VAISHALI EDUCATION POINT

ADMISSION OF PARTNER

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Class :- XII	**Subject :- Accountancy**	**Total Time :- 1 hour**

General Instructions

Questions

A and B are partners sharing profits in the ratio of 5:3. They admit C on 1/4th share which he acquires 1/6thfrom A and 1/12th from B. calculate the new profit sharing ratio of the partners.

X and Y are partners sharing profits in the ratio of 3:2. They admit Z as new partner who gets 1/5th share. Calculate the new profit sharing ratio in each of the following cases:
(1) If Z acquires his share from X and Y in their profit sharing ratio;
(2) If he acquires 3/20th from X and 1/20th from Y;
(3) If he acquires 1/10th from X and 1/10th from Y;
(4) If he acquires 1/20th from X and 3/20th from Y;
(5) If he acquires his share entirely from X;
(6) If he acquires his share entirely from Y.

A, B and C are partners in a firm sharing profits in 4:3:3 ratio. They admitted D as new partner. A surrendered ¼ of his share in favour of D; B surrendered 1/5 of his share in favour of D and C surrendered 1/6 of his share in favour of D. calculate new profit sharing ratio.

Saurabh and Gaurav are equal partners. They admit chunmun as a partner in their firm and the new ratio of all the three has been decided upon as4:3:2. Find the sacrificing ratio.

A, B and C are partners sharing profits in the ratio of 2:2:1 respectively. They admit D for 1/6th share in the firm. Calculate the sacrificing ratio.

A and B are partners sharing profit in the ratio of 5:3. C is admitted to the partnership for 1/4th share of future profits. Calculate the new profit sharing ratio and the sacrificing ratio.

A, B and C are partners sharing in the ratio of 4:3:2. They admit D for 1/9th share. It is agreed that A would retain his original share. Calculate the new ratios and sacrificing ratios.

X and Y are partners sharing profits in the ratio of 4:3. Z joins partnership for 2/7th share in the profits(of which he acquires 3/4th from X and 1/4th from Y). Z brings in Rs 3,00,000 for his capital and Rs 1,20,000 for goodwill. Half of the amount of goodwill is withdrawn by the old partners. Pass necessary journal entries and find out new profit sharing ratio.

Anju and Manju are partners, sharing profits and losses in the proportion of 7:5. They agreed to admit Meenu, their manager, into partnership, who is to get one sixth share in the business. Menu brings in Rs 2,00,000 for her capital and Rs96,000 for 1/6th share of goodwill which she acquires 1/24th from anju and 1/8th from Manju. The profit for the first year of the new partnership amount to Rs 4,80,000. Make the necessary journal entries in connection with Meenu's admission and divide the profit between the partners.

X and Y share profits and losses in the ratio of 3:2. They admit Z as a partner who pays Rs 72,000 as

premium for goodwill for 1/4th share in the future profits of the firm. Pass journal entries appropriating the premium money and show the new profit sharing ratio in each of the following cases: (1) If he acquires his share of profits in the original ratio of existing partners. (2) If he acquires his share of profits in equal proportion from existing partners. (3) If he acquires his share in ratio of 2:3 from existing partners. (4) If he acquires his share of profits as 7/32th from X and 1/32th from Y.
(a) A and B are partners in a firm sharing profits in the ratio of 2:1. C is admitted as a partner. A and B surrender ½ of their respective share in favour of C. find the new profit sharing ratio and also sacrificing ratio. (b) C is to bring his share of premium for goodwill in cash. The goodwill of the firm is estimated at Rs 30,000. Pass necessary entries for the record of goodwill in the above case.
A and B are partners , sharing profit and losses in the ratio of 3:2. Goodwill appears in their balance sheet at Rs 24,000, when C is admitted into partnership for 1/5th share in profit. He pays Rs 50,000 for capital and Rs 8,000 as goodwill. The ratio of the partners A,B and C in the new firm would be 2:2:1 Pass journal entries in the books of the new firm to record above adjustments.
P and S are partners sharing profits in the ratio of 3:2. Their books showed goodwill atRs 20,000, R is admitted with 1/5th share which he acquires equally from P and S. R brings Rs 20,000 as his capital and Rs 10,000 as his share of goodwill. Profits at the end of the year were of the amount of Rs 1,00,000. You are required to give journal entries to carry out the above arrangement.
A and B carrying on business as partners used to share profits and losses thus; A 4/7th and B 3/7th, and goodwill appeared in the books of the firm at Rs 2,80,000 when C was admitted as a partner having 1/7th share in profits and losses. C was asked to pay premium of Rs 75,000 for goodwill, and the profit-sharing ratio as between A and B remained unchanged. Show entries in the journal of the firm.
A and B are partners sharing profits in the ratio of 4:3. C is admitted into the partnership and the new is determined at 3:2:1. C does not pay anything for his share of goodwill. On C's admission firm's goodwill was valued at Rs 84,000.pass journal entry. /A and B are partners sharing profits and losses in 3:2. They admit C into partnership for 1/5th share in the profits. C pays in cash Rs 40,000 for his capital. Goodwill of the firm is valued at Rs 2,25,000 but C is unable to bring his share of goodwill in cash. Pass the necessary journal entry.
X, Y and Z are partners sharing profits and losses as to X one-half; Y one-third and Z one-sixth. As from 1st January, 1992, they agreed to admit A into partnership for one-sixth share in profits and losses, which he acquires equally from X and Y and is to bring in Rs 50,000 for his capital and Rs 20,000 as premium for goodwill. A paid in his capital money but in respect of premium for goodwill. A paid in his capital money but in respect of premium for goodwill, he could bring in only Rs 15,000. You are required to (1) Give the journal entries to carry out the above arrangements, and (2) Work out the new profit-sharing ratio of partners.
A and B are partners sharing profits in the ratio of 3:1. C is admitted as a partner with2/9th share; A and B will in future get 4/9th and 3/9th share of profits. C pays Rs 2,00,000 for goodwill. Pass the necessary journal entry.
A , B and C are partners in a firm sharing profits in the ratio of 2:2:1. They admitted D for 1/6th share in profits. The new profit sharing ratio will be 13: 8: 4: 5 respectively. D brought Rs 5,00,000 for his capital and Rs 60,000 for his share of goodwill.. Pass the necessary entry.
A and B were in partnership sharing profits and losses in the ratio of 3 : 1. On 1st January, 1982 they admit C as a partner on the following terms:

(a) That C brings Rs. 1,00,000 as his capital and Rs. 50,000 for goodwill, half of which to be withdrawn by A and B.
(b) That the value of land and buildings to be appreciated by 15 per cent and that of stocks and machinery & fixtures to be reduced by 7 and 5 per cent respectively.
(c) That provision for doubtful debts be made at 5 per cent.
(d) That Rs. 15,000 be provided for an unforeseen liability.
(e) That C to be given 1/5th share and the profit sharing ratio between A and B to remain the same.
(f) That Rs. 11,000 is to be received as commission, hence to be accounted for.
The Balance sheet of the old partnership on 31st Dec., 1981 stood as:

Liabilities		Rs.	Assets	Rs.
Sundry Creditors		3,50,000	Cash in hand	40,000
Capital Accounts:			Book Debts	2,00,000
A	4,00,000		Stock	1,80,000
B	2,00,000	6,00,000	Machinery & Fixtures	2,00,000
			Land & Building	3,30,000
		9,50,000		9,50,000

Give necessary Journal entries, ledger accounts and the balance sheet of the newly constituted firm.

A and B were partners in a firm sharing profits in the ratio of 7:3. On 1-3-2005, they admitted C as a new partner for 1/6th share in the profits of the firm. they fixed the new profit sharing ratio as 3:2:1. The P&L A/c on the date of admission showed a balance of Rs 20,000 (Cr.). the firm also had a reserve of Rs 1,50,000. C is to bring Rs 40,000 as premium for his share of goodwill.
Showing your calculations clearly, Pass the necessary journal entry to record the above transactions.

Vimal and Nirmal are partners sharing profits in the ratio of 3 : 2 Following was the position of their business as on 31st March, 2012:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	20,000	Cash	14,000
Capital Accounts:		Debtors	18,000
Vimal	60,000	Plant & Machinery	50,000
Nirmal	32,000	Stock	40,000
Profit & Loss A/c	20,000	Goodwill	10,000
	1,32,000		1,32,000

On this day, Kailash agrees to join the business on the following terms and conditions:
(i) He will introduce Rs. 40,000 as his capital and pay Rs. 20,000 to the existing partners for his shares of goodwill.
(ii) The new profit sharing ratio will be 2 : 1 : 1 respectively for Vimal, Nirmal and Kailash.
(iii) A revaluation of assets will be made by reducing plant and machinery to Rs. 35,000 and stock by 10%. Provision of Rs. 1,000 is to be created for bad and doubtful debts.
Pass journal entries for the above arrangements and give the balance sheet of the newly constituted firm. Also specify the sacrificing ratio.

A and B are partners sharing profits in the ratio of 3:1. They admitted C as partner by giving him 1/4th share of profits which he acquired from A and B in the ratio of 2:1. C brings in Rs 1,00,000 as capital and Rs 36,000 as goodwill in cash. At the time of admission of C, general reserve appeared in their balance sheet at Rs 50,000.
Following revaluations are also made
(1) Value of plant is to be reduced by Rs 10,000
(2) Bad debts provision is to be reduced from Rs 4,000 to Rs 3,000
(3) Rs 2,000 out of total Creditors of Rs 20,000 are not to be paid.
(4) There is an outstanding bill for repairs for Rs 1,200.
Pass the necessary journal entry and prepare a Revaluation account. Also calculate the new profit sharing ratios.

A and B are partners sharing profits in the ratio of 3 : 5. Their Balance Sheet stood as under on 31st January 2007:

Liabilities		Rs.	Assets		Rs.
Creditors		1,40,000	Bank		20,000
Capital Accounts:			Debtors	75,000	
A	4,00,000		Less : Provision	5,000	70,000
B	6,00,000	10,00,000	Stock		2,00,000
			Investments		2,00,000
			Machinery		1,50,000
			Buildings		5,00,000
		11,40,000			11,40,000

On that date C is admitted as a partner for 25% share. Following terms are agreed upon:
(i) Goodwill is to be valued at 1.8 times of the average profits of last three years, which were Rs. 2,80,000, Rs. 2,40,000 and Rs. 4,40,000 respectively. C is to bring in his share of goodwill premium in cash.
(ii) Accrued income of Rs. 4,000 is to be taken into account.
(iii) Investments are to be increased by 2,50,000 and stock is to be increased to Rs. 2,50,000.
(iv) C is to contribute Rs. 4,00,000 as his capital.
Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the new firm.

X and y are partners. They admit Z as a partner and new profit sharing ratio is agreed at 3:2:1. The assets and liabilities are revalued as:
(1) A provision for doubtful debts @5% be made on sundry debtors(sundry debtors Rs 60,000)
(2) Building was found under valued by Rs 50,000 and machinery overvalued by Rs20,000.
(3) Part of the stock which had been included at a cost of Rs10,000 had been badly damaged in storage and could only expect to realise Rs2,000
(4) Creditors were written back Rs 6,000
Pass the necessary journal entry.

A and B are in partnership sharing and losses in the ratio of 3 : 2. On 1st April 2012, they admitted C into partnership. He paid Rs. 50,000 as his capital but nothing for Goodwill which was valued at Rs. 40,000 for the time. He acquired 1/5th share in the profits, equally from both partners. It was also decided that:
(i) Land and Building be written off by Rs. 20,000;
(ii) Stock be written down by Rs. 3,200.
(iii) A provision of Rs. 1,000 be created for doubtful debts; and
(iv) An amount of Rs. 1,200, included in Sundry Creditors, be written back as it is no longer payable.

The Balance Sheet of A and B on 31st March, 2012 was as under:

Liabilities		Rs.	Assets	Rs.
Capital Accounts:			Goodwill	10,000
A	86,000		Land and Building	60,000
B	64,000	1,50,000	Plant and Machinery	70,000
General Reserve		20,000	Stock	36,000
Sundry Creditors		31,200	Sundry Debtors	20,000
			Cash at Bank	4,000
			Cash in hand	1,200
		2,01,200		2,01,200

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

Following is the Balance Sheet of A and B who share profits in the ratio of 2 : 1.

Liabilities	Rs.	Assets		Rs.
Creditors	18,000	Cash		22,000
P & L A/c	12,000	debtors	35,000	
Capitals :		Less : Provision	3,500	31,500
A	40,000	Stock		20,000
B	35,000	Fixtures		7,500
		Goodwill		24,000
	1,05,000			1,05,000

C is given 1/5th share in the profits of the firm. C brings in Rs. 30,000 as his capital on the following terms:
(a) Goodwill of the firm is to be valued at 2 years purchase of the average profits of the last 3 years which were Rs. 15,000; Rs. 25,000 and Rs. 50,000; C does not bring his share of Goodwill in Cash.
(b) Stock to be discounted at 10% and provision for doubtful debts be reduced by Rs. 1,000.
(c) Fixtures are valueless.
(d) A bill for Rs. 500 for electric charges has been omitted to be recorded.
(e) There is a claim against the firm for damages amounting to Rs. 1,500. This will have to be paid in future.
Prepare Journal entries, Revaluation A/c, Capital accounts and the opening B/S of the new firm.

X and Y are partners in a firm sharing profits and losses in the ratio of 5 : 3. On 31st March, 2009, their Balance Sheet was as under:

Liabilities		Rs.	Assets	Rs.
Creditors		50,000	Bank	29,000
Provident Fund		15,000	Debtors	1,80,000
Workmen's Compensation Fund		40,000	Stock	1,25,000
Capitals A/cs :			Premises	1,50,000
X	2,60,000		Advertisement Expenses	16,000
Y	1,35,000	3,95,000		
		5,00,000		5,00,000

On the above date Z is admitted as a partner. X surrenders $\frac{1}{4}$th of his share and Y $\frac{1}{3}$rd of his share in favour of Z. Goodwill is valued at Rs. 1,60,000. Z brings in only $\frac{2}{5}$th of his share of goodwill in cash and Rs. 1,50,000 as his capital. Following terms are agreed upon:

(i) Premises is to be increased to Rs. 2,00,000 and stock by Rs. 5,000.
(ii) Creditors proved at Rs. 60,000, one bill for goods purchased having been omitted from the books.
(iii) Outstanding rent amounted to Rs. 12,000 and prepaid salaries Rs. 2,000.
(iv) Liability on account of provident fund was only Rs. 10,000.
(v) Liability for Workmen's Compensation Fund was Rs. 16,000.

Prepare Revaluation A/c, Capital A/cs and the opening Balance Sheet. Also calculate the new profit sharing ratios.

A and B are partners with capitals of Rs 1,30,000 and Rs 90,000 respectively. They admit C as a partner with 1/5th share in the profits of the firm. C brings Rs 80,000 as his capital. give journal entry to record goodwill.

Mohan and Sohan are in partnership sharing profits in the proportion of 3/5 and 2/5 respectively. The Balance Sheet is as follows:

Liabilities		Rs.	Assets		Rs.
Capitals :			cash		65,000
Mohan	2,00,000		Debtors	1,00,000	
Sohan	1,00,000	3,00,000	Less : Provision	40,000	60,000
Creditors		40,000	Stock		1,50,000
			Plant		65,000
		3,40,000			3,40,000

They decide to admit Rohan to 1/3rd share on the terms that he is to pay into the business Rs. 1,00,000 as Goodwill and sufficient capital to give him 1/3rd share of the total capital of the new firm. It was agreed that Provision for bad debts be reduced to Rs. 10,000, that the stock be revalued at Rs. 2,00,000; and that the plant be reduced to Rs. 50,000.

Prepare necessary ledger accounts and show the balance sheet of the new partnership.

The Balance sheet of A and B carrying on business in partnership and sharing profits in proportion of 2/3 and 1/3 stood on June 30,2010 as follows:

Liabilities	Rs.	Assets	Rs.
A's Capital	1,02,900	Cash in hand	4,500
B's Capital	73,500	Stock	54,000
Creditors	23,600	Debtors	36,000
Bills Payable	500	Furniture	6,000
		Plant & Machinery	1,00,000
	2,00,500		2,00,500

On July 1, 2010, they agreed to take C into partnership giving him 1/5th share of profit on the following terms:

(a) The goodwill of the firm is to be valued at two years' purchase of profit calculated on the average of the last three years' profits amounting to Rs. 40,000 Rs. 30,000 and Rs. 44,075.

(b) C brings his share of goodwill in cash, which is retained in the business.

(c) Partners decide to share future profit in the ratio of 3 : 1 : 1.

(d) C also brings in capital in proportion to his profit sharing ratio arrangement.

Prepare Journal entries and the Capital Accounts of the partners.

P and Q are partners sharing profits in 3 : 1. R is a admitted and the partners decide to share the future profits in the ratio of 2 : 1 : 1. The Balance sheet of P and Q as at 31st March, 2009 was as under:

Liabilities		Rs.	Assets	Rs.
Creditors		30,000	Bank	15,000
Profit & Loss Account		60,000	Debtors	60,000
Capital A/cs:			Stock	1,50,000
P	3,50,000		Plant Expenses	20,000
Q	2,20,000	5,70,000	Plant & Machinery	1,40,000
			Premises	2,75,000
		6,60,000		6,60,000

It was decided that:

(i) Part of the stock which has been included at a cost of Rs. 8,000 had been badly damaged in storage and could realise only Rs. 2,000.

(ii) A bill for Rs. 7,000 for electric charges has been omitted to be recorded.

(iii) Plant & Machinery was found overvalued by Rs. 20,000. Premises be appreciated to Rs. 3,00,000.

(iv) Prepaid expenses be brought down to 40%.

(v) R's share of goodwill is valued at Rs. 20,000 but he is unable to bring it in cash.

(vi) R brings in capital proportionate to his share of profit in the firm.

Prepare Revaluation A/c, Capital A/cs and the opening Balance Sheet.

Given below is the Balance Sheet of S on 31st March, 2001:

Liabilities	Rs.	Assets		Rs.
Capital	2,00,000	Building		1,50,000
Sundry Creditors	75,000	Furniture and Fittings		50,000
		Bills Receivable		10,000
		Sundry Debtors	25,000	
		Less : Provision for		
		Doubtful debts	5,000	20,000
		Cash at Bank		45,000
	2,75,000			2,75,000

T was admitted as a partner for a half share of profits on the following conditions:
(1) Building to by appreciated by 20%.
(2) Furniture and fittings to be written down to Rs. 45,000.
(3) Bills receivable not to be taken over by the new partnership.
(4) Provision for doubtful debts was found to be in excess by Rs. 3,000.
(5) A liability of 2,000 included in creditors was not likely to arise.
(6) There is an additional liability of Rs. 5,000 being outstanding salary payable to employees of the firm.
T is to bring Rs. 30,000 as premium for goodwill and further cash to make his capital equal to
$\frac{3}{5}$
th of S's capital.
Pass journal entries and prepare the opening Balance Sheet of the partnership.

Akshay and Bharti are partners sharing profits in the ratio 5:3. Charu is admitted into the firm for 1/5 share of profits. Charu brings in Rs 40,000 in respect of her capital. The capitals of old partners Akshay and Bharti after all adjustments relating to goodwill, revaluation of assets and liabilities, etc. are Rs 90,000 and Rs75,000 respectively. It is agreed that partners capitals should be according to the new profit sharing ratio.
Determine the new capitals of Akshay and Bharti and record the necessary journal entries assuming that the partner whose capital falls short, brings in the amount of deficiency and the partner who has an excess ,withdraws the excess amount.

A , B and C are partners in a firm sharing profits in the ratio of 3:2:1 with capitals of Rs 70,000 ;Rs 60,000;and Rs 40,000 respectively. D is admitted in the firm for 1/4th share of profits, which he acquires 1/8th from A and 1/8th from B. D brings in Rs 60,000 as his capital and Rs 32,000 for his share of goodwill in cash. 3/4th of the amount of goodwill was withdrawn by A and B. the capitals of the partners in the new firm are to be adjusted in profit sharing ratio on the basis of D's capital and excess or deficit capital to be adjusted in cash.
Prepare necessary journal entries, capital accounts of the partner's and cash account.

A and B are partners sharing profits in the proportion of 3 : 2. Their Balance Sheet as on 31st March, 2012 was as follows:

	Rs.			Rs.
Sundry Creditors	63,000	Cash at Bank		5,000
Outstanding Salaries	4,000	Sundry Debtors	30,000	
General Salaries	10,000	*Less*: Provision	1,000	29,000
Capitals: *A*	50,000	Stock		40,000
B	30,000	Trade Marks		8,000
		Building		75,000
	1,57,000			1,57,000

They agree to admit C as a new partner on the following terms:
(1) C will be given 2/9th share of profit and he will bring Rs. 50,000 for his share of capital and goodwill.
(2) Goodwill of the firm will be calculated at

$$2\frac{1}{2}$$

years' purchase of the average super profits of last four years. Profits of the last four years are Rs. 40,000; Rs. 40,000; Rs. 55,000 and Rs. 65,000 respectively. Normal profits that can be earned with the capital employed are Rs. 14,000.
(3) Half the amount of goodwill is withdrawn by old partners.
(4) 15% of the general reserve is to remain as a provision against doubtful debts.
(5) Outstanding salaries be increased to Rs. 6,000, stock is to be reduced by 20% and Buildings be increased by 20%. Trade Marks be written off by 50%.
(6) New profit sharing ratio of partners will be 4 : 3 : 2 and the capital accounts of A and B will be adjusted on the basis of C's capital by bringing in or withdrawing cash, as the case may be.
Prepare necessary accounts and the opening balance sheet of the firm.

Ashok and Biju were partners sharing profits and losses in the ratio of 3 : 1 respectively. The following was their balance sheet as on 31st March, 2008:

Liabilities	Rs.	Assets	Rs.
Creditors	1,20,000	Sundry Debtors	2,00,000
Bank Overdraft	1,50,000	Stock	2,20,000
Ashok's Capital	1,50,000	Furniture	40,000
Biju's Capital	1,00,000	Machinery	60,000
	5,20,000		5,20,000

On 1st April, 2008, Chandra was admitted to the firm on the following terms:
(i) Chandra would provide Rs. 1,00,000 as a capital and pay Rs. 20,000 as goodwill for his one-third share in future profits. Goodwill account would not appear in the books.
(ii) Ashok, Biju and Chandra would share profits equally.
(iii) Machinery would be reduced by 10% and Rs. 5,000 would be provided for bad debts. Stock would be valued at Rs. 2,49,400.
(iv) Capital accounts of old partners would be adjusted in the profit sharing ratio on the basis of Chandra's capital by bringing in or taking out cash.
Pass necessary journal entries and prepare partners' capital accounts and balance sheet of the new firm.

A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. Their balance sheet as on 1st April, 2012 was as follows:

BALANCE SHEET

Liabilities		Rs.	Assets	Rs.
Sundry Creditors		15,000	Plant	30,000
Capital Accounts:			Patents	10,000
A	30,000		Stock	20,000
B	25,000	55,000	Debtors	18,000
General Reserve		10,000	Cash	2,000
		80,000		80,000

C is admitted as partner on the above date on the following terms:
(i) He will pay Rs. 10,000 as goodwill for one-fourth share in the profits of the firm.
(ii) The assets are to be valued as under:
Plant at Rs. 32,000; Stock at Rs. 18,000; Debtors at book figure less a provision of 5 per cent for Bad Debts.
(iii) It was found that the creditors included a sum of Rs. 1,400 which was not to be paid. But it was also found that there was a liability for compensation to workers amounting to Rs. 2,000.
(v) C was to introduce Rs. 20,000 as capital and the capitals of other partners were to be adjusted in the profit sharing ratio. For this purpose, current accounts were to be opened.
Give Journal entries to record the above and Balance Sheet after C's admission. (Ledger accounts are not required).

The following was the Balance Sheet of Ram, Shyam and Mohan sharing profits and losses in the proportion of

$\frac{6}{14}:\frac{5}{14}:\frac{3}{14}$

respectively:

BALANCE SHEET

Liabilities		Rs.	Assets	Rs.
Creditors		18,900	Land & Buildings	50,400
Bills Payable		6,300	Furniture	7,350
Reserve		7,000	Stock	29,400
Capital Accounts:			Debtors	26,460
Ram	39,900		Cash at Bank	8,890
Shyam	33,600			
Mohan	16,800	90,300		
		1,22,500		1,22,500

They agreed to take Sohan into partnership and give him 1/8th share of profits on the following terms:
(a) That Sohan brings in Rs. 16,000 as his Capital.
(b) That Furniture be written down by Rs. 920 and stock be depreciated by 10%.
(c) That a Provision of Rs. 1,320 be made for outstanding repair bills.
(d) That the value of Land and Buildings be written upto Rs. 65,100.
(e) That Sohan's of Goodwill be fixed at Rs. 8,820. Sohan bring this amount in Cash.
(f) That the Capitals of Ram, Shyam and Mohan be adjusted on the basis of Sohan's Capital by opening the necessary Current Accounts.
Give the Necessary Journal Entries, the Revaluation Account, Capital Accounts and also the Balance Sheet of the firm as newly constituted.

A and B are in partnership with capitals of Rs1,00,000 and Rs 60,000 and sharing profits two-third and

one-third respectively. on 1st april,2012, they agree to admit C into partnership with a one-sixth share on condition that he brings in Rs 55,000 (Rs 40,000 to represent his capital and Rs 15,000 to represent his goodwill). The whole of Rs 55,000 is to remain in the business. Give journal entries to record this transactions, the relative shares of A and B remaining the same as before and state the future shares of the partners.
X and Y are partners sharing profits and losses in the ratio 6:9. They agree to admit Z into partnership who brings Rs1,00,000 in cash for his capital and goodwill. Goodwill is valued at $1\frac{1}{2}$ years purchase of the last 4 years profits, which were Rs 30,000;Rs 80,000 (loss) ;Rs 20,000 and Rs 38,000 respectively. X, Y and Z will share future profits in equal proportion. Pass entries.
A and B are partners sharing profits and losses in the ratio of 5:3. They to admitted C as a new partner. A surrendered 1/3rd of his share in favour of C and B surrendered 1/4th of his share in favour of C. C brought Rs1,50,000 for his capital and Rs 58,000 for his share of goodwill. Calculate new profit sharing ratio of A,B and C, sacrificing ratio of A and B and pass necessary journal entries for the above transactions on C’s admission.
A and B are partners sharing profits in the ratio of 3:2. They admit C into partnership, C pays a premium of Rs 60,000 for 1/4th share of profit. The new ratio is 3:3:2. Goodwill account appears in the books at Rs2,00,000. Give the necessary journal entries.
X and Y are partners sharing profits and losses in the ratio of 3:2.goodwill appears in their books at Rs 1,50,000. They admit Z into partnership, Z paying a premium of Rs 1,00,000 for 1/4 share of profits while X and Y as between themselves sharing profits and losses equally. Give journal entries.
A,B and C are equal partners. They agree to admit D in equal partnership upon payment in cash of Rs 60,000 for one-fourth share of goodwill and Rs 5,00,000 as his capital. Draft Journal entries.
X and Y are partners sharing profits in the ratio of 2:1. Their books showed goodwill at Rs 50,000. Z is admitted with 1/5th share of profits which he acquires equally from X and Y. He brings Rs 7,50,000 as his capital but is not able to bring in cash his share of goodwill Rs 40,000.Give Journal entries
A and B are partners. They admit C as partner who pays Rs 50,000 as capital. The new ratio is to be 4: 3: 2. The goodwill of the firm is to be based on 2 years’ purchase of the average of 3 years’ profits which were Rs 30,000; Rs 35,000; and Rs 43,000.show Journal entries if: (a) C pays for goodwill in cash; and (b) He is unable to bring cash for goodwill.
A and B share profits in the proportions of 3/4 and 1/4. Their Balance Sheet on March 31, 2012 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	4,15,000	Cash at Bank	2,65,000
Reserve Fund	40,000	Bills Receivable	30,000
Capital Accounts:		Debtors	1,60,000
A	3,00,000	Stock	2,00,000
B	1,60,000	Fixtures	10,000
		Land and Buildings	2,50,000
	9,15,000		9,15,000

On April 1, 2012. C was admitted into partnership for 1/4th share on the following terms:
(a) That C pays Rs. 1,00,000 as his capital.
(b) That C pays Rs. 50,000 for goodwill. Half of this sum is to be withdrawn by A and B.
(c) That stock and fixtures be reduced by 10% and a 5% provision for doubtful debts be created on Sundry Debtors and Bill Receivable.
(d) That the value of land and buildings be appreciated by 20%. (e) There being a claim against the firm for damages, a liability to the extent of Rs. 10,000 should be created.
(f) An item of Rs. 6,500 included in sundry creditors is not likely to be claimed and hence should be written back.
Record the above transactions (journal entries) in the books of the firm assuming that the profit sharing ratio between A and B has not changed. Prepare the new Balance Sheet on the admission of Mr. C.

A and B are partners sharing profits in the ratio of 3 : 1. Their Balance Sheet as on 31-3-2012 was as follows:

Liabilities	Rs.	Assets	Rs.
Capitals:		Bank	10,000
A	90,000	Debtors	60,000
B	30,000	Stock	30,000
Creditors	20,000	Investments	50,000
Workmen's Compensation Fund	20,000	Goodwill	10,000
	1,60,000		1,60,000

C is admitted for 2/5 share in future profits. For this purpose following adjustments are agreed upon:
C will bring Rs. 80,000 for Capital and Rs. 20,000 for Goodwill.
Market value of investments is Rs. 45,000; claim on account of workmen's compensation is Rs. 10,000.
Prepare ledger accounts, i.e., Revaluation Account, Partners' Capital Accounts to record the above and show the Balance Sheet.

M and N were partners in a firm sharing profits in the ratio of 3 : 1. Their Balance sheet as on 31.3.2004 was as follows:

Liabilities		Rs.	Assets	Rs.
Creditors		28,000	Cash	50,000
Bills Payable		40,000	Debtors	60,000
Outstanding Salary		2,000	Stock	40,000
Capital Accounts :			Plant	1,00,000
M	2,00,000		Land and Building	1,50,000
N	1,30,000	3,30,000		
		4,00,000		4,00,000

On the above date 'O' was admitted as a partner for 1/4th share in profits on the following terms:
(i) 'O' will bring Rs. 1,50,000 as his capital and Rs. 90,000 as his share of premium for goodwill for his share of profits.
(ii) Plant is to be appreciated to Rs. 1,30,000 and the value of land and building is to be appreciated by 5%.
(iii) Stock is overvalued by Rs. 6,000.
(iv) A provision for bad and doubtful debts is to be created at 5% on debtors.
(v) There were unrecorded creditors Rs. 4,500.
Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the new firm.

