INDIAN SCHOOL DARSAIT
DEPARTMENT OF COMMERCE

Subject : Accountancy	Topic : Admission of a Partner	Date of Issue:__/__/ 2017 Worksheet No.7
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Name of the Student :_________________	Class & Division : XII___	Roll Number : __

1. Following is the Balance Sheet of A and B who share Profits and Losses in the ratio 3:2.

Balance sheet of A and B as on 31st March 2015

Liabilities	₹	Assets	₹
Creditors	3,000	Debtors 25,000 Less provision 4,000	21,000
Loan	25,000		
Workmen Compensation Fund	15,000	Land & Building	18,000
General Reserve	15,000	Stock	11,000
Capital:- A	15,000	Cash	21,000
B	10,000	Profit and Loss A/c	8,000
		Goodwill	4,000
	83,000		83,000

C is admitted for 1/6th share in the profits and it was decided that:-

(i) Provision for bad debts found to be in excess by ₹3,000,
(ii) Land & Building appreciated and increased to ₹21000.
(iii) Value of stock to be increased by ₹2500 and
(iv) Claim for Workmen compensation fund determined to be ₹ 3,000.
(v) C brought ₹5,000 as his share of goodwill and ₹20,000 as his Capital.
Prepare Revaluation, Capital Account and Balance sheet of the new firm.

2. The following was the Balance Sheet of Anurag and Bhawna , who were sharing profits in the ratio of 2/3 and 1/3 on 31st December,2014:-

	Rs		₹
Creditors	35,900	Cash	10,200
Capitals:		Sundry Debtors	9,700
Anurag	30,000	Stock	20,000
Bhawna	20,000	Plant &Machinery	35,000
General Reserve	12,000	Building	50,000
Profit and Loss A/c	30,000	Goodwill	3,000
	1,27,900		1,27,900

They agreed to admit Monika into partnership on the following terms:-

(a) Monika was to be given 1/3 share in profits, and was to bring ₹ 15,000 as capital and ₹6,000 as share of goodwill.
(b) That the value of Stock and Plant & Machinery were to be reduced by 10%.
(c) That a provision of 5% was to be created for doubtful debts.
(d) That the building account was to be appreciated by 20%.
(e) Investments worth ₹1,400 (not mentioned in the Balance Sheet) were to be taken into account.
Pass necessary journal entries and prepare the Revaluation A/c, Capital Accounts and the Opening Balance Sheet of the new firm. Prepare Revaluation, Capital Account and Balance sheet of the new firm.

3. .X and Y are in Partnership sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st December,2013, was as under:

Liabilities	₹	Assets	₹
Creditors	15,000	Cash	5,000
General Reserve	12,000	Debtors 20,000	
Capital Accounts:		Less :Provision 800	19,200
X	70,000	Patents	14,800

Y	32,000	Investments	8,000
		Fixed Assets	72,000
		Goodwill	10,000
	1,29,000		1,29,000

They admit Z on the following terms:

(i) A provision of 5% is to be created on Debtors
(ii) Accrued Income of ₹ 1,500 does not appear in the book.
(iii) ₹ 5,000 are outstanding for salaries.
(iv) Present market value of Investments is ₹ 6,000. X takes over the Investments at this value.
(v) New profit sharing ratio of partners will be 4:3:2. Z will bring in ₹ 20,000 as his capital

(vi) Z is to pay in cash an amount equal to his share in firm's goodwill valued at twice the average profits of the last 3 years which were ₹ 30,000 ; ₹26,000 and ₹ 25,000 respectively.

(vii) Half the amount of goodwill is withdrawn by old partners

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

7. P and Q were partners having equal ratio to share profits and losses. On 31st December 2010, their Balance Sheet was as follows:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Sundry Creditors	4,300	Cash	3,350
Bills Payable	2,450	Sundry Debtors	3,400
Capitals:		Stock	5,400
P-10,000		Furniture and Fitting	600
Q- 5,000	15,000	Building	12,000
Current A/c. P	2,000		
Q	1,000		
	24,750		24,750

On 1st January 2011, R was admitted for 1/5th share on the following terms:

(i) R brings ₹ 4,000 for his capital and ₹1,600 for goodwill.
(ii) Half of the goodwill will be withdrawn by *P* and *Q* in cash.
(iii) Assets are to be revalued as under.

