ACADEMIC WORLD SCHOOL™
BEMETARA

SUMMER VACATION ASSIGNMENT

SESSION 2020-21

CLASS: XII

SUBJECT- ACCOUNTANCY

General Instructions

(i) *Attempt all questions.*

(ii) *Solve the questions in a separate Notebook.*

(iii) *Use of calculator is strictly prohibited.*

(iv) *Given assignment consist of 4 marks for Board Examination.*

Chapter - 5

Admission of a partner

Q1. A and B are in partnership sharing profits and losses in the ratio of 3:2. They admit C into partnership with 1/5th share which he acquires equally from A and B. Accountant has calculated new profit sharing ratio as 5:3:2. Is accountant correct?

Q2. A and B are partners in a firm. They admit C as a partner with 1/5th share in the profits of the firm. C brings Rs. 4,00,000 as his share of capital. Calculate the value of C's share of Goodwill. on the basis of his capital, given that the combined capital of A and B after all adjustments is Rs.10,00,000

Q3. Rakesh and Suresh are sharing profits in the ratio 4:3. Zaheer joins and new ratio among them is 7:4:3. What will be the sacrificing ratio?

Q4. A and B are partners in a firm sharing profits and losses in the ratio of 3:2.On 1st April, 2019 they decided to admit C their new ratio is decided to be equal. Pass the necessary journal entry to distribute Investment Fluctuation Reserve of Rs.60,000 at the time of C's admission, when Investment appear in the books at Rs. 2,10,000 and its market value is Rs.1,90,000.

Q5. A and B are partners in a firm having a capital of 54,000 and 36,000 respectively. They admitted C for 1/3rd share in the profits C brought proportionate amount of capital. The Capital brought in by C would be:

a) 90,000

b) 45,000

c) 54,000

d) 36,000

Q6. R and S are partners sharing profits in the ratio of 5 : 3. T joins the firm as a new partner. R gives 1/4th of his share and S gives 1/5th of his share to the new partner. Find out new profit-sharing ratio.

Q7. Find New Profit-sharing Ratio:
(i) R and T are partners in a firm sharing profits in the ratio of 3 : 2. S joins the firm. R surrenders 1/4th of his share and T 1/5th of his share in favour of S.
(ii) A and B are partners. They admit C for 1/4th share. In future , the ratio between A and B would be 2 : 1.
(iii) A and B are partners sharing profits and losses in the ratio of 3 : 2 . They admit C for 1/5th share in the profit. C acquires 1/5th of his share from A and 4/5th share from B.
(iv) X, Y and Z are partners in the ratio of 3 : 2 : 1. W joins the firm as a new partner for 1/6th share in profits. Z would retain his original share.
(v) A and B are equal partners. They admit C and D as partners with 1/5th and 1/6th share respectively.
(vi) A and B are partners sharing profits/losses in the ratio of 3 : 2. C is admitted for 1/4th share. A and B decide to share equally in future.

Q8. Give Journal entries to record the following arrangements in the books of the firm:
(a) B and C are partners sharing profits in the ratio of 3 : 2. D is admitted paying a premium (goodwill) of ₹ 2,000 for 1/4th share of the profits, shares of B and C remain as before.
(b) B and C are partners sharing profits in the ratio of 3 : 2. D is admitted paying a premium of ₹ 2,100 for 1/4th share of profits which he acquires 1/6th from B and 1/12th from C.

Q9. M and J are partners in a firm sharing profits in the ratio of 3 : 2. They admit R as a new partner. The new profit-sharing ratio between M, J and R will be 5 : 3 : 2. R brought in ₹ 25,000 for his share of premium for goodwill. Pass necessary journal entries for the treatment of goodwill.

Q10. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admit C into partnership for 1/5th share. C brings in ₹ 30,000 as capital and ₹ 10,000 as goodwill. At the time of admission of C, goodwill appears in the Balance Sheet of A and B at ₹ 3,000. The new profit-sharing ratio of the partners will be 5 : 3 : 2. Pass necessary journal entries.

Q11. A and B were partners in a firm sharing profits and losses in the ratio of 3 : 2. They admitted C as a new partner for 3/7th share in the profit and the new profit-sharing ratio will be 2 : 2 : 3. C brought ₹ 2,00,000 as his capital and ₹ 1,50,000 as premium for goodwill. Half of their share of premium was withdrawn by A and B from the firm. Calculate sacrificing ratio and pass necessary journal entries for the above transactions in the books of the firm.

Q12. Mohan and Sohan were partners in a firm sharing profits and losses in the ratio of 3 : 2. They admitted Ram for 1/4th share on 1st April, 2018. It was agreed that goodwill of the firm will be valued at 3 years purchase of the average profit of last 4 years which were ₹ 50,000 for 2014-15, ₹ 60,000 for 2015-16, ₹ 90,000 for 2016-17 and ₹ 70,000 for 2017-18. Ram did not bring his share of goodwill premium in cash. Record the necessary journal entries in the books of the firm on Ram's admission when:

(a) Goodwill appears in the books at ₹ 2,02,500.
(b) Goodwill appears in the books at ₹ 2,500.
(c) Goodwill appears in the books at ₹ 2,02,000.

