,00,000
C 4,20,000			
	24,20,000	Patents	2,00,000
	33,20,000		**33,20,000**

C retired on 1st April 2023 on the following terms:

(i) Value of patents is to be reduced by 20% and that of Machinery to 90%
(ii) Goodwill of the firm is valued at Rs. 6,00,000
(iii) Liability for Workmen Compensation to the extent of Rs.1,20,000 is to be created.
(iv) C took over investments at the market value
(v) Provision for Doubtful Debts is to be raised to 6%
(vi) Amount due to C is to be settled on the following basis: 50% on Retirement; 50% of the balance within one year; and Balance by a bill of exchange at 3 months.

Prepare Revaluation A/c, Partners' Capital A/c and Balance Sheet of the firm after C's Retirement.

3. X, Y & Z are partners sharing profits in 3:2:1. The Balance sheet is as follows:

LIABILITIES	AMT.	ASSETS	AMT.
Creditors	15,000	Goodwill	6,000
EPF	6,000	Cash	5,500
Workmen compensation		Stock	30,000
reserve	12,000	Investments(market value Rs.17,600)	15,000
Investment fluctuation reserve	6,000		
Capitals:		Debtors 40,000	
X	68,000	Less: PBDD 2,000	
Y	32,000		38,000
Z	21,000	Patents	10,000
		Plant	50,000
		Advertisement suspense	6,000
	1,60,000		1,60,000

Z retired on following terms:
1. Goodwill of the firm is valued at Rs.30,000.
2. Patents be reduced by 20% and Plant to 90%.
3. PBDD be raised to 6%.
4. Z took over investments at market value.
5. Liability of provident fund was Rs.2,750.
6. Liability of workmen compensation fund was Rs.3,000.
7. Z was to be paid half on retirement and remaining through Bill of Exchange.

Prepare Revaluation A/c, Partners Capital A/c, and Balance sheet after Z's retirement.

4. P, Q & R are partners sharing P & L in the ratio of 1/2, 1/3 &1/6 respectively. Q retires from the firm. P & R share future P & L equally. Their capitals after all necessary adjustment were P Rs 22400; Q Rs 20200 & R Rs 11400. The cash balance as on that date was Rs. 4000. Calculate the amount of cash to be brought in or to be withdrawn by the remaining partners if the entire capital of the firm as newly constituted is fixed at Rs. 40000.

5. M, N & D are partners sharing profits in 3:2:1. On April 1,2023, the Balance sheet is as follows:

LIABILITIES	AMT.	ASSETS	AMT.
General Reserve	6,000	Cash	500
Outstanding expenses	2,000	Stock	11,000
Bills Payable	5,000	Debtors	9,500
Creditors	10,000	Patents	3,000
Capitals:		Plant	30,000
M 12,000			
N 10,000			
D 9,000			
	31,000		
	54,000		**54,000**

N retired on the above date. The terms were:
(a)Goodwill of the firm valued at Rs.12,000, and it was adjusted between accounts of M and D, who share future profit in the ratio 3:2.
(b)Outstanding expenses are to be brought to Rs.1,500, Plant is valued at 10% less and Patent at Rs.4,000.
(c) The total capital of the new firm be fixed at Rs.25,000 to be contributed by remaining partners in the new profit - sharing ratio.
Prepare ledger accounts.

6. A, B & C are partners sharing P & L in the ratio of 1/2, 1/3 &1/6 respectively. B retires from the firm. A & C share future P & L equally. Their capitals after all necessary adjustment were A Rs 22400; B Rs 20200 & C Rs 11400. Calculate the amount of cash to be brought in or to be withdrawn by the remaining partners if he entire capital of the new firm will be readjusted so that the future capitals are in new profit - sharing ratio.

7. Lokesh, Mansoor and Nihal were partners in a firm sharing profits as 50%, 30% and 20% respectively. On 31st March, 2023, their Balance Sheet was as follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		34,000	Cash		68,000
Provident Fund		10,000	Stock		38,000
Investment Fluctuation Fund		20,000	Debtors	94,000	
Capitals :			Less : Provision	6,000	88,000
Lokesh	1,40,000		Investment		80,000
Mansoor	80,000		Goodwill		40,000
Nihal	50,000	2,70,000	Profit & Loss		20,000
		3,34,000			**3,34,000**

On the above date, Mansoor retired and Lokesh and Nihal agreed to continue on the following terms:

(a) Firm's goodwill was valued at the Rs. 1,02,000 and it was decided to adjust Mansoor's share of goodwill into the capital accounts of the continuing partners.
(b) There was a claim for workmen's compensation to the extent of Rs.12,000 and investments were brought down to Rs.30,000.
(c) Provision for bad debts was to be reduced by Rs. 2,000.
(d) Mansoor was to be paid Rs.20,600 in cash and the balance will be transferred to his loan account which was paid in two equal instalments together with interest @ 10% p.a.
(e) Lokesh's and Nihal's capital were to be adjusted in their new profit - sharing ratio by bringing in or paying off cash as the case may be.
Prepare Revaluation Account and Partners' Capital Accounts and Mansoor's loan A/c till the amount was paid off.

8. Amit, Balan and Chander were partners in a firm sharing profits in the proportion of 1/2, 1/3 and 1/6 respectively. Chander retired on 1st April, 2023. The Balance Sheet of the firm on the date of Chander's retirement was as follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		12,600	Bank		4,100
Provident Fund		3,000	Debtors	30,000	
General Reserve		9,000	*Less*: Provision	1,000	29,000
Capital A/cs:					
Amit	40,000		Stock		25,000
Balan	36,500		Investments		10,000
Chander	20,000	96,500	Patents		5,000
			Machinery		48,000

It was agreed that:
(i) Goodwill will be valued at ₹ 27,000.
(ii) Depreciation of 10% was to be provided on Machinery.
(iii) Patents were to be reduced by 20%.
(iv) Liability on account of Provident Fund was estimated at ₹ 2,400.
(v) Chander took over Investments for ₹ 15,800.
(vi) Amit and Balan decided to adjust their capitals in proportion of their profit-sharing ratio by opening Current Accounts.
Prepare Revaluation Account, Partners' Capital Accounts.

9. X, Y & Z are partners sharing P & L in the ratio of 1/2, 1/3 &1/6 respectively. Their capitals as appeared in the balance sheet were Rs. 25,000; Rs 20,000 & Rs. 15,000. Y retired from the firm and X & Z continued sharing future profits equally. Their capitals after all necessary adjustments of reserves, revaluation profit and goodwill adjustment were X Rs 22400; Y Rs 20200 & Z Rs 11400. Calculate the amount of cash to be brought in or to be withdrawn by the remaining partners if the total of the firm will be same as before retirement.

10. Following is the Balance Sheet of A, B and C as on 31st March, 2023, who have agreed to share profits and losses in proportion of their capitals:

LIABILITIES		AMT.	ASSETS		AMT.
Capitals:			Land & Building		4,00,000
A	4,00,000		Machinery		6,00,000
B	6,00,000		Stock		2,00,000
C	4,00,000		Debtors	2,20,000	
		14,00,000	Less. Provision	(20,000)	
					2,00,000
Employees Provident Fund		70,000	Cash at Bank		2,00,000
WCR		30,000			
Creditors		1,00,000			
		16,00,000			**16,00,000**

On 31st March, 2023, A retired from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and reassess the liabilities on that date, on the following basis:
(a) Land and Building be appreciated by 30%.
(b) Machinery be depreciated by 30%.
(c) There were Bad Debts of ₹ 35,000.
(d) The claim against Workmen Compensation Reserve was estimated at ₹ 15,000.
(e) Goodwill of the firm was valued at ₹ 2,80,000 and A's share of goodwill was adjusted against the Capital Accounts of the continuing partners B and C who have decided to share

future profits in the ratio of 3 : 4 respectively.
(f) Capital of the new firm in total will be the same as before the retirement of A and will be in the new profit-sharing ratio of the continuing partners.
(g) Amount due to A be settled by paying ₹ 1,00,000 in cash and balance by transferring to her Loan Account which will be paid later on.
Prepare Revaluation Account, Capital Accounts of Partners.

11. A, B & C are partners sharing P & L in the ratio of 1/2, 1/3 &1/6 respectively. B retires from the firm. A & C share future P & L equally. Their capitals after all necessary adjustment were A Rs 22400; B Rs 20200 & C Rs 11400. The cash balance as on that date was Rs. 4000. Calculate the amount of cash to be brought in or to be withdrawn by the remaining partners if B is to be paid through cash brought in by A & C in such a way as to make their capitals proportionate to their new profit - sharing ratio. Minimum cash balance of Rs 3000 is to be maintained.

12. P, Q and R are partners sharing profits in the ratio of 5 : 3 : 2. Q retires on 1st April, 2023 from the firm, on which date capitals of P, Q and R after all adjustments are ₹ 1,03,680, ₹ 87,840 and ₹ 26,880 respectively. The Cash and Bank Balance on that date was ₹ 9,600. Q is to be paid through amount brought in by P and R in such a way as to make their capitals proportionate to their new profit-sharing ratio which will be P 3/5 and R 2/5. Calculate the amount to be paid or to be brought in by the continuing partners assuming that a minimum Cash and Bank balance of ₹ 7,200 was to be maintained and pass the necessary Journal entries.

13. A, B and C are partners sharing profits in 3:2:1. On March 31st 2023, the Balance sheet is as follows:

LIABILITIES		AMT.	ASSETS		AMT.
General Reserve		12,000	Cash		18,000
Bills Payable		16,000	Stock		18,000
Creditors		30000	Debtors	25,000	
Capitals:			-PBDD	(3,000)	
A	40,000				22,000
B	40,000		Furniture		30,000
C	30,000		Machinery		70,000
		1,10,000	Goodwill		10,000
		1,68,000			**1,68,000**

B retires on 1st April 2023. The terms were:
(a)PBDD raised by Rs.1,000
(b)Stock to be depreciated by 10% and Furniture by 5%.
(c)There is an outstanding claim for damages of Rs.1,100.
(d)Creditors are written back by Rs.6,000
(e)Goodwill of the firm is valued at Rs.22,000.
(f)B is to be paid in full with the cash brought in by A and C in such a manner that their capitals are in proportion to new ratio and cash in hand remains at Rs.10,000.

Prepare Revaluation A/c, partners' capital A/c.

14. The Balance Sheet of P, Q and R who were sharing profits in the ratio of 5 : 3 : 2 as at 31st March, 2023 is as follows:

Liabilities		₹	Assets	₹
Creditors		50,000	Cash at Bank	40,000
Employees' Provident Fund		10,000	Sundry Debtors	1,00,000
Profit and Loss A/c		85,000	Stock	80,000
Capital A/cs:			Fixed Assets	60,000
P	40,000			
Q	62,000			
R	33,000	1,35,000		
		2,80,000		**2,80,000**

P retired on 1st April, 2023 and Q and R decided to share profits in future in the ratio of 3 : 2 respectively.
The other terms on retirement were:
(a) Goodwill of the firm is to be valued at ₹ 80,000.
(b) Fixed Assets are to be depreciated to ₹ 57,500.
(c) Make a Provision for Doubtful Debts at 5% on Debtors.
(d) A liability for claim, included in Creditors for ₹ 10,000, is settled at ₹ 8,000.
The amount to be paid to P by Q and R in such a way that their Capitals are proportionate to their profit-sharing ratio and leave a balance of ₹ 15,000 in the Bank Account.
Prepare Profit and Loss Adjustment Account and Partners' Capital Accounts.

15. L, M and N were partners in a firm sharing profit & losses in the ratio of 2:2:3. On 31st March 2023, their Balance Sheet was as follows:

Liabilities	Amount(₹)	Assets	Amount(₹)
Creditors	80,000	Land and Building	5,00,000
Bank overdraft	22,000	Machinery	2,50,000
Long term debts	2,00,000	Furniture	3,50,000
Capital A/C s: L-6,25,000 M -4,00,000 N -5,25,000	15,50,000	Investments	1,00,000
Employees provident fund	38,000	Stock	4,00,000
		Debtors	2,00,000
		Bank	20,000
		Deferred Advertisement Expenditure	70,000
	18,90,000		18,90,000

On 31st March 2023 , M retired from the firm and remaining partners decided to carry on business. It was decided to revalue assets and liabilities as under :

a) Land and Building be appreciated by₹ 2,40,000 and Machinery be depreciated 10%.
b) 50% of investments were taken by the retiring partner at book value.
c) Provision for doubtful debts was to be made at5% on debtors.
d) Stock will be valued at market price which is ₹1,00,000 less than the book value.
e) Goodwill of the firm be valued at ₹5,60,000. L and N decided to share future profits and losses in the ratio of 2:3.
f) The total capital of the new firm will be ₹32,00,000 which will be in proportion of profit - sharing ratio of L and N.
g) Gain on revaluation account amounted to ₹1,05,000.
Prepare Partner's Capital accounts and Balance sheet of firm after M's retirement.