INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	**Department: Commerce**
Worksheet No:	**Topic: Admission of a partner**

1. A and B are partners sharing profits in the ratio of 3:1. They admit C for 1/4 share in the future profits. The new profit sharing ratio will be:

(a) A 9/ 16 , B 3/ 16 , C 4 /16

b) A 8 /16 , B 4 /16 , C 4 /16

(c) A 10 /16 , B 2 /16 , C 4 /16

(d) A 8 /16 , B 9/ 16 , C 10 /16

2. X and Y share profits in the ratio of 3:2. Z was admitted as a partner who sets 1/5 share. New profit sharing ratio, if Z acquires 3/20 from X and 1/20 from Y would be:

(a) 9 : 7 : 4

(b) 8 : 8 : 4

(c) 6 : 10 : 4

(d) 10 : 6 : 4

3. A and B share profits and losses in the ratio of 3 : 1, C is admitted into partnership for 1/4 share. The sacrificing ratio of A and B is:

(a) equal

(b) 3 : 1

(c) 2 : 1

(d) 3 : 2

4. At the time of admission of a new partner, general reserve appearing in the old balance sheet is transferred to:

(a) all partner’s capital account

(b) new partner’s capital account

(c) old partner’s capital account

(d) none of the above.

5. Asha and Nisha are partner’s sharing profit in the ratio of 2:1. Asha’s son Ashish was admitted for 1/4 share of which 1/8 was gifted by Asha to her son. The remaining was contributed by Nisha. Goodwill of the firm in valued at Rs. 40,000. How much of the goodwill will be credited to the old partner’s capital account.

(a) Rs. 2,500 each

(b) Rs. 5,000 each

(c) Rs. 20,000 each

(d) None of the above.

6. A, B and C are partner’s in a firm. If D is admitted as a new partner:

(a) old firm is dissolved

(b) old firm and old partnership is dissolved

(c) old partnership is reconstituted

(d) None of the above.

7. On the admission of a new partner increase in the value of assets is debited to:

(a) Profit and Loss Adjustment account

(b) Assets account

(c) Old partner’s capital account

(d) None of the above.

8. At the time of admission of a partner, undistributed profits appearing in the balance sheet of the old firm is transferred to the capital account of:

(a) old partners in old profit sharing ratio

(b) old partners in new profit sharing ratio

(c) all the partner in the new profit sharing ratio.

9. A, B and C are partners sharing profits in 3:2:2 ratio. They admitted D as a new partner for 1/5 share which he acquired from A, B and C in 2:2:1 ratio respectively. Calculate new profit sharing ratio?

(Ans : 61:36:43:35)

10.

Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3 : 3 : 2. Moon brought the following assets towards his share of goodwill and his capital :

	₹
Machinery	2,00,000
Furniture	1,20,000
Stock	80,000
Cash	50,000

If his capital is considered as ₹ 3,80,000, the goodwill of the firm will be :

(A) ₹ 70,000

(B) ₹ 2,80,000

(C) ₹ 4,50,000

(D) ₹ 1,40,000

Ans. Rs 2,80,00

11.

X and Y were partners in a firm sharing profits in the ratio of 7 : 3. Z was admitted for $\frac{1}{5}$th share in the profits which he took 75% from X and remaining from Y. Calculate the sacrificing ratio of X and Y.

Ans: 3:1

12. Ahuja and Barua are partners in a firm sharing profits and losses in the ratio of 3:2. They decide to admit Chaudhary into partnership for 1/5 share of profits, which he acquires equally from Ahuja and Barua. Goodwill is valued at Rs. 30,000. Chaudhary brings in Rs. 16,000 as his capital but is not in a position to bring any amount for goodwill. No goodwill account exists in books of the firm. Goodwill account is to be raised at full value. Record the necessary journal entries.

