INTERNATIONAL INDIAN SCHOOL BURAIDAH

Worksheet for the Academic Year 2025-26

CLASS: 12 **SUBJECT: ACCOUNTANCY**

LESSON : 1 **PARTNERSHIP FUNDAMENTALS OF PARTNERSHIP**

L-2 ADMISSION OF A PARTNER

PART-A

CHAPTER - 1 (FUNDAMENTALS OF PARTNERSHIP)

Answer the following questions:

Q1. In case of fixed capitals, partners will have
a. credit balances in their Capital Accounts
b. debit balances in their Capital Accounts
c. may have credit or debit balances in their Capital Accounts
d. credit balance or nil balance in their Capital Accounts

Q2. A and B are partners in a firm. They are entitled to interest on their capitals but the net profit was not sufficient for this interest, then the net profit will be distributed among partners in :
a. agreed ratio b. profit sharing ratio
c. capital ratio d. equally

Q3. Calculate interest on drawings of Siddhant@10% p.a. for the year ended 31st March, 2021, if he withdrew Rs. 60,000 in the beginning of each quarter.
a. Rs. 15,000 b.Rs. 18,000
c. Rs. 9,000 d.Rs. 12,000

Q4. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 6:4:1. X guaranteed a profit of Rs. 15,000 to Z. The net profit for the year ending 31st March, 2019 was Rs. 99,000. X's share in the profit of the firm will be -
a. Rs. 30,000 b. Rs. 15,000
c. Rs. 48,000 d. Rs. 45,000

Q5. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct alternatives given below :
Assertion (A) : It is considered desirable to have a partnership agreement in writing.
Reason (R) : It helps in settling any disputes with regard to the terms of partnership and acts as an evidence in the court of law.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. In the absence of the Partnership Deed, Interest on Capital is______________.

Q7. X, Y, Z are partners with Rs. 1,000, Rs. 2,000, Rs. 3,000 capital respectively. profits are to be divided equally. Interest on capital to be provided @20% p.a. Net profit is Rs. 900. is X's share of profit.

Q8. E, F and G are partners sharing profits in the ratio of 3:3:2. As per the partnership agreement G is to get a minimum amount of Rs. 80,000 as his share of profits every year and any deficiency on this account is to be personally borne by E. The net profit for the year ended 31st March, 2020 amounted to Rs. 3,12,000. In this case ___________was amount of deficiency borne by E.

Q9. In case of fixed capital, interest on capital is shown on the credit side of__________account.

Q10. Amit and Nitin are partners without any agreement. Amit has given a loan of Rs. 5,00,000 to the firm. At the end of year firm incurred a loss__________interest would be paid on Amit's loan.

Case Based Questions :

Q11. Read the following case study and answer the given questions :
Seema, Tanuja and Arpit were partners in a firm trading in garments. They were sharing profits

in the ratio of 5:3:2. Their fixed capitals on 1st Arpil, 2020 were Rs. 3,00,000, Rs. 4,00,000 and Rs. 8,00,000 respectively. After the flood in Uttarakhand, all partners decided to help the flood victims personally. For this, Seema withdrew Rs. 2,00,000 from her capital on 1st January, 2021 and provided a mobile medical van in the flood affected area.

The Partnership Deed provides for charging interest on drawings @ 6% per annum. Interest on capital was allowed @ 10%.

i. Interest on Seema's Capital will be -

a. Rs. 30,000	b. Rs. 40,000
c. Rs. 50,000	d. Rs. 80,000

ii. Interest on Tanuja's drawings will be -

a. Rs. 650	b. Rs. 780
c. Rs. 1,440	d. Rs. 720

iii. In the absence of partnership Deed, profit of a firm is divided among the partners -

a. in the ratio of capital	b. equally
c. in the ratio of time devoted	d. according of the managerial abilities of partners

iv. Interest on capital and drawings will be transferred to____________account.

a. Capital	b. Current
c. Both a and b	d. Neither a nor b

Q12. Distinguish between Fixed and Fluctuating Capitals.

