INDIAN SCHOOL AL WADI AL KABIR

Class: XII	**Department: Commerce.**
Worksheet No: 2	**Retirement of a partner**

1.P, Q and R were partners sharing profits in 3:2:1 on 31 March,2023, Q retired. On that date Balance Sheet was as follows:

LIABILITIES	₹	ASSETS	₹.
General Reserve	12,000	Plant	60,000
Expenses Owing	4,000	Patents	6,000
Bills Payable	10,000	Debtors	19,000
Creditors	20,000	Stock	22,000
Capital A/c P:24,000 Q: 20,000 R: 18,000	62000	Cash	1,000
	1,08,000		**1,08,000**

The terms of retirement were:
(i)Goodwill of the firm be valued at ₹24,000 and Q's share of goodwill be adjusted in the accounts of P and R.
(ii)Expenses owing are to be brought down to ₹3,000
(iii) Plant is to be depreciated by 10% and Patents are valued at ₹8,000.
(iv)An amount of ₹1,000 to be written off as bad and provision for doubtful debt to be created @10%.
Prepare Revaluation Account and Partners' Capital account.

2. X, Y and Z are partners in 2:2:1. Their Balance sheet as on 31.03.2023 is as follows:

LIABILITIES	₹	ASSETS	₹
Creditors	50,000	Cash at Bank	60,000
General Reserve	20,000	Debtors 1,15,000	
Capitals:		Less: Provision (5,000)	
X : 2,00,000			1,10,000
Y : 1,50,000		Furniture	40,000
Z : 1,00,000		Stock	80,000
	4,50,000	Other Fixed Assets	2,00,000
		Goodwill	30,000
	5,20,000		**5,20,000**

On the above date X retired from the firm on the following conditions:
i. Goodwill of the firm is valued at ₹3,00,000.
ii. Write off bad debts amounting to ₹15,000.
iii. Depreciate furniture by 25%.
iv. Other fixed assets revalued at 2,40,000.
v. The amount due to X on his retirement- paid 20,000 immediately and the balance was transferred to his loan A/c.
Prepare Revaluation account and Partners' capital account.

3. Ahmed, Neha and Nupur were partners sharing profits and losses in the ratio of 5 : 3 : 2. On 31-3-2023, their Balance Sheet was as under :

LIABILITIES	₹	ASSETS	₹.
Creditors	26,500	Bank	25,000
Employees Provident Fund	21,500	Debtors 30,000 Less.PBDD 2,000	28,000
Ahmed's Capital	1,00,000	Stock	55,000
Neha's capital	50,000	Fixed Assets	1,20,000
Nupur's capital	40,000	Advertisement Expenditure	10,000
	2,38,000		**2,38,000**

Ahmed retired on 1-4-2023. For this purpose, the following adjustments were agreed upon :
(a) Goodwill of the firm was to be valued at 2 years' purchase of the average profits of 3 completed years preceding the date of retirement. The profits for previous years were :
2020-21 - ₹55,000; 2021-22 - ₹65,000; 2022-23 - ₹ 60,000.
(b) Fixed assets were to be increased by ₹15,000.
(c) Bad debt amounted to ₹3,000.
(c) Provident Fund to be maintained at ₹24,000
(d) Ahmed took over stock costing ₹25,000 and the remaining stock was valued at ₹25,000
(f) The amount payable to Ahmed was transferred to loan A/c, carrying an interest @12% p.a.
Prepare Revaluation account and Partners Capital Account.

4. Balance sheet of X, Y and Z who were sharing profits and losses in the ratio of 3:2:1 respectively was as follows on 01-04-2023;

Liabilities	₹	Assets	₹
Bills Payable	6,400	Cash	25,650
Sundry Creditors	12,500	Bills Receivable	5,400
Capital X 40,000 Y 25,000 Z 20,000	85,000	Debtors Stock Furniture Plant and Machinery	17,800 22,300 5,500 7,750
Profit and Loss a/c	4,500	Building	24,000
	1,08,400		1,08,400

X retired the business on 01-04-2023 and following adjustments were agreed upon:
a. Stock ₹20,000, Furniture ₹3,000. Plant and Machinery ₹9,000, Building ₹20,000. ₹ 850 was to be provided for doubtful debts.

b.The goodwill of the firm was valued at ₹ 6000.
c.X was to be paid ₹11,050 in cash on retirement and the balance in three equal yearly installments with interest at 9% per annum.
Prepare Revaluation A/c, Capital A/cs, and X's loan account till it is finally paid.