Q13**.** Divya, Yasmin and Fatima are partners in a firm, sharing profits and losses in 11 : 7 : 2 respectively. The Balance Sheet of the firm on 31st March, 2020 was as follows:

BALANCE SHEET *as at 31st March, 2020*

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 A/cs:			Debtors	1,50,000	
Divya	5,10,000		*Less*: Provision	(30,000)	1,20,000
Yasmin	3,00,000		Cash at Bank		1,59,000
Fatima	5,00,000	13,10,000			
		15,99,000			**15,99,000**

On 1st April, 2020, Aditya is admitted as a partner for one-fifth share in the profits with a capital of rs. 4,50,000 and necessary amount for his share of goodwill on the following terms:

(a) Furniture of rs. 2,40,000 were to be taken over Divya, Yasmin and Fatima equally.
(b) A creditor of rs. 7,000 not recorded in books to be taken into account.
(c) 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:

2016-17 – rs. 6,00,000; 2017-18 – rs. 2,00,000; 2018-19 – rs. 6,00,000.

(d) At time of Aditya's admission. Yasmin also brought in rs. 50,000 as fresh capital.

(e) Plant and Machinery is re-valued to rs. 2,00,000 and expenses outstanding were brought down to rs. 9,000.

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

Q14. Following is the Balance Sheet of the firm, Ashirvad, owned by *A*, *B* and *C* who share profits and losses of the business in the ratio of 3 : 2 : 1.

BALANCE SHEET *as at 31st March, 2019*

Liabilities		Amount	Assets	Amount
Capital A/cs:			Furniture	95,000
A	1,20,000		Business Premises	2,05,000
B	1,20,000		Stock-in-Trade	40,000
C	1,20,000	3,60,000	Debtors	28,000
Sundry Creditors		20,000	Cash at Bank	15,000
Outstanding Salaries and wages		7,200	Cash in Hand	4,200
		3,87,200		**3,87,200**

On 1st April, 2019, they admit *D* as a partner on the following conditions:

(a) *D* will bring in rs. 1,20,000 as his capital and also rs. 30,000 as goodwill premium for a quarter of the share in the future profits/losses of the firm.

(b) Values of the fixed assets of the firm will be increased by 10% before the admission of *D*.

(c) Mohan, an old customer whose account was written off as bad debts, has promised to pay rs. 3,000 in full settlement of his dues.

(d) Future profits and losses of the firm will be shared equally by all the partners.

prepare Revaluation Account, Partners' Capital Accounts and opening Balance Sheet of the new firm

Q15. *X* and *Y* are partners sharing profits and losses in the ratio of 3/4 and 1/4. Their Balance Sheet as at 31st March, 2019 is:

Liabilities		Amount	Assets	Amount
Capital A/cs:			Land and Building	1,25,000
X	1,50,000		Furniture	5,000
Y	80,000	2,30,000	Stock	1,00,000
Workmen Compensation Reserve		20,000	Sundry Debtors	80,000
Sundry Creditors		1,50,000	Bills Receivable	15,000
Bills Payable		37,500	Cash at Bank	1,00,000
			Cash in Hand	12,500
		4,37,500		**4,37,500**

They admit *Z* into partnership on 1st April, 2019 on the following terms:

(a) Goodwill is to be valued at rs. 1,00,000.

(b) Stock and Furniture to be reduced by 10%.

(c) A Provision for Doubtful Debts is to be created @ 5% on Sundry Debtors.

(d) The value of Land and Building is to be appreciated by 20%.

(e) *Z* pays rs. 50,000 as his capital for 1/5th share in the future profits.

You are required to show Revaluation Account, Partners' Capital Accounts and Balance Sheet of the new firm

Q16. *X* and *Y* are partners sharing profits in the ratio of 2 : 1. Their Balance Sheet as at 31st March, 2019 was:

Liabilities		Amount	Assets	Amount
Sundry Creditors		25,000	Cash/Bank	5,000
General Reserve		18,000	Sundry Debtors	15,000
Capital A/cs:			Stock	10,000
X	75,000		Investments	8,000
Y	62,000	1,37,000	Printer	5,000
			Fixed Assets	1,37,000
		1,80,000		**1,80,000**

They admit *Z* into partnership on the same date on the following terms:

(a) *Z* brings in rs. 40,000 as his capital and he is given 1/4th share in profits.

(b) *Z* brings in rs.15,000 for goodwill, half of which is withdrawn by old partners.

(c) Investments are valued at rs. 10,000. *X* takes over Investments at this value.

(d) Printer is to be reduced (depreciated) by 20% and Fixed Assets by 10%.

(e) An unrecorded stock of Stationery on 31st March, 2019 is rs. 1,000.

(f) By bringing in or withdrawing cash, the Capitals of *X* and *Y* are to be made proportionate to that of *Z* on their profit-sharing basis.

