INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	Department: Commerce
Worksheet No:2	Topic: ADMISSION OF A PARTNER Comprehensive Sums

1.
On 31st March, 2019 the Balance Sheet of A and B, who were sharing profits in the ratio of 3 : 2 was as follows :

Balance Sheet of A and B as at 31st March, 2019

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	30,000	Cash at Bank	20,000
Investment Fluctuation Fund	12,000	Debtors 85,000	
General Reserve	25,000	Less : Provision for bad debts 5,000	80,000
Capitals :		Stock	1,30,000
A 1,60,000		Investments	60,000
B 1,40,000	3,00,000	Furniture	77,000
	3,67,000		3,67,000

On 1st April, 2019, they decided to admit C as a new partner for $\frac{1}{5}$th share in the profits on the following terms :

(i) C brought ₹ 1,00,000 as his capital and ₹ 50,000 as his share of premium for goodwill.

(ii) Outstanding salaries of ₹ 2,000 be provided for.

(iii) The market value of investments was ₹ 50,000.

(iv) A debtor whose dues of ₹ 18,000 were written off as bad debts paid ₹ 12,000 in full settlement.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

2.

Divya, Yasmin and Fatima are partners in a firm, sharing profits and losses in 11:7:2 respectively. The balance sheet of the firm as on 31[st] March 2018 was as follows:

Balance Sheet
As at 31.3.2018

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		70,000	Factory Building		7,35,000
Public Deposits		1,19,000	Plant and Machinery		1,80,000
Reserve fund		90,000	Furniture		2,60,000
Outstanding Expenses		10,000	Stock		1,45,000
Capital accounts			Debtors	1,50000	
Divya	5,10000		Less: Provision	(30000)	1,20,000
Yasmin	3,00000		Cash at bank		1,59,000
Fatima	5,00000	13,10,000			
		15,99,000			**15,99,000**

On 1.4.2018, Aditya is admitted as a partner for one-fifth share in the profits with a capital of ₹4,50,000 and necessary amount for his share of goodwill on the following terms:

i. Furniture of ₹2,40,000 were to be taken over Divya, Yasmin and Fatima equally.
ii. A creditor of ₹ 7,000 not recorded in books to be taken into account.
iii. Goodwill of the firm is to be valued at 2.5 years purchase of average profits of last two years. The profit of the last three years were:
    2015-16 ₹6,00,000; 2016-17 ₹2,00,000; 2017-18 ₹6,00,000
iv. At time of Aditya's admission Yasmin also brought in 50,000 as fresh capital
v. Plant and Machinery is re-valued to ₹2,00,000 and expenses outstanding were brought down to ₹ 9,000. Prepare Revaluation Account, Partners Capital Account and the balance sheet of the reconstituted firm.

3.

On 31st March, 2020 the Balance Sheet of A and B, who were sharing profits in the ratio of 3:2 was as follows:

Balance Sheet of A and B as at 31st March, 2020

Liabilities		Amount	Assets		Amount
General Reserve		50,000	Sundry Debtors	1,70,000	
Investment Fluctuation Fund		24,000	Less: PBDD	10,000	1,60,000
Employee Provident Fund		1,00,000	Cash at Bank		40,000
Creditors		60,000	Stock		2,60,000
Capital A/cs			Investment		1,20,000
A	3,20,000		Furniture		1,54,000
B	2,80,000	6,00,000	P&L A/c		1,00,000
		7,34,000			7,34,000

On 1st April, 2020, they decided to admit C as a new partner for 1/5th share in the profits on the following terms:

(i) C brought Rs. 2,00,000 as his capital and Rs.1,00,000 as his share of premium for goodwill. Half of the goodwill was withdrawn by the sacrificing partners.

(ii) Outstanding Rent of Rs. 4,000 be provided for.

(iii) The market value of investments was Rs. 1,00,000.

(iv) A debtor whose dues of Rs. 36,000 were written off as bad debts paid Rs. 24,000 in full settlement.

(v) Provision for Doubtful Debts is to be maintained @10%.

Prepare Revaluation Account, Capital Accounts of Partners and Bank Account.

4.

Balance Sheet of Ram and Shyam who shares profits in the ratio of their capitals as at 31st March 2019 is:

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital A/cs:			Freehold Premises	20,000
Ram	30,000		Plant and Machinery	13,500
Shyam	25,000	55,000	Fixtures and Fittings	1,750
Current A/cs:			Vehicles	1,350
Ram	2,000		Stock	14,100
Shyam	1,800	3,800	Bills Receivable	13,060
Creditors		19,000	Debtors	27,500
Bills Payable		16,000	Bank	1,590
			Cash	950
		93,800		93,800

On 1st April, 2019, they admitted Arjun into partnership on the following terms:
(a) Arjun to bring ₹ 20,000 as capital and ₹ 6,600 for goodwill, which is to be left in the business and he is to receive 1/4th share of the profits.
(b) Provision for Doubtful Debts is to be 2% on Debtors.
(c) Value of Stock to be written down by 5% .
(d) Freehold Premises are to be taken at a value of ₹ 22,400; Plant and Machinery ₹ 11,800; Fixtures and Fittings ₹ 1,540 and Vehicles ₹ 800.
You are required to make necessary adjustments entries in the firm, give Balance Sheet of the new firm as at 1st April, 2019 and also determine the ratio in which the partners will share profits, there being no change in the ratio of Ram and Shyam

5. X and Y are partners in a firm sharing profits in the ratio of 3:2. The remaining capitals of X and Y after adjustments are Rs. 80,000 and Rs. 60,000 respectively. They admit Z as a partner on his contribution of Rs. 35,000 as capital for $1/5^{th}$ share of profits to be acquired equally from both X and Y. The capital Accounts of the old partners are to be adjusted on the basis of proportion of Z's capital to his share in the business. Calculate the amount of the actual cash to be paid off or brought in by the old partners of the purpose.

6. A, B and C are partners in a firm sharing profits in the ratio of 3:2:1. D was admitted into the firm with $1/4^{th}$ Share in profits, which he got $3/16^{th}$ from A and $1/16^{th}$ from B. The total capital of the firm as agreed upon was Rs. 1,20,000 and D brought in cash equivalent to $1/4^{th}$ of this amount as his capital. The capital of other partners also had to be adjusted in the ratio of their respective share in profits by bringing in or paying cash. The capitals of A, B and C after all the adjustments related to revaluation of assets and reassessment of liabilities were Rs. 40,000, Rs. 35,000 and Rs. 30,000 respectively. Calculate the new capitals of A, B and C and record the necessary journal entries for the above transactions.

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Sanjana and Alok were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31st March, 2018 their Balance Sheet was as follows :

Balance Sheet of Sanjana and Alok as on 31-3-2018

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		60,000	Cash		1,66,000
Workmen's Compensation Fund		60,000	Debtors	1,46,000	
			Less : Provision for doubtful debts	2,000	1,44,000
Capitals :			Stock		1,50,000
Sanjana	5,00,000		Investments		2,60,000
Alok	4,00,000	9,00,000	Furniture		3,00,000
		10,20,000			**10,20,000**

On 1st April, 2018, they admitted Nidhi as a new partner for 1/4th share in the profits on the following terms :

(a) Goodwill of the firm was valued at ₹ 4,00,000 and Nidhi brought the necessary amount in cash for her share of goodwill premium, half of which was withdrawn by the old partners.

(b) Stock was to be increased by 20% and furniture was to be reduced to 90%.

(c) Investments were to be valued at ₹ 3,00,000. Alok took over investments at this value.

(d) Nidhi brought ₹ 3,00,000 as her capital and the capitals of Sanjana and Alok were adjusted in the new profit sharing ratio.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the

8.

Shikhar and Rohit were partners in a firm sharing profits in the ratio of 7 : 3. On 1st April, 2013, they admitted Kavi as a new partner for 1/4th share in profits of the firm. Kavi brought ₹ 4,30,000 as his capital and ₹ 25,000 for his share of goodwill premium. The Balance Sheet of Shikhar and Rohit as on 1st April, 2013 was as follows:

BALANCE SHEET OF SHIKHAR AND ROHIT *as at* 1st *April*, 2013

Liabilities		₹	Assets		₹
Capital A/cs:			Land and Building		3,50,000
Shikhar	8,00,000		Machinery		4,50,000
Rohit	3,50,000	11,50,000	Debtors	2,20,000	
General Reserve		1,00,000	*Less*: Provision	20,000	2,00,000
Workmen's Compensation Fund		1,00,000	Stock		3,50,000
Creditors		1,50,000	Cash		1,50,000
		15,00,000			**15,00,000**

It was agreed that:

(a) the value of Land and Building will be appreciated by 20%.

(b) the value of Machinery will be depreciated by 10%.

(c) the liabilities of Workmen's Compensation Fund were determined at ₹ 50,000.

(d) capitals of Shikhar and Rohit will be adjusted on the basis of Kavi's capital and actual cash to be brought in or to be paid off as the case may be.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the new firm.

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Gautam and Yashica are partners in a firm, sharing profits and losses in 3:1 respectively. The balance sheet of the firm as on 31st March 2018 was as follows:

Balance Sheet
As at 31.3.2018

Liabilities		Amt(₹)	Assets	Amt(₹)
Sundry creditors		50,000	Furniture	60,000
Bills payable		30,000	Stock	1,40,000
Capitals			Debtors	80,000
Gautam	4,00,000		Cash in hand	90,000
Yashica	1,00,000		Machinery	2,10,000
		5,00,000		
		5,80,000		**5,80,000**

Asma is admitted as a partner for 3/8th share in the profits with a capital of ₹2,10,000 and ₹50,000 for her share of goodwill. It was decided that:

i. New profit sharing ratio will be 3:2:3
ii. Machinery will depreciated by 10% and Furniture by ₹5,000.
iii. Stock was re-valued at ₹ 2,10,000.
iv. Provision for doubtful debts is to be created at 10% of debtors.
v. The capitals of all the partners were to be in the new profit sharing ratio on basis of capital of new partner any adjustment to be done through current accounts.

. Prepare Revaluation Account, Partners Capital Account and the Balance Sheet of the new firm.

10. X and Y are in partnership sharing profits and losses in the ratio of 3:2. The capitals of X and Y after adjustment are Rs. 80,000 and Rs. 60,000 respectively. They admit Z as a third partner who is to contribute proportionate capital to acquire a $1/5^{th}$ share of total capital of the new firm equally from both the partners X and Y. Calculate capital to be brought in by Z. Also, calculate the new profit sharing ratio of the partners in the new firm.

11.

Sarthak and Vansh are partners sharing profits in the ratio of 2 : 1. Since both of them are specially abled sometimes they find it difficult to run the business on their own. Mansi, a common friend, decides to help them. Therefore, they admit her into partnership for 1/3rd share in profits. She brings ₹ 60,000 for goodwill and proportionate capital. At the time of admission of Mansi, the Balance Sheet of Sarthak and Vansh was as under:

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital A/cs:			Plant		66,000
Sarthak	70,000		Furniture		30,000
Vansh	60,000	1,30,000	Investments		40,000
General Reserve		18,000	Stock		46,000
Bank Loan		18,000	Debtors	38,000	
Creditors		72,000	*Less*: Provision for Bad Debts	4,000	34,000
			Cash		22,000
		2,38,000			**2,38,000**

It was decided to:

(a) Reduce the value of Stock by ₹ 10,000.

(b) Plant is to be valued at ₹ 80,000.

(c) An amount of ₹ 3,000 included in Creditors was not payable.

(d) Half of the investments were taken over by Sarthak and remaining were valued at ₹ 25,000.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of reconstituted firm.

12.

On 31st March 2017, the Balance Sheet of Abhir and Divya, who were sharing profits in the ratio of 3 : 1 was as follows :

Balance Sheet of Abhir and Divya as on 31st March 2017

Liabilities	Amount (₹)	Assets		Amount (₹)
Creditors	2,20,000	Cash at Bank		1,40,000
Employees' Provident Fund	1,00,000	Debtors	6,50,000	
Investment Fluctuation Fund	1,00,000	Less Provision for bad debts	50,000	6,00,000
General Reserve	1,20,000			
Capitals :		Stock		3,00,000
Abhir : 6,00,000		Investments (market value ₹ 4,40,000)		5,00,000
Divya : 4,00,000	10,00,000			
	15,40,000			**15,40,000**

They decided to admit Vibhor on April 1, 2017 for 1/5th share.

(a) Vibhor shall bring ₹ 80,000 as his share of goodwill premium.

(b) Stock was overvalued by ₹ 20,000.

(c) A debtors whose dues of ₹ 5,000 were written off as bad debts, paid ₹ 4,000 in full settlement.

(d) Two months salary @ ₹ 6,000 per month was outstanding.

(e) Vibhor was to bring in Capital to the extent of 1/5th of the total capital of the new firm.

Prepare Revaluation A/c, Partners' Capital A/c and the Balance Sheet of the reconstituted firm.

13.

On 31st March, 2019 the Balance Sheet of Madan and Mohan who share profits and losses in the ratio of 3 : 2 was as follows :

Balance Sheet of Madan and Mohan as at 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Cash at Bank	10,000
General Reserve	10,000	Debtors 65,000	
Employees Provident Fund	22,000	Less : Provision for Doubtful debts 5,000	60,000
Capitals :		Stock	33,000
Madan 60,000		Patents	57,000
Mohan 40,000	1,00,000		
	1,60,000		1,60,000

They decided to admit Gopal on 1st April, 2019 for 1/5th share which Gopal acquired wholly from Mohan on the following terms :

(i) Gopal shall bring ₹ 10,000 as his share of premium for Goodwill.

(ii) A debtor whose dues of ₹ 3,000 were written off as bad debt paid ₹ 2,000 in full settlement.

(iii) A claim of ₹ 5,000 on account of workmen's compensation was to be provided for.

(iv) Patents were undervalued by ₹ 2,000. Stock in the books was valued 10% more than its market value.

(v) Gopal was to bring in capital equal to 20% of the combined capitals of Madan and Mohan after all adjustments.

Prepare Revaluation Account, Capital Accounts of the Partners and the Balance Sheet of the new firm.