5. X, Y & Z are partners sharing profits in 3:2:1. The Balance sheet on 31.3.22 was as follows:

LIABILITIES	₹	ASSETS	₹
Creditors	15,000	Cash	11,000
EPF	5,000	Stock	30,000
Workmen compensation reserve	12,000	Investment	15,000
Investment fluctuation reserve	7,000	Debtors 40,000 -PDD -2,000	38,000
Capitals: X Y Z	 68,000 32,000 21,000	Patent	10,000
		Plant	50,000
		Goodwill	6,000
	1,60,000		**1,60,000**

Z retired on 1.4.2022 on following terms:
(a)Goodwill of the firm is valued at ₹30,000.
(b) The loss on revaluation of assets and reassessment of liabilities on amounted to ₹7,200.
(c)Z took over half of investments at ₹6,500 and remaining were shown in the books at its book value.
(d)Liability of workmen compensation was ₹3,000.
e) The amount due to Z on retirement was transferred to his loan A/c, which was payable in 2 equal annual instalment staring from 1.4.2023 with an interest @10% p.a

Prepare Z's loan A/c till it is paid off. Show your workings clearly.

6. P, Q & R are partners sharing P & L in the ratio of 1/2, 1/3 &1/6 respectively. Q retires from the firm. P & R share future P & L equally. Their capitals after all necessary adjustment were P Rs 22400; Q Rs 20200 & R Rs 11400. The cash balance as on that date was Rs. 4000. Calculate the amount of cash to be brought in or to be withdrawn by the remaining partners if the entire capital of the firm as newly constituted is fixed at Rs. 40000.

7. On 31st March, 2023 the Balance Sheet of Alia, Tara and Shilpa who share profits and losses in the proportion of ½, $^1/_3$ and $^1/_6$ respectively, is as follows:

LIABILITIES	₹	ASSETS	₹.
Creditors	12,600	Bank	4,100
General Reserve	9,000	Stock	25,000
Employees Provident Fund	3,000	Debtors 30,000 *Less:*Provision 1,000	29,000
Alia's capital 40,000		Investment	10,000
Tara's capital 36,500		Patent	5,000
Shilpa's Capital 20,000	96,500	Machinery	48,000

	1,21,100		**1,21,100**

Shilpa retired on above date on the following terms:
(i)Goodwill will be valued at ₹27,000.
(ii)Machinery will be depreciated to 90%.
(iii) Patents are reduced by 20%.
(iv) Liability on account of Provident Fund was estimated at ₹2,400.
(v)Shilpa took over investments for ₹15,800.
(vi) Amount due to Shilpa on her retirement was transferred to Loan A/c with an interest @ 6% p.a.
(vii) Alia and Tara decided to adjust their capitals in proportion of their profit-sharing ratio by opening current accounts.
Prepare Revaluation Account, Capital Accounts of the Partners and the Balance Sheet of the new firm.

8. X,Y and Z were in partnership sharing profits in the ratio of 3:2:1. The Balance Sheet of the firm as on 31st March 2023 stood as follows:

LIABILITIES		₹	ASSETS	₹
Provision for Doubtful Debts		1,300	Cash at Bank	10,000
Sundry Creditors		15,000	Debtors	16,000
Capitals :			Stock	20,300
X	78,750		Machinery	60,000
Y	70,000		Land and Building	1,20,000
Z	61,250	2,10,000		
		2,26,300		2,26,300

Z retires on 1st April 2023 and the new profit sharing ratio between X and Y will be 5:4.
Following terms were agreed:
i.Land and Buildings be reduced by 10%.
ii.Out of the insurance premium paid during the year ₹5,000 be carried forward as unexpired.
iii.There is no need of any provision for doubtful debts as debtors were good.
iv.Goodwill of the firm be valued at ₹36,000
v.X and Y decided that their capitals will be adjusted in their new profit sharing ratio by bringing in or paying cash.
vi.Z was paid ₹9,300 on the date of retirement and the remaining amount in three equal yearly installments together with interest at the rate of 10% p.a. on the outstanding balance.
Prepare Revaluation A/c and the capital account of partners.

9. X, Y & Z are partners sharing P & L in the ratio of 1/2, 1/3 &1/6 respectively. Their capitals as appeared in the balance sheet were Rs. 25,000; Rs 20,000 & Rs. 15,000. Y retired from the firm and X & Z continued sharing future profits equally. Their capitals after all necessary adjustments of reserves, revaluation profit and goodwill adjustment were X Rs 22400; Y Rs 20200 & Z Rs 11400. Calculate the amount of cash to be brought in or to be withdrawn by the remaining partners if the total of the firm will be same as before retirement.

10. Ajit, Vijeet, and Vinita are partners sharing profit and losses in the ratio of 2 : 3: 2. Ajit decides to get retired on 31st March 2023 and the other partners decide to carry on the business with a new ratio of 4 : 3. Their Balance Sheet on the same date stood as:

LIABILITIES	₹	ASSETS	₹.
General Reserve	70,000	Land & Building	4,00,000
Workmen Compensation Fund	30,000	Closing Stock	2,00,000
Creditors	1,00,000	Machinery	6,00,000
Capital A/c: Ajit: 4,00,000 Vijeet 6,00,000 Vinita 4,00,000	14,00,000	Sundry Debtors 2,20,000 Less Provision (20,000)	2,00,000
		Bank	2,00,000
	16,00,000		**16,00,000**

Additional Information:

1. Land and Building appreciated by 30%.
2. Machinery depreciated by 20%.
3. Bad Debts are to be raised by ₹ 14,000.
4. Workmen Compensation Fund to be maintained at ₹ 16,000.
5. The capital of the new firm will be the same as before retirement of the Ajit.
6. Goodwill is valued at ₹ 2,80,000. The share of goodwill of Ajit is to be adjusted against the capital account of the remaining partners.
7. Amount due to Ajit is to be settled by transferring it to the Loan's Account.

Prepare the Revaluation Account, Capital Account, and Balance Sheet of the New Firm.

11. Nandan, John and Rosa are partners sharing profits in the ratio of 4 : 3: 2. On 1st April, 2012, John gave a notice to retire from the firm. Nandan and Rosa decided to share future profits in the ratio of 1 : 1. The capital accounts of Nandan and Rosa after all adjustments showed a balance of ₹43,000 and ₹80,500 respectively. The total amount to be paid to John was ₹95,500. This amount was to be paid by Nandan and Rosa in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary journal entries in the books of the firm for the above transactions. Show your working clearly.

12. Naren, Govind and Harish are partners sharing profits in the ratio of 5:3:2 respectively. Balance Sheet on March 31,2024 was as follows:

Balance of Naren ,Govind and Harish as at March 31,2024

Liabilities	₹	Assets	₹
Sundry Creditors	22,000	Fixed Assets	1,00,000
Bills Payable	8,000	Stock	45,000
Profit and Loss	15,000	Debtors	45,000
Capital Accounts:		Bank	10,000
Naren 65,000			
Govind 50,000			
Harish 40,000	1,55,000		
	2,00,000		2,00,000

Naren retires on March 31, 2024 and for this purpose-

1.Goodwill was valued at ₹25,000

ii. Fixed Assets were valued at ₹1,25,000

iii. Stock was considered worth ₹40,000

iv. Naren is to be paid in cash brought in by Govind and Harish in such a way so as to make their capitals proportionate to their new profit sharing ratio, which is 3:2 respectively. Partners decided to Maintain a Cash Balance of ₹7,000 at Bank.

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

13. Meghna, Mehak and Mandeep were partners in a firm whose Balance Sheet as on 31st March, 2023 was as under:

Balance Sheet

Liabilities		Amount	***Assets***	Amount
Creditors		28,000	Cash	27,000
General Reserve		7,500	Debtors	20,000
Capitals:			Stock	28,000
Meghna	20,000		Furniture	5,000
Mehak	14,500			
Mandeep	10,000	44,500		
		80,000		**80,000**

Mehak retired on this date under following terms:

(i) To reduce stock and furniture by 5% and 10% respectively.

(ii) To provide for doubtful debts at 10% on debtors.

(iii) Goodwill was valued at `12,000.

(iv) Creditors of Rs.8,000 were settled at Rs.7,100.

(v) Mehak should be paid off and the entire sum payable to Mehak shall be brought in by Meghna and Mandeep in such a way that their capitals should be in their new profit-sharing ratio and a balance of Rs.25,000 is maintained in the cash account. Prepare Revaluation Account and partners' capital accounts of the new firm.

14. Anna, Bina and Teena were partners sharing profits and losses in the ratio of 5 : 3 : 2. Their Balance Sheet on 31st March, 2022 was as follows :

Balance Sheet of Anna, Bina and Teena as at 31st March, 2022

Liabilities		Amount ₹	Assets		Amount ₹
Creditors		66,000	Furniture		1,12,000
Bills Payable		59,000	Stock		1,77,000
			Debtors	2,80,000	
Capitals :			Less – provision for		
Anna	2,00,000		bad debts	7,000	2,73,000
Bina	2,00,000		Cash		63,000
Teena	1,00,000	5,00,000			
		6,25,000			6,25,000

On the above date, Anna retired on the following terms :

(i) Goodwill of the firm was valued at Rs.60,000 and Annas share of goodwill was adjusted through the capital accounts of remaining partners.

(ii) Furniture was depreciated by Rs. 10,000.

(iii) Anna was to be paid through cash brought in by Bina and Teena in such a way as to make their capitals proportionate to their new profit sharing ratio of 1 : 1.

Prepare Revaluation and Partners' Capital Accounts.