Date	Particulars	L.F.	Debit	Credit
1.	Bank A/c Dr.		16,000	
	To Chaudhary's Capital A/c			16,000
	(Amount brought for capital)			
2.	Chaudhary' Current A/c Dr.		30,000	
	To Ahuja's Capital A/c			18,000
	To Barua's Capital A/c			12,000
	(Goodwill credited to sacrificing partner's accounts)			

13.

Badal and Bijli were partners in a firm sharing profits in the ratio c 3 : 2. Their Balance Sheet as at 31st March, 2019 was as follows :

Balance Sheet of Badal and Bijli as at 31st March, 2019

Liabilities		Amount ₹	Assets	Amount ₹
Capitals :			Building	1,50,000
Badal	1,50,000		Investments	73,000
Bijli	90,000	2,40,000	Stock	43,000
Badal's Current A/c		12,000	Debtors	20,000
Investment Fluctuation Reserve		24,000	Cash	22,000
Bills Payable		8,000	Bijli's Current A/c	2,000
Creditors		26,000		

Raina was admitted on the above date as a new partner for $\frac{1}{6}$th share in the profits of the firm. The terms of agreement were as follows :

(i) Raina will bring ₹ 40,000 as her capital and capitals of Badal and Bijli will be adjusted on the basis of Raina's capital by opening current accounts.

(ii) Raina will bring her share of goodwill premium for ₹ 12,000 in cash.

(iii) The building was overvalued by ₹ 15,000 and stock by ₹ 3,000.

(iv) A provision of 10% was to be created on debtors for bad debts.

Prepare the Revaluation Account and Current and Capital Accounts of Badal, Bijli and Raina.

Ans.

Dr. **Revaluation A/c** Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Building	15,000	By Loss on Realisation tfd to:	
To Stock	3,000	Badal's Current A/c 12,000	
To Provision for Bad Debts	2,000	Bijli's Current A/c 8,000	20,000
	20,000		20,000

Dr. **Partners Capital Accounts** Cr.

Particulars	Badal (₹)	Bijli (₹)	Raina (₹)	Particulars	Badal (₹)	Bijli (₹)	Raina (₹)
To Badal's Current A/c	30,000	-	-	By balance b/d	1,50,000	90,000	-
To Bijli's Current A/c	-	10,000	-	By Cash A/c			40,000
To Balance c/d	1,20,000	80,000	40,000				
	1,50,000	90,000	40,000		1,50,000	90,000	40,000

Dr. **Partners Current Accounts** Cr.

Particulars	Badal (₹)	Bijli (₹)	Particulars	Badal (₹)	Bijli (₹)
To Balance b/d	-	2,000	By Balance b/d	12,000	-
To Revaluation A/c	12,000	8,000	By Premium for Goodwill A/c	7,200	4,800
To Balance c/d	51,600	14,400	By Investment Fluctuation Reserve	14,400	9,600
			By Badal's Capital A/c	30,000	
			By Bijli's Capital A/c	-	10,000
	63,600	24,400		63,600	24,400

14.

Sunaina and Tamanna are partners in a firm sharing profits and losses in the ratio of 3:2. Their Balance Sheet as at 31st March, 2020 stood as follows:

Balance Sheet

Liabilities		Amount (`)	Assets		Amount (`)
Capital Accounts:			Plant & Machinery		1,20,000
Sunaina	60,000		Land and Building		1,40,000
Tamanna	80,000	1,40,000	Debtors	1,90,000	
Current Accounts:			Less: Provision for		
Sunaina	10,000		Doubtful debts	(40,000)	1,50,000
Tamanna	30,000	40,000	Stock		40,000
General Reserve		1,20,000	Cash		30,000
Workmen's Compensation Reserve		50,000	Goodwill		20,000
Creditors		1,50,000			
		5,00,000			5,00,000

They agreed to admit Pranav into partnership for 1/5th share of profits on 1st April, 2020, on the following terms:
(a) All Debtors are good.
(b) Value of land and building to be increased to `1,80,000.
(c) Value of plant and machinery to be reduced by `20,000.
(d) The liability against Workmen's Compensation Fund is determined at `20,000 which is to be paid later in the year.
(e) Mr. Anil, to whom `40,000 were payable (already included in above creditors), drew a bill of exchange for 3 months which was duly accepted.
(f) Pranav to bring in capital of `1,00,000 and `10,000 as premium for goodwill in cash.
Journalize.