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

Q17. *A* and *B* were partners in a firm sharing profits in 3 : 1 ratio. They admitted *C* as a partner for 1/4th share in the future profits. *C* was to bring rs. 60,000 for his capital. The Balance Sheet of *A* and *B* as at 1st April, 2019, the date on which *C* was admitted, was:

Liabilities		**Amount**	**Assets**		**Amount**
Capital A/cs:			Land and Building		40,000
A	50,000		Plant and Machinery		70,000
B	80,000	1,30,000	Stock		30,000
General Reserve		10,000	Debtors35,000		
Creditors		70,000	*Less*:		
			Provision for		
			Doubtful		
			Debts	1,000	34,000
			Investments		26,000
			Cash		10,000
		2,10,000			**2,10,000**

The other terms agreed upon were:

(a) Goodwill of the firm was valued at rs. 24,000.

(b) Land and Building were valued at rs. 65,000 and Plant and Machinery at ₹ 60,000.

(c) Provision for Doubtful Debts was found in excess by rs. 400.

(d) A liability of rs.1,200 included in Sundry Creditors was not likely to arise.

(e) The capitals of the partners be adjusted on the basis of C's contribution of capital to the firm.

(f) Excess of shortfall, if any, be transferred to Current Accounts.

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

Q18. X and Y are partners sharing profits and losses equally. Their Balance Sheet as on 31st March, 2018 is given below:

Liabilities		₹	Assets		₹
Capital A/cs:			Land and Building		1,50,000
X	1,50,000		Plant and Machinery		1,00,000
Y	1,00,000	2,50,000	Furniture and Fittings		25,000
Current A/cs:			Stock		75,000
X	40,000		Debtors	75,000	
Y	30,000	70,000	*Less*: 5% Reserve for D. Debts	5,000	70,000
Creditors		1,30,000	Bill Receivalbe		30,000
Bill Payable		50,000	Bank		50,000
		5,00,000			**5,00,000**

Z is admitted as a new partner for 1/4th share under the following terms:

(a) Z is to introduce ₹ 1,25,000 as capital.

(b) Goodwill of the firm was valued at nil.

(c) It is found that the creditors included a sum of ₹ 7,500 which was not to be paid. But it was also found that there was a liability for compensation to Workmen amounting to ₹ 10,000.

(d) Provision for Doubtful Debts is to be created @ 10% on debtors.

(e) In regard to the Partners Capital Accounts present fixed capital method is to be converted into fluctuating capital method.

(f) Bills of ₹ 20,000 accepted from creditors were not recorded in the books.

(g) X provides ₹ 50,000 loan to the business carrying interest @ 10% p.a.

You are required to prepare Revaluation Account, Partners Capital Accounts, Bank Account and the Balance Sheet of the new firm.

Q19. Rajesh and Ravi are partners sharing profits in the ratio of 3: 2. Their Balance Sheet at 31st March, 2018 stood as:

BALANCE SHEET
as at 31st March, 2018

Liabilities		₹	Assets		₹
Creditors		38,500	Cash		2,000
Outstanding Rent		4,000	Stock		15,000
Capital A/cs:			Prepaid Insurance		1,500
			Debtors	9,400	
			Less : Provision for D.D.	400	9,000
Rajesh	29,000				
Ravi	15,000	44,000			
			Machinery		19,000
			Building		35,000
			Furniture		5,000
		86,500			**86,500**

Raman is admitted as a new partner introducing a capital of ₹ 16,000. The new profit-sharing ratio is decided as 5 : 3 : 2. Raman is unable to bring in any cash for goodwill. So it is decided to value the goodwill on the basis of Raman's share in the profits and the capital contributed by him.
Following revaluation s are made:
(a) Stock to depreciate by 5% ;
(b) Provision for Doubtful Debts is to be ₹ 500;
(c) Furniture to depreciate by 10% ;
(d) Building is valued at ₹ 40,000.
Show necessary Ledger Accounts and Balance Sheet of new firm.

Q20. M and N were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Their Balance Sheet on 31st March, 2015 was as follows:

Liabilities		₹	Assets	₹
Creditors		1,68,000	Bank	34,000
General Reserve		42,000	Debtors	46,000
Capital's A/cs:				
L	1,20,000		Stock	2,20,000
M	80,000		Investments	60,000
N	40,000	2,40,000	Furniture	20,000
			Machinery	70,000
		4,50,000		**4,50,000**

On the above date, O was admitted as a new partner and it was decided that:
(i) The new profit-sharing ratio between L, M, N and O will be 2 : 2 : 1 : 1.
(ii) Goodwill of the firm was valued at ₹ 1,80,000 and O brought his share of goodwill premium in cash.
(iii) The market value of investments was ₹ 36,000.
(iv) Machinery will be reduced to ₹ 58,000.
(v) A creditor of ₹ 6,000 was not likely to claim the amount and hence was to be written off.
(vi) O will bring proportionate capital so as to give him 1/6th share in the profits of the firm.
Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm.