

**8(MARKS)**

**Q 1. Ram and Mohan were partners in a firm sharing profits in the ratio to3:2.They admitted Sohan as a new partner for 1/3 share in the profits.sohan to bring rs.30,000for goodwill such an amount as his capital ,so that his capital will be 1/3rd of the total capital of the new firm.on 31.3.2008 the balance sheet of ram and mohan was as follows:**

Liabilities	Amount	Assets	Amount
creditors	30,000	Cash	1,00,000
bills payable	10,000	Debtors	30,000
reserves	30,000	Stock	50,000
capitals:		10% government bond	20,000
ram	1,35,000	Furniture	10,000
mohan	1,25,000	Machinery	1,20,000
	2,60,000		
	3,30,000		3,30,000

It was decided that

- (i) revaluation of stock at rs.45,000.
  - (ii) depreciate furniture by 10% and machinery by 5%.
  - (iii)make provision of rs.3,000 on sundry debtors for bad and doubtful debts.
- Prepare revaluation account,partner's capital accounts and balance sheet of the new firm.

**Q2. X and Y were partners in a firm sharing profits in the ratio of 3:2.on 31.3.2004.their balance sheet was as follows:**

Liabilities	Amount	Assets	Amount
Sundry creditors	50,000	Land and building	1,00,000
bills payable	20,000	machinery	80,000
outstanding expenses	10,000	stock	1,00,000
capitals:		debtor	40,000
X	1,80,000	cash	10,000
Y	1,70,000		
	2,50,000		
	3,30,000		3,30,000

On the above date ,Z was admitted as a new partner in the firm for ¼ share in the profit on the following terms:

- (i) z will bring rs.1,20,000 for his capital and rs.20,000 for his share as premium for goodwill.
- (ii) machinery was to be depreciated by 10% and land and building was to be appreciated by rs.30,000.
- (iii) stock was overvalued by rs.20,000.

(iv) a provision of 5% was to be created for doubtful debts.

(v) salary outstanding was rs.5,000.

Prepare revaluation accounts,partner's capital account and the balance sheet of the new firm.

Q3: A and B are partners in a firm sharing profits and losses in the ratio in the ratio of 3:2.on 31st march,1995,their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
capitals:		<b>Goodwill</b>	<b>5,000</b>
A	60,000	Plant and machinery	65,000
B	50,000	furniture	15,000
General reserve	10,000	investments	20,000
Sundry creditors	50,000	stock	20,000
		sundry debtors	30,000
		cash in hand	15,000
	1,70,000		1,70,000

C was admitted on the following terms:

(i) c is to bring capital rs.40,000.

(ii) partner agreed to share the future profits in the ratio of 5:3:2.

(iii) investment will be appreciated by 20% and furniture depreciated by10%.

(iv) one customer who owed the firm rs.2,000 becomes insolvent and nothing could be realised from him.

(v) creditors will be written back by rs.2,000.

(vi) outstanding bills for repair rs.1,000 will be provided for.

(vii) interest accrued on investment rs.2,000.

(viii) capitals of the partners shall be in proportion to their profit sharing ratio.for this adjustments to be made through cash.

Prepare revaluation account ,partner's capital account and the balance sheet of the firm after c's admission.

Q 4. A and B 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 his capital and the capitals of A and B

Were to be adjusted on the basis of c's capital having regard to profits sharing ratio .the balance sheet of A and B was as follows:

**BALANCE SHEET OF A and B**

**(AS ON 31.3.2006)**

Liabilities	Amount	Assets	Amount
<b>Creditors</b>		<b>cash</b>	<b>10,000</b>
<b>Bills payable</b>	<b>36,000</b>	<b>debtor</b>	<b>34,000</b>
<b>General reserve</b>	<b>20,000</b>	<b>stock</b>	<b>24,000</b>
<b>Capitals:</b>	<b>24,000</b>	<b>machinery</b>	<b>42,000</b>
<b>A</b> <b>1,50,000</b>		<b>building</b>	<b>2,00,000</b>
<b>B</b> <b>80,000</b>			
	<b>3,10,000</b>		<b>3,10,000</b>

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 valued at rs.1,85,000 and machinery at rs.40,000
- (iii) a provision of 6% will be created on debtor for bad debts.
- (iv) capital accounts of A and B will be adjusted by opening current accounts.

Prepare revaluation account, partner's capital account and the balance sheet of A,B and C.