A and B share the profits of a business in the ratio of 5 : 3. They admit C into the firm for a 1/4th share in the profits to be contributed equally by A and B. On the date of admission of C, the Balance Sheet of the firm was as follows:

Liabilities	Rs.	Assets	Rs.
A's Capital	3,00,000	Machinery	2,60,000
B's Capital	2,00,000	Furniture	1,60,000
Workmen's Compensation Fund	40,000	Stock	1,20,000
Bank Loan	1,20,000	Debtors	80,000
Creditors	20,000	Bank	60,000
	6,80,000		6,80,000

Terms of C's admission were as follows:
(i) C will bring Rs. 3,30,000 for his share of capital and goodwill.
(ii) Goodwill of the firm has been valued at 4 years' purchase of the average super profits of last three years. Average profits of the last three years are Rs. 2,20,000 while the normal profits that can be earned with the capital employed are Rs. 1,40,000.
(iii) Furniture is to be appreciated by Rs. 60,000 and the value of stock is to be reduced by Rs. 20,000.
Prepare Revaluation Account, Partners' Capital Accounts and the new Balance Sheet of A, B and C.

A and B are partners in a firm sharing profits and losses as 5 : 3. The position of the firm as on 31st March, 1995 was as follows:

Liabilities		Rs.	Assets	Rs.
Capital Accounts:			Plant and Machinery	40,000
A	30,000		Stock	30,000
B	20,000	50,000	Sundry Debtors	20,000
Sundry Creditors		15,000	Bills Receivable	10,000
Bank Overdraft		42,500	Cash at Bank	7,500
		1,07,500		1,07,500

C now joins them on condition that he will share 3/4th of the future profits, the balance of profits being shared by A and B as 5 : 3. He introduces Rs. 40,000 by way of capital and further Rs. 4,000 by way of premium for goodwill. He also provides loan to the firm to pay off bank overdraft. A and B agree to depreciate Plant by 10% and to raise a reserve against Sundry Debtors @ 5%.
You are asked to journalise the entries in the books of the firm and show the resultant Balance Sheet. How will the partners share future profits?

A and B are partners in a firm. Their Balance Sheet as on 31st March 2012 was as follows:

Liabilities	Rs.	Assets	Rs.
Capital:		Cash	10,000
A	50,000	Sundry Debtors	80,000
B	60,000	Stock	20,000
Creditors	15,000	Fixed Assets	38,600
Outstanding Exp.	3,000	P & L A/c	4,000
Insurance Fund	7,000		
Provident Fund	1,000		
Employees Saving Fund	5,000		
Workmen Profit Sharing Fund	2,000		
Workmen Compensation Fund	5,600		
Provision for Doubtful Debts	4,000		
	1,52,600		1,52,600

C was taken into partnership as from 1-4-2012 on following terms for 1/6 share:
1. C will bring Rs. 40,000 as his capital.
2. Goodwill is valued at Rs. 12,000 and admitting partner is unable to bring his share of goodwill in cash.
3. Claim an account of Workmen's Compensation is Rs. 3,000.
4. Creditors are to be paid Rs. 2,000 more.
5. 2% Provision for Discount on Debtors is required.
6. The share of A in new firm will be

$$1\frac{1}{2}$$

times of B.
Prepare Revaluation A/c, Capital Account and Balance Sheet.

A and B partners sharing Profit and losses in the ratio of 3 : 2. On April 1, 2012, their Balance Sheet was as follows:

Liabilities		Rs.	Assets	Rs.
Sundry Creditors		51,000	Goodwill	15,000
Workmen Compensation Fund		4,000	Plant	75,000
Capital:			Patents	8,000
A	1,00,000		Stock	80,000
B	1,20,000	2,20,000	Debtors	62,000
			Cash	20,000
			Profit & Loss Account	15,000
		2,75,000		2,75,000

On this date they agree to admit C on the following terms:
(i) C will be entitled to 3/10 share in the profits which he acquires 1/5 from A and 1/10 from B. He will bring in Rs. 60,000 as his capital.
(ii) Goodwill of the firm was valued at Rs. 40,000. Partners decide to write off goodwill from the books of the new firm.
(iii) Plant is valued at Rs. 60,000 and Stock at Rs. 70,000.
(iv) Claim on account of Workmen's Compensation Fund is Rs. 6,000.
(v) Patents should be written off.
(vi) Investments of Rs. 5,000 which did not appear in the books should be duly recorded.
(vii) B is to withdraw Rs. 20,000 in cash.

Pappu and Dhanraj were partners in a firm sharing profits in the ratio of 3 : 1. Their Balance Sheet on 31-3-1996 was as follows:

Liabilities		Amount Rs.	Assets		Amount Rs.
Creditors		30,000	Debtors	50,000	
Bills Payable		1,000	Provision	5,000	45,000
Reserve Fund		16,000	Stock		30,000
Outstanding Salary		3,000	Bills Receivable		10,000
Capitals :			Patents		1,000
Pappu	60,000		Machinery		40,000
Dhanraj	20,000	80,000	Cash		4,000
		1,30,000			1,30,000

They admitted Leander as a new partner on this date. New profit sharing ratio is agreed as 3 : 2 : 3. Leander brings in proportionate capital after the following adjustments:
(i) Leander brings Rs. 16,000 as his share of goodwill.
(ii) Provision for doubtful debts is to be reduced by Rs. 2,000.
(iii) There is an old typewriter valued at Rs. 2,400. It does not appear in the books of the firm. It is now to be recorded.
(iv) Patents are valueless.
Prepare Revaluation Account, Capital Accounts and the Opening Balance Sheet of Pappu, Dhanraj and Leander.

A and B are partners in a firm. They share profits and losses as 4/5th and 1/5th respectively. Below is given the Balance Sheet of the firm as on 31st March, 2012:

Liabilities		Rs.	Assets	Rs.
Capital Accounts:			Plant	75,000
A	1,15,000		Stock	80,000
B	35,000	1,50,000	Debtors	60,000
Sundry Creditors		65,000	Cash	25,000
Bills Payable		15,000	Goodwill	20,000
Reserve		30,000		
		2,60,000		2,60,000

C now wants to join the firm. He is willing to pay goodwill premium to partners amounting to Rs. 20,000. In return he will be allowed to share 1/5th of the future profits of the firm which he acquires equally from A and B. The following revaluation of the assets is agreed upon: Plant to be reduced to Rs. 60,000, stock to Rs. 65,000 and debtors to Rs. 50,000 (Rs. 10,000 proved bad debts). The new partner is to introduce 50% of the adjusted capitals of the existing partners. You are required to give journal entries recording the above transactions. Give also the opening balance sheet of the new firm and new profit-sharing ratio.

A and B share profits in the ratio of 2 : 1. Their balance sheet as on 31st March, 2007 was as follows:

Liabilities			Rs.	Assets	Rs.
Provision for Doubtful Debts			800	Cash at Bank	6,000
Bank Overdraft			24,000	Sundry Debtors	20,000
Sundry Creditors			25,200	Stock	40,000
Capitals:	A	60,000		Building	66,000
	B	40,000	1,00,000	P & L Account	18,000
			1,50,000		1,50,000

C is admitted into partnership on the following terms:
(i) New profit sharing ratio will be 4 : 3 : 2 and C will pay Rs. 40,000 as his capital.
(ii) Goodwill of the firm is valued at Rs. 45,000 but C is unable to bring any amount for goodwill.
(iii) The provision for doubtful debts is to be raised to Rs. 2,000.
(iv) Stock be depreciated by Rs. 5,000.
(v) Provision be made for outstanding expenses amounting to Rs. 2,800.
(vi) Capitals of A and B be adjusted on the basis of new partners' capital and the actual cash to be paid off or brought in, as the case may be.
Prepare Journal entries, capital accounts, and the opening Balance Sheet of the new firm.

A and B are partners in a firm sharing profit in the ratio of 3:1 with capitals of Rs 60,000 and Rs 20,000 respectively. They admitted C as a partner with Rs30,000 as capital for 1/4th of share in the profits which he acquires equally from A and B. the capital account of old partners are to be adjusted on the basis of proportion of C's capital to his share in business, i.e., actual cash to be paid off or brought in by the old partners, as the case may be.
prepare necessary entries.

A and B are were partners in a firm sharing profits in the ratio of 3 : 2. They admitted C as a new partner for 1/6th share in the profits. C was to bring Rs. 40,000 as him capital and the capitals of A and B were to be adjusted on the basis of C's capital having regard to profit sharing ratio. The Balance Sheet of A and B as on 31.3.2006 was as follows:

BALANCE SHEET OF *A* AND *B* as on 31-3-2006

Liabilities		Rs.	Assets	Rs.
Creditors		36,000	cash	10,000
Bills Payable		20,000	Debtors	34,000
General Reserve		24,000	Stock	24,000
Capitals:			Machinery	42,000
A	1,50,000		Building	2,00,000
B	80,000	2,30,000		
		3,10,000		3,10,000

The other terms of agreement on C's admission were as follows:
(i) C will bring Rs. 12,000 for his share of goodwill.
(ii) Building will be value at Rs. 1,85,000 and machinery at Rs. 40,000.
(iii) A provision of 6% will be created on debtors for bad debts.
(iv) Capital accounts of A and B will be adjusted by opening Current Accounts.
Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of A, B and C.

On 31st March, 2010 the Balance Sheet of W and R who shared profits in 3 : 2 ratio was as follows:

Liabilities		Rs.	Assets		Rs.
Creditors		20,000	Cash		5,000
Profit and Loss Account		15,000	Sundry Debtors	20,000	
Capital Accounts:			Less: Provision	700	19,300
W	40,000		Stock		25,000
R	30,000	70,000	Plant and Machinery		35,000
			Plants		20,700
		1,05,000			1,05,000

On this B was admitted as a partner on the following conditions:
(a) B will get 4/15th share of profits.
(b) B had to bring Rs. 30,000 as his capital to which amount other Partners capitals shall have to be adjusted.
(c) He would pay cash for his share of goodwill which would be based on

$$2\frac{1}{2}$$

years purchase of average profits of past 4 years.
(d) The assets would be revalued as under: Sundry debtors at book value less 5% provision for bad debts. Stock at Rs. 20,000, Plant and Machinery at Rs. 40,000.
(e) The profits of the firm for the years 2007, 2008 and 2009 were Rs. 20,000; Rs. 14,000 and Rs. 17,000 respectively.
Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of the new firm.