Increase in the value of building by 10%, decrease in the value of stock by 5% and decrease in the value of furniture by 20% , 5% provision are to be made for bad and doubtful debts.

Pass necessary entries and prepare Revaluation A/c in the books of accounts and Balance Sheet of the new firm.

8. A and B are partners sharing profits and losses in the proportion of 3/4 and 1/4 respectively. Their Balance Sheet on 31st December 2010 was as follows:

Liabilities	Amounts (Rs)	Assets	Amounts (Rs)
Sundry creditors	41,500	Cash at Bank	22,500
Capitals :		Bills Receivable	3,000
A	30,000	Debtors	16,000
B	16,000	Stocks	20,000
		Furniture	1,000
		Land and Building	25,000
	87,500		87,500

On 1st January, 2011, they take C into partnership with 1/5 th share on the following terms:

(i) C is to pay ₹ 40,000 as his Capital and ₹ 20,000 for goodwill .Half of the amount of goodwill is to be withdrawn by A and B .
(ii) Stock and Furniture are to be reduced by 10% each and 5% Reserve for doubtful debts is to be created on the Sundry Debtors and Bills Receivables.
(iii) Land and Building have to be appreciated by 20%.
(iv) A Liability of ₹ 1,000 is to be created for claim for damages against the firm.
(v) An item of ₹ 650 included in Sundry creditors is not likely to be claimed and therefore be written back. Give necessary ledger accounts and the Balance Sheet of the new firm.

9. L and M share the profits of a business in the ratio of 5:3 . They admit N into partnership for 1/4th share in the profits to be contributed equally by L and M .

On the date of admission the Balance Sheet of the firm was as follows:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
L's Capital	30,000	Machinery	26,000
M's Capital	20,000	Furniture	10,000
Workmen Compensation Fund	4,000	Stock	10,000
		Debtors	8,000
Bank Loan	12,000	Bank	6,000
Creditors	2,000	Goodwill	8,000
	68,000		68,000

Terms of N's admission were as follows:

(i) N will bring ₹ 25,000 as his capital and sufficient cash as goodwill.
(ii) Goodwill of the firm is to be valued at 4 years' purchase of the average super profits of the last three yea₹ Average profits of last three years are ₹ 20,000, while the normal profits that can be earned with the capital employed are ₹ 12,000.
(iii) Furniture is to be appreciated by ₹ 12,000 and the value of stock to be reduced by 20%.

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

10. The Balance Sheet of X and Y, who are partners sharing profits in the ratio of 3:2, on 31st December 2010 was as follows:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	6,200	Cash	2,000
Bills Payable	3,300	Stock	7,700
General Reserves	5,000	Debtors	8,800
Capital		Plant & Machinery	18,000
X 16,800		Investment	3,000
Y 13,200	30,000	Goodwill	5,000
	44,500		44,500

On the above date Z was admitted as a partner . X surrendered 1/6th of his share and Y surrendered 1/3rd of his share in favour of Z. Goodwill was worth ₹ 60,000 . Z brings only 1/2 of his share of goodwill in cash and ₹ 15,000 as his Capital .

The following revaluations were made:

Stock and Plants & Machinery were worth 10% less than the book value . The market value of investment is ₹ 12,000 . Make a provision of 5% for bad and doubtful debts on debtors and a discount of 5% on creditors

Compute New Profit Ratio , Sacrificing Ratio and prepare necessary ledger accounts and the Balance Sheet of the new firm .