Solution:

Journal

Date	Particulars	L.F.	Debit	Credit
1st April'20	Revaluation A/c Dr.		20000	
	To Plant and Machinery A/c			20000
	(Being plant and machinery revalued)			
1st April'20	Land and Building A/c Dr.		40000	
	Provision for Doubtful debts A/c Dr.		40000	
	To Revaluation A/c			80000
	(Being land and building revalued and provision for doubtful debts written back)			
1st April'20	Creditors A/c Dr.		40000	
	To Bills Payable A/c			40000
	(Being Bills accepted from Mr. Anil)			
1st April'20	Revaluation A/c Dr.		60000	
	To Sunaina's current A/c			36000
	To Tamanna's current A/c			24000
	(Being profit on revaluation credited to partners current account)			
1st April'20	Sunaina's current A/c Dr.		12000	
	Tamanna's current A/c Dr.		8000	
	To Goodwill A/c			20000
	(Being Goodwill written off)			
1st April'20	Cash A/c Dr.		110000	
	To Pranav's Capital A/c			100000
	To Premium for Goodwill A/c			10000
	(Being capital and premium brought in by new partner)			
1st April'20	Premium for Goodwill A/c Dr.		10000	
	To Sunaina's current A/c			6000
	To Tamanna's current A/c			4000
	(Being Premium distributed among sacrificing partners)			
1st April'20	General Reserve A/c Dr.		120000	
	To Sunaina's current A/c			72000
	To Tamanna's current A/c			48000
	(Being reserve distributed among old partners)			
1st April'20	Workmen Compensation Reserve A/c Dr.		50000	
	To Claim for workmen compensation			20000
	To Sunaina's current A/c			18000
	To Tamanna's current A/c			12000
	(Being provision for workmen compensation provided and balance reserve distributed among old partners)			

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 31st 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.

Dr Revaluation Account Cr

Particulars	Amount (₹)	Particulars	Amount (₹)
To Creditors	7,000	By Machinery	20,000
To Partner's Capital A/c		By Outstanding Expenses	1,000
Divya 7,700			
Yasmin 4,900			
Fatima 1,400	14,000		
	21,000		21,000

Dr Partner's Capital Account Cr

Particulars	Divya	Yasmin	Fatima	Aditya	Particulars	Divya	Yasmin	Fatima	Aditya
To Furniture A/c	**80,000**	**80,000**	**80,000**		**By Balance b/d**	**5,10,000**	**3,00,000**	**5,00,000**	
To Balance C/d	**5,97,200**	**3,76,400**	**4,50,400**	**4,50,000**	**By Bank A/c**		**50,000**		**4,50,000**
					By Reserve Fund	**49,500**	**31,500**	**9,000**	
					By Premium for goodwill A/c	**1,10,000**	**70,000**	**20,000**	
					By Revaluation A/c	**7,700**	**4,900**	**1,400**	
	6,77,200	**4,56,400**	**5,30,400**	**4,50,000**		**6,77,200**	**4,56,400**	**5,30,400**	**4,50,000**

Balance Sheet
As at 1.4.2018

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry creditors		77,000	Factory building		7,35000
Public deposits		1,19000	Plant and Machinery		2,00000
Outstanding Expenses		9,000	Furniture		20,000
Capital accounts			Stock		1,45000
Divya	5,97,200		Debtors	1,50000	
Yasmin	3,76,400		Less: Provision	(30000)	1,20000
Fatima	4,50,400		Cash at bank		8,59000
Aditya	4,50,000	18,74,000			
		20,79000			**20,79000**