Q.5:A,B and C were in partnership sharing profits in proportion to their capitals. Their balance sheet as on 31-03-2008 was as follows:

Liabilities	Amount	Assets	Amount
<b>creditors</b>	<b>15,600</b>	<b>Cash</b>	<b>16,000</b>
<b>reserves</b>	<b>6,000</b>	<b>Debtor</b> <b>20,000</b>	
<b>A's capital</b>	<b>90,000</b>	<b>Less:provision for bad and</b>	
<b>B's capital</b>	<b>60,000</b>	<b>doubtfull debt</b> <b>(400)</b>	<b>19,600</b>
<b>C's capital</b>	<b>30,000</b>	<b>stock</b>	<b>18,000</b>
		<b>machinery</b>	<b>48,000</b>
		<b>building</b>	<b>1,00,000</b>
	<b>2,01,600</b>		<b>2,01,600</b>

On the above date B retired owing to ill health and the following adjustment were agreed upon:

- (a) building be appreciated by 10%.
- (b) provision for doubtful debts be increased by 10% on debtor.
- (c) machinery be depreciated by 15%
- (d) goodwill of the firm be valued at rs.36,000 and be adjusted into the capital accounts of A and C who will share profits in future in the ratio of 3:1.
- (e) a provision be made for outstanding repair for bill of rs.3,000.
- (f) included in the value of creditors is rs.1,800 for an outstanding legal claim ,which is not likely to arise.
- (g) out of the insurance premium paid rs.2,000 is for the next year.the amount was debited to P/L A/C.
- (h) the partners decided to fix the capital of the new firm as rs.1,20,000.in the profit sharing ratio.
- (i) B to be paid rs.9,000 in cash and the balance to be transfer to his loan account.

Prepare the revaluation account ,partner's capital account and the balance sheet of the new firm after b's retirement.

Q.6: A,B and C are partner's in a firm sharing profits and losses In the ratio of 3:2:1. Their balance sheet as at 31st,dec,2004 is as under:

Liabilities		Amount	Assets		Amount
Creditors		30,000	Cash in hand		18,000
Bills payable		16,000	Debtor	25,000	
General reserves		12,000	Less:provision for bad and doubtfull debt	(3,000)	22,000
Capital's accounts:			stock		18,000
A	40,000		furniture		30,000
B	40,000		machinery		70,000
C	30,000	1,10,000	goodwill		10,000
		1,68,000			1,68,000

B retires on 1st jan,2005 on the following terms:

- (i) provision for doubtful debt be raised by rs.1,000.
- (ii) stock to be depreciated by 10% and furniture by 5%.
- (iii) there is an outstanding claim of damages of rs.1,100 and it is to be provided for .

(iv) creditors will be written back by rs.6,000.

(v) goodwill of the firm is valued at rs.22,000 and it should be adjusted through capital transfer.

(vi) B is paid in full with the cash bought in by A and C in such a manner that their capitals are in proportion to their profit sharing ratio and cash in hand remains at rs.10,000.

Prepare revaluation account, partner's capital accounts and the balance sheet of A and C.

Q.7:ARTI, BHARATI and SEEMA are partner's in a firm sharing profits in the proportion of 3:2:1.their balance sheet as on 31st,march,2003 stood as follows:

Liabilities	Amount	Assets	Amount
Bills payable	12,000	Building	21,000
creditors	14,000	Cash in hand	12,000
General reserves	12,000	Cash at bank	13,700
Capital's accounts:		Debtor	12,000
ARTI	20,000	Bills recievable	4,300
BHARATI	12,000	stock	1,750
SEEMA	8,000	investment	13,250
	78,000		78,000

BHARATI died on 30th,june 2003 and according to the died of the said partnership her executor are entitled to be paid as under:

(i) the capital to her credit at the time of her death and interest thereon @10% per annum.

(ii) her proportionate share of general reserve.

(iii) her share of profits for the intervening period will be based on the sales during that period. Sales were calculated as rs.1,20,000 .the rate of profit during past three years had been 10% on sales.

(iv) goodwill according to her share of profit to be calculated by taking twice the amount of profits of the last three years less 20%.the profits of the previous three years were:

2000-2001                      rs.8,200

2001-2002                      rs.9,000

2002-2003                      rs.9,800

The investment were sold at par and her executor were paidout. prepare bharati's capital account and her executor's account..

Q.8:

