

Test

Admission of Partner

- Q. 1** Mukesh and Manish are partners sharing profits in the ratio of 3:2. They admit Ruchika into the firm for $\frac{3}{8}$ profit, which she takes $\frac{2}{8}$ th from Mukesh and $\frac{1}{8}$ th from Manish and brings ₹ 1,800 as a premium out of her share of ₹ 2,000. Goodwill account appear in the books of Mukesh and Manish at ₹ 3,500. **Give journal entries and the new ratio of Mukesh, Manish and Ruchika. (3)**
- Q. 2** Sachin and Virat are partners in a firm. They admit Kapil as a partner with $\frac{1}{4}$ th share in the profits of the firm. Kapil brings ₹ 2,00,000 as his share or capital. The value of the total assets of the firm is ₹ 5,40,000 and outside liabilities are valued at ₹ 1,00,000 on the date. **Give the necessary entry to record goodwill at the time of Kapil's admission. (4)**
- Q. 3** A, B and C are partners sharing profits in the ratio of 8:7:5 respectively. D is admitted for $\frac{1}{4}$ th share. C agrees to take a share of 20 paise in a ₹ in future profit or loss. A and B are sacrificing in the ratio of 3:2 in favour of D. **Calculate New ratio & sacrificing ratio. (3)**
- Q. 4** The following is the Balance Sheet of A and B who share profits and losses in the proportion of 3:2.

BALANCE SHEET
as on 31.3.2013

<i>Liabilities</i>		₹	<i>Assets</i>		₹
Sundry Creditors		45,000	Land & Buildings		70,000
Genera; Reserve		15,000	Plant & Machinery		35,000
Capitals:			Stock		15,000
A	₹ 60,000		Debtors	₹ 25,000	
B	₹ 40,000	1,00,000	<u>Less: Provision</u>	<u>₹ 3,000</u>	22,000
			Cash		18,000
		1,60,000			1,60,000

They agree to admit C for $\frac{1}{5}$ share into partnership on the following terms:

- Provision for Doubtful Debts is to be increased by ₹ 1,000.
- The value of Land and Buildings is to be increased to ₹ 80,000.
- The value of Stock is to be increased by ₹ 5,000.
- C brought in as his share of goodwill ₹ 15,000 in cash.
- C was to bring further cash as would make his capital equal to 20% of the total capital of the old partners, after above adjustments are carried out.

Prepare Revaluation Account, partners' Capital Accounts and Balance Sheet of the firm after the admission of C. (6)

- Q. 5** X and Y were partners in a firm sharing profits in 5:3 ratio. They admitted Z as a new partner for $\frac{1}{3}$ rd share in the profits. Z was to contribute ₹ 20,000 as his capital. The balance Sheet of X and Y on 1.4.2007, the date of Z's admission was as follows: **(6)**

<i>Liabilities</i>		<i>Amount</i> ₹	<i>Assets</i>		<i>Amount</i> ₹
Creditors		27,000	Land & Buildings		25,000
Capitals:			Plant & Machinery		30,000
X	50,000		Stock		15,000
Y	<u>35,000</u>	85,000	Debtors	₹ 20,000	
General Reserve		16,000	<u>Less: Provision</u>		
			For doubtful debts	<u>₹ 1,500</u>	18,500
			Investments		20,000
			Cash		19,500
		1,28,000			1,28,000

Other terms agreed upon were :

- (i) Goodwill of the firm was valued at ₹ 12,000.
- (ii) Land and Building were to be valued at ₹ 35,000 and Plant and Machinery at ₹ 25,000.
- (iii) The provision for doubtful debts was found to be in excess by ₹ 400
- (iv) A liability for ₹ 1,000 included in sundry creditors was not likely to arise.
- (v) The capitals of the partners be adjusted on the basis of Z's contribution of capital in the firm.
- (vi) Excess or shortfall if any to be transferred to current accounts.

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

- Q. 6** Aamir and Anju, belonging to two different religions and states of the country were close friends; formed partnership in the year 2007. They were continuing their partnership business since 2007. Their Balance Sheet as at 31st March, 2013 was under:

Balance Sheet (As on 31st March 2013)

<i>Liabilities</i>		₹	<i>Assets</i>		₹
Creditors		25,000	Cash in Hand		15,000
Employees' Provident Fund		15,000	Sundry Debtors		10,000
Reserve Fund		20,000	Patents		75,000
Capital Accounts			Plant and Machinery		1,20,000
Aamir	85,000				
Anju	75,000	1,60,000			
		2,20,000			2,20,000

They were sharing profits in the ratio of 3:1 were continuously facing problems in administration of the firm so were in need of a person who could monitor the business by sitting and observing the CCTVs in the firm. Anju requested Aamir to admit his friend Zeenat a differently abled girl as a third partner on the following terms:

- (i) Zeenat will introduce ₹ 80,000 as her capital and takes $\frac{1}{3}$ share in profits.
 - (ii) Goodwill of the firm is valued at ₹ 24,000, however, and Zeenat could brings only 50% of her requisite share of goodwill in cash.
 - (iii) Patents to be written off.
 - (iv) Plant and Machinery writing up by ₹ 1,00,000
- Aamir accepted the proposal. Keeping in view of the accidents which took place in their factory in the recent past years.

Identify four values which according to you motivated them to form a partnership firm.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. (8)

RT-4

TOTAL MARKS : 30