11. A and B are partners sharing profits and losses in the ratio of 3:1. Their Balance Sheet as on 31.12.2010 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital A	9,000	Bank	1,000
B	3,000	Debtors	6,000
Creditors	2,000	Stock	3,000
Workmen Compensation	2,000	Investments	5,000
Fund		Goodwill	1,000
	16,000		16,000

C is admitted for 2/5 share in future profits. For this purpose the following adjustments are agreed upon:

C will bring ₹ 8,000 for Capital and ₹ 2,000 for goodwill. Market value of investment is ₹ 4,500 . Claim on account of workmen's compensation is ₹ 1,000. Goodwill is not to appear in the new firm at all. Prepare necessary ledger accounts and the new Balance Sheet for the new firm.

12. Amaresh and Ramesh are partners sharing profits and losses in the ratio of 2:3, respectively. Their Balance Sheet as on 30 June 2010was as follows:

Liabilities	Amount ₹	Assets	Amount Rs
Amaresh's Capital	1,02,000	Cash	6,000
Ramesh 's Capital	73,000	Stock	54,000
Creditors	24,000	Debtors	35,000
Bills Payable	900	Furniture	5,500
		Machinery	99,400
	1,99,900		1,99,900

On 1st July 2010 , Mahesh was admitted for 1/5th share in future profits of the firm on the following terms:

(i) Mahesh is to bring ₹ 25,000 as his share of capital and ₹ 10,000 as goodwill.
(ii) Stock is to be valued ₹ 61,000, Debtors are estimated at ₹ 32,500; Furniture are valued at ₹ 7,000 and Machinery is valued at ₹ 1,01,000.
(iii) Amaresh and Ramesh will share in future profits as they were sharing before.
Prepare Revaluation Account , Partner's Capital Account and Balance Sheet of the new firm

13. A and B are partners in a firm . Their balance sheet as on 31st December,2010 was as follows .

Liabilities	₹	Assets	₹
Provision for Doubtful Debts	4,000	Cash	10,000
Workmen Compensation Fund	5,600	Sundry Debtors	80,000
Outstanding Expenses	3,000	Stock	20,000
Creditors	30,000	Fixed Assets	38,600
Capitals :A	50,000	Profit & Loss A/c	4,000
B	60,000		
	1,52,600		1,52,600

C was taken into partnership as from 1-1-2011. C brought ₹ 40,000 as his capital but he is unable to bring any amount for goodwill. New profit sharing ratio is 3:2:1.

Following terms were agreed upon:

1. Claim on account of Workmen's Compensation is ₹ 3,000.
2. To write off Bad Debts amounting to ₹ 6,000.
3. Creditors are to be paid ₹2,000 more .
4. ₹2,000 be provided for an unforeseen liability.

5. Outstanding expenses be brought down to ₹ 1,200.
6. Goodwill is valued at 1 ½ years 'purchase of the average profits of last three years, less ₹ 12,000. Profits of 3 years amounted to ₹ 12,000; ₹18,000 and ₹30,000.

Pass Journal entries, capital accounts and opening Balance Sheet.

14. A and B are in partnership, sharing profits in proportion of 4/7 and 3/7 respectively.

Their Balance Sheet is as follows:

	₹		₹
Creditors	19,600	Cash at Bank	10,000
Bills Payable	9,000	Debtors 40,000	
C's Loan A/c	30,000	Less : Provision 1,800	38,200
Capital Accounts :		Stock	60,400
A	50,000	Investments	10,000
B	40,000	Goodwill	5,000
		Plant	25,000
	1,48,600		1,48,600

C is admitted into partnership on the following terms:

(i) The new profit –sharing ratio will be 3:2:1 between A,B and C respectively.

(ii) C's Loan should be treated as his Capital .

(iii) C is not to bring goodwill in cash. Goodwill is valued on the basis of 2 years' purchase of the average profits of the last three yea₹

Average Profits of the last three years are ₹6,000.

(i) ₹7,000 of Investments were to be taken over by A and B in their profit sharing ratios.
(ii) Stock be reduced by 10%.
(iii) Provision for doubtful debts should be @ 5%on Debtors and a provision for discount @2% should also be made on Debtors.
(iv) B is to withdraw ₹ 8,000 in cash.

Give journal entries to record the above and prepare the Balance Sheet of the new firm.

15. Ajay and Vijay are partners in a firm sharing profits and losses in the ratio of 3:2. On 31st December, 2010, their Balance Sheet was as under:

Liabilities	₹	Assets	₹
Sundry Creditors	16,000	Cash in Hand	1,200
Public Deposits	61,000	Cash at Bank	2,800
Bank Overdraft	6,000	Stock	32,000
Outstanding Liabilities	2,000	Prepaid Insurance	1,000
Capital Accounts :		Sundry Debtors 28,800	
Ajay 48,000		Less :Provision 800	28,000
Vijay 40,000	88,000	Plant and Machinery	48,000
		Land and Building	50,000
		Furniture	10,000
	1,73,000		1,73,000

On the above date , the partners decide to admit Kumar as a partner on the following terms:

(i) The new profit –sharing ratio of Ajay, Vijay and Kumar will be 5:3:2, respectively.
(ii) Kumar shall bring ₹ 32,000 as his capital.
(iii) Kumar is unable to bring in any cash for his share of goodwill. Partners, therefore, decide to calculate goodwill on the basis of Kumar's share in the profits and the capital contribution made by him to the firm.

(iv) Plant and Machinery is to be valued at ₹ 60,000, Stock at ₹40,000 and the Provision for Doubtful Debts is to be maintained at ₹ 4,000. Value of Land and Building has appreciated by 20% . Furniture has depreciated by 10%.

(v) There is an additional liability of ₹ 8,000 being outstanding salary payable to employees of the firm. This liability is not included in the outstanding liabilities , stated in the above Balance Sheet. Partners decide to show this liability in the books of accounts of the reconstituted new firm.

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

16. Following is the B/S of A and B sharing profit as 3:2.

Liabilities	₹	Assets	₹
Creditors	3,000	Debtors 25000 Less provision 4000	21,000
Loan	25,000		
Workmen Compensation fund	15,000	Land & Building	18,000
General Reserve	15,000	Plant& Machinery	12,000
Capital:- A	15,000	Stock	11,000
B	10,000	Cash	21,000
	83,000		83,000

On admission of C for 1/6th share in the profits it was decided that:-

(vi) Provision for bad debts found to be in excess by ₹3,000,
(vii) Land & Building increased to ₹21000.
(viii) Value of stock to be increased by ₹2500 and
(ix) Claim for Workmen compensation fund determined to be ₹ 12,000.
(x) C brought ₹5,000 as his share of goodwill and ₹20,000 as his Capital.
(xi) Capitals of old partners are adjusted on the basis of C's Capital and Profit sharing ratio. Excess and deficit should be adjusted through cash.
Prepare Revaluation, Capital Account and Balance sheet of the new firm.

Pass the necessary journal entries and prepare the balance sheet of the new firm.

17. A,B and C are partners in a firm sharing profits and losses in the ratio of 3:2:1.Their Balance Sheet as at 31st March , 2010 is as follows:

	₹		₹
Sundry Creditors	36,000	Cash	14,000
Bank Overdraft	20,000	Sundry Debtors 50,000 Less :Provision 2,500	47,500
Reserve	15,000		
Capital Accounts :		Stock	60,000
A 60,000		Patents	6,000
B 60,000		Fixed Assets	98,500
C 50,000	1,70,000	Goodwill	15,000
	2,41,000		2,41,000

On 1st April ,2010, D is admitted into the firm with 1/4th share in the profits, which he gets 1/8th from A and 1/8th from B . Other terms of agreement are as under:

(a) D will introduce ₹ 60,000 as his capital and pay ₹ 18,000 as his share of goodwill.
(b) 20% of the reserve is to remain as a provision against bad and doubtful debts.
(c) A liability to the extent of ₹ 1,000 be created in respect of a claim for damages against the firm.

(d) An item of ₹ 4,000 included in sundry creditors is not likely to be claimed.
(e) Stock is to be reduced by 30% and patents to be written off in full.
(f) A is to pay off the Bank Overdraft.

After making the above adjustments the capital accounts of the old partners be adjusted on the basis of D's capital to his share in the business. i.e, actual cash to be paid off to, or brought in by, the old partners, as the case may be.

Pass journal entries, Capital Accounts and the Balance Sheet of the new firm.

18. X and Y share profits in the ratio of 3:1. Their Balance Sheet as on 31st

December, 2010, was as under:

Liabilities	₹	Assets	₹
Outstanding Expenses	5,000	Cash	7,800
Sundry Creditors	36,000	Sundry Debtors 24,000	
Capital Accounts :		Less :Provision 800	23,200
X	68,000	Stock	5,000
Y	31,000	Fixed Assets	80,000
		Goodwill	8,000
		P&L A/c	16,000
	1,40,000		1,40,000

Z is admitted into partnership on the following terms:-

(i) Fixed assets are to be depreciated by 20%.
(ii) Provision for doubtful debts should remain at 5% on debtors.
(iii) The new profit sharing ratio will be 5:3:2.
(i v) Z will pay ₹ 20,000 as capital and the capitals of old partners will be adjusted on the basis of new partner's capital and his share in the business and any excess or deficiency be transferred to their Current Accounts.
(v) Goodwill of the firm is valued at ₹ 20,000.

Pass journal entries, capital accounts and the opening Balance Sheet of the new firm.

19. The following is the Balance Sheet of A and B, who had been sharing profits in proportion of three-fourth and one –fourth, on 31st December, 2010:

Liabilities	₹	Assets	₹
Creditors	37,500	Cash	22,500
General Reserve	4,000	Bills Receivable	3,000
Capital Accounts :		Debtors	16,000
A 30,000		Stock	20,000
B 16,000	46,000	Office Furniture	1,000
		Land & Buildings	25,000
	87,500		87,500

They agreed to take C into partnership on 1st January, 2011 on the following terms:

(a) That C pays ₹ 14,000 as his capital for one –fifth share in the future profits.
(b) That the goodwill of the firm be valued at ₹ 20,000.
(c) Mr.Jacky, one of the customers who owed us ₹1000 became insolvent.
(d) That stock and furniture be reduced by 10% and a provision for doubtful debts is created on debtors at 5%.
(e) That the value of land and building be appreciated by 20%.
(f) That the Capital Accounts of the partners be re-adjusted on the basis of C's Capital and the new profit –sharing arrangement and any excess or deficiency be transferred to Cash account.
(g) Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

20. Ajay and Vijay who were sharing profit in the ratio of 5:3 admit Raju as a partner with 1/5 share in profits. He had to contribute proportionate capital. The financial position was as under:

BALANCE SHEET As on 1.1.2010

Liabilities	₹	Assets	₹
Creditors	19,000	Goodwill	10,000
Bills Payable	8,000	Land & Building	25,000
Capital :		Plant &Machinery	35,000
Ajay 55,000		Stock	20,000
Vijay 30,000	85,000	Debtors	25,000
General Reserve	16,000	Investments	14,000
Provision for Bad debts	1,500	Bank	2,400
Outstanding Salary	2,400	Prepaid Insurance	500
	1,31,900		1,31,900

They agreed to admit Raju, a new partner on the following terms:

(1) Raju brings in ₹ 26,000 as his share of goodwill.
(2) Land & Building and Plant & Machinery were to be valued at ₹ 38,000 and ₹ 30,000 respectively.
(3) The provision for bad and doubtful debts was to be maintained up to ₹ 1,000.
(4) A liability for ₹ 1,200 included in Sundry Creditors was not likely to arise,
(5) ₹10,000 of investments were taken over by old partners in their profit ratio.
(6) Vijay is to withdraw ₹ 2,400 in cash.
(7) An amount of ₹ 100 is outstanding for repairs
(8) The capitals of the Old Partners were to be adjusted in profit sharing ratios by opening current accounts.

Give the journal entries and Balance Sheet on the admission of Raju.

21. Animesh and Bimal were partners sharing profits and losses in the ratio of

3: 2. On 31st December 2010, the Balance Sheet of the firm was as under.

Liabilities	(Rs)	Assets	(Rs)
Creditors	8,500	Bank	10,500
Bills Payable	5,000	Stock	16,000
General Reserves	9,000	Debtors	12,000
P/L Account	16,000	Furniture	3,000
Capital :		Machine	19,000
Animesh 40,000		Building	30,000
Bimal 30,000	70,000	Goodwill	18,000
	1,08,500		1,08,500

They agreed to admit Sunil for 1/4 share in the profits on the following terms and conditions:

(i) Sunil will bring ₹ 28,000 for Capital.
(ii) Firm's goodwill was valued ₹ 24,000.
(iii) Increase in the value of Building is 10%, decrease in the value of machine , stock and furniture 5%, 5% provision is to be made for bad and doubtful debts.
(iv) Capitals of Animesh and Bimal are to be adjusted as per the capital of Sunil and his ratio.

Prepare Revaluation Account , Partner's Capital Account , and Balance Sheet of the new firm.

22. Ajay and Sujay are partners sharing profits and losses in the ratio of 2:1.Their Balance Sheet was as follows on April 1,2010.

Liabilities	Amount (₹)	Assets	Amounts (₹)
Sundry creditors	15,000	Plant	30,000

Capitals:		Patents	20,000
Ajay 30,000		Stock	10,000
Sujay 25,000	55,000	Debtors	18,000
General Reserve	10,000	Bank	2,000
	80,000		80,000

Vijay is admitted as a partner on the above date on the following terms:

(i) Vijay will pay ₹ 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 ₹32,000; Stock at ₹ 14,500; Debtors at book value less a provision of 5% for bad debts.

(iii) It was found that creditors included a sum of ₹ 1,400 , which were not to be paid. But it was also found that there was a liability for compensation to workers amounting to ₹ 2,000.
(iv) Vijay was to introduce ₹ 20,000 as capital and the capitals of other partners were to be adjusted in the new profit sharing ratio .Surplus or deficiency as the case may be to be adjusted through cash.

Give Revaluation Account, Partners 'Capital Account, Cash Account and Balance Sheet of the new firm.

23. A and B are partners sharing profits in the ratio of 5:2 .They admit C into the firm giving him 4/11 th share. On the date of his admission, the Balance Sheet of the firm was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
A's Capital	32,000	Machinery	22,000
B's Capital	12,000	Furniture	12,000
Profit and Loss A/c	10,500	Investment	10,000
Creditors	6,000	Stock	5,000
Bills Payable	4,500	Debtors	13,000
		Cash	3,000
	65,000		65,000

C was admitted on the following terms:

(i) He is to bring ₹ 24,000 as his share of Capital and ₹ 4,200 as his share of goodwill.
(ii) Furniture, Machinery and Stock are valued at ₹ 16,000, ₹26,000 and ₹ 4,000 , respectively .
(iii) Capitals of the partners shall now be proportionate to their profit sharing ratio, taking C's Capital as the base.

The partner who has contributed excess capital, will withdraw the same in cash and the partner whose contribution is less than his share will bring to additional cash .
Prepare Revaluation Account , Partner's Capital Account and the Balance Sheet of the New firm.

24. Babita and Sarita are partners sharing profit and losses in the ratio of 3:2. Their balance sheet as on 31st March 1998 was as follows:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	14,000	Plant & Machinery	60,000
Bills Payable	12,500	Furniture	9,500
Outstanding Expenses	7,500	Stock	48,500
General Reserve	8,000	Debtors	28,000
Capitals –Babita		Bills Receivable	16,000
Sarita	80,000	Cash in hand	8,000
	60,000	Cash at Bank	12,000
	1,82,000		1,82,000

They agreed to admit Sunita for 1/6 share in future profits on the following terms and conditions:

(i) Sunita is to bring ₹ 40,000 for her share of capital and ₹ 12,000 as goodwill.

(ii) Half of the goodwill is to be withdrawn by existing partners
(iii) Plant & Machinery is to be valued at ₹ 72,000 , Debtors at ₹ 25,000 and Bills Receivable at ₹ 14,500.
(iv) Stock is valued at 10% less than its book value.
(v) Creditors allowed 5% discount.
(vi) The capitals of all partners are adjusted according to the new ratio and capital of Sunita. For this purpose current account should be opened.

Prepare Revaluation Account , Partner's Capital Account and Balance Sheet of the new firm.

25. A and B were partners sharing profits and losses in the ratio of 1:2. Balance sheet of the firm as on 31st December2010 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	4,000	Cash in hand	2,000
Creditors	16,000	Stock	6,000
Capitals :		Debtors	15,500
A	50,000	Furniture	12,000
B	40,000	Land &Building	44,500
General Reserves	10,000	Goodwill	40,000
	1,20,000		1,20,000

They agreed to admit C as new partner in the firm for 1/4 share in future profits on the following terms and conditions:

(i) C is to bring ₹ 20,000 as Capital and ₹ 5,000 as goodwill in cash .
(ii) Goodwill of the firm was valued ₹ 60,000.
(iii) Stock and Debtors were valued 10% less than book value each and Furniture at
(iv) ₹ 17,000.
(v) Land and Building was appreciated by 20%.

Prepare Revaluation A/c , Partner's Capital A/c and Balance Sheet of the new firm. Capital of the partners should be adjusted on the basis of C's Capital.

26. A firm has two partners X and Y sharing profits in the ratio of 3:2 . They admit Z into the firm on April 1st , 2010, when the Balance Sheet of the firm was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
X's Capital	33,000	Machinery	21,000
Y's Capital	13,000	Furniture	24,000
Profit and Loss Account	10,500	Investment	9,000
Creditors	10,000	Stock	9,000
Bills Payable	5,500	Debtors	4,000
		Cash	5,000
	72,000		72,000

Terms of Z's admission are as under:

(i) Z is to bring ₹ 20,000 as Capital and ₹ 3,500 for goodwill.
(ii) Z will get 1/3rd share in future profits.
(iii) Value of machinery and stock are to be reduced by 10% each and the value of furniture to be increased by ₹ 8,000.
(iv) Capitals of the partners shall be proportionate to their profits 'sharing ratio taking Z's Capital and his share of profit as base. Excess capital is to be withdrawn in cash by the partners and the deficiency is to be made up by bringing cash.

Prepare Revaluation A/c , Partner's Capital A/c and the Balance Sheet of the new firm.

27. The Balance Sheet of Ram and Shyam who share profits and losses in the ratio of 3:1 as on 31st December, 2010 was as follows:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	1,800	Bank	1,000

Workmen compensation		Debtors 6,500	
Reserve	1,200	Less Provision 500	6,000
General Reserve	2,100	Stock	3,000
Capitals-Ram	6,000	Investment	5,000
Shyam	4,900	Goodwill	1,000
	16,000		16,000

On January 1st,2011, Mohan was admitted for 2/5 share on the following terms:

(i) That unaccounted accrued incomes of ₹ 100 be accounted for.
(ii) That the market value of investments be taken as ₹4,500.
(iii) That a claim on account of workman's compensation for ₹ 150 be provided for.
(iv) That Mr. X , an old customer ,whose account was written off as bad debt has promised to pay ₹ 350 in settlement of his full debt.
(v) Mohan shall bring ₹ 8,000 as Capital and ₹ 2,000 as goodwill. His share of goodwill was calculated at ₹ 2,400.
(vi) Capital of the partners are adjusted on the basis of new partner's Capital

Give necessary entries and the Balance Sheet of the new firm.

28. A, B and C were partners sharing profits and losses in the ratio of 6:5:3, respectively . Their Balance Sheet was as follows as on 31st December 2010

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	18,900	Cash	1,890
Bills Payable	6,300	Debtors	26,460
General Reserve	10,500	Stock	29,400
A's Capital	35,400	Furniture	7,350
B's Capital	29,850	Land & Building	45,150
C's Capital	14,550	Goodwill	5,250
	1,15,500		1,15,500

They agreed to take D into partnership and give him 1/8th share on the following terms

(i) That the furniture to be depreciated by ₹ 920.
(ii) That the stock be depreciated by 10%.
(iii) That a provision of ₹ 1,320 be made for an outstanding repair bill.
(iv) That the value of Land and Building having appreciated be brought up to ₹59,850.
(v) That the value of Goodwill be brought up to ₹ 28,000
(vi) That D should bring in ₹ 14,700 as his Capital.
(vii) That after incorporating the above , the Capital Account of the old partners be adjusted on the basis of the proportion of D's Capital to his share in the business , i.e. actual cash to be paid off or brought in by the old partners as the case may be.

Pass necessary entries and prepare the Balance Sheet of the new firm.

29. Satyajeet and Ramesh are partners in a firm. Their profit sharing ratio is equal. They decided to admit Alok in their partnership firm for 1/4th share in the business. Their balances sheet as on that date is as follows:

Liabilities	₹	Assets	₹
Bills payable	8,00,000	Bank	1,50,000
Outstanding expenses	50,000	Debtors	3,00,000
General Reserve	1,00,000	Land and Building	5,00,000
Capital Satyajeet 5,00,000 Ramesh 5,00,000	10,00,000	Plant and Machinery Stock	5,00,000 5,00,000
Workmen Compensation Fund	20,000	Profit and loss A/c	15,000
		Goodwill	5,000
	19,70,000		19,70,000

Alok was admitted on the following terms:

(i) He will bring ₹ 1, 00, 000 for the share of goodwill.
(ii) The debtors were doubtful to the extent of ₹ 50, 000 and the value of land and building is appreciated by 20%.
(iii) The Capital of the new firm is fixed at ₹8,00,000 and Alok will bring his share of Capital and other partners will adjust their capital in the profit sharing ratio.

You are required to prepare the necessary ledger accounts and Balance sheet.

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

	₹		₹
Bank Overdraft	15,000	Sundry Debtors 40,000	
Reserve Fund	12,000	Less : Provision 3,600	36,400
Sundry Creditors	20,000	Stock	20,000
Capitals :A	40,000	Building	25,000
B	30,000	Patents	2,000
		Machinery	33,600
	1,17,000		1,17,000

They admitted C into partnership on this date. New profit sharing ratio is agreed as 3/6:2/6:1/6.C brings in proportionate capital after the following adjustments:

(1) C brings in ₹ 10,000 in cash as his share of Goodwill.
(2) Provision for doubtful debts is to be reduced by ₹2,000.
(3) There is an old typewriter valued ₹2,600. It does not appear in the books of the firm. It is now to be recorded.
(4) Patents are valueless.
(5) 2% discount is to be received from creditors

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

31. A and B are partners sharing profits and losses in the ratio of 3:2 .Their

Balance Sheet on 31st December, 2010 stood as under:

Liabilities	₹	Assets	₹
Capitals :		Machinery	66,000
A	70,000	Furniture	30,000
B	60,000	Investments	40,000
General Reserve	20,000	Stock	46,000
Bank Loan	18,000	Debtors 38,000	
Creditors	72,000	Less : Provision 4,000	34,000
		Cash	24,000
	2,40,000		2,40,000

On this date they admitted C for 25% share in profits on following terms:

(i) C brings in ₹ 14,000 for his share of goodwill and further cash to make his capital proportionate to his share of profit.
(ii) Depreciate furniture by 10%.
(iii) Half of investments were to be taken over by A and B in their profit sharing ratio and remaining valued at ₹26,000.
(iv) New ratio will be 3:3:2.

Prepare Revaluation Account, Capital Accounts and Balance Sheet after C's admission.

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