Q13. State any four essential features or characteristics of partnership.

Q14. Surjit and Permjit are partners. Surjit's Capital is Rs. 1,00,000 and Permjit's Capital is Rs.60,000. Interest on capital is payable @ 6% p.a. Surjit is to get salary of Rs. 3,000 per month. Net Profit for the year is Rs. 80,000. Prepare Profit and Loss Appropriation Account.

Q15. A, B and C were partners in a firm. On 1st April, 2018, their capital stood at Rs. 4,00,000; Rs. 3,00,000 and Rs. 2,00,000 respectively. As per the provisions of the Partnership Deed.

i. A was entitled to a salary of Rs. 5,000 per month.
ii. Partners were entitled to interest on capital @ 10% p.a.

The net profit for the year ended 31st March 2019, Rs. 3,00,000 was divided among the partners without providing for the above items. Showing your working clearly, pass an adjustment entry to rectify the above error.

Q16. A, B and C were partners in a firm having capitals of Rs. 50,000; Rs.50,000 and Rs. 1,00,000 respectively. Their current account balances were A :Rs. 10,000; B: Rs. 5,000 and C: Rs. 2,000 (Dr.). According to the Partnership deed the partners were entitled to an interest on capital @ 10% p.a. C being the working partner was also entitled to a salary of Rs. 12,000 p.a. The profits were to be shared as :

i. The first Rs. 20,000 in the proportion to their capitals.
ii. Next Rs. 30,000 in the ratio of 5:3:2.
iii. Remaining profits to be shared equally.

The firm made a profit of Rs. 1,72,000 before charging any of the above items. Prepare the Profits and Loss Appropriation Account and pass the necessary Journal entry for the appropriation of profits.

Q17. The partners of a firm distributed the profits for the year ended 31st march, 2017, Rs. 90,000 in the ratio of 3:2:1 without providing for the following adjustments -

i. A and B were entitled to a salary of Rs. 1,500 each p.a.
ii. B was entitled to a commission of Rs. 4,500.
iii. B and C guaranteed a minimum profit of Rs. 35,000 p.a. to A.
iv. Profits were to be shared in the ratio of 3:3:2.

Pass the necessary journal for the above adjustments in the books of the firm.

Q18. Capital Accounts of A and B stood at Rs. 4,00,000 and Rs. 3,00,000 respectively after necessary adjustments in respect of the drawings and the net profit for the year ended 31st March, 2019. It was subsequently noticed that 5% p.a. interest on capital and also drawings were not taken into account in arriving at the distributable profit. The drawings of the partners had been : A Rs.

12,000 drawn at the end of each quarter and B - Rs. 18,000 drawn at the end of each half year. The profit for the year as adjusted amounted to Rs. 2,00,000. The partners share profits in the ratio of 3:2. You are required to pass Journal entries and show Adjusted Capital Accounts of the partners.

Q19. Lata and Mamta are partners with capitals of Rs. 3,00,000 and Rs. 2,00,000 respectively sharing profits as Lata 70% and Mamta 30%. During the year ended 31st March 2021 they earned a profit of Rs. 2,26,440 before allowing interest on partner's loan. The terms of partnership are as follows:

i. Interest on Capital is to allowed @ 7% p.a
ii. Lata to get a salary of Rs. 2,500 per month.
iii. Interest on Mamta's Loan account of Rs. 80,000 for the whole year.
iv. Interest on Drawings of partners at 8% per annum. Drawing being LataRs. 36,000 and MamtaRs. 48,000.
v. 1/10th of the distributable profit should be transferred to General Reserve. Show the distribution of profits.

CHAPTER - 2 (GOODWILL - NATURE AND VALUATION)

Answer the following questions :

Q1. Excess amount that a firm gets over and above the market value of assets at the time of sale of its business is -

a. profit
b. super profit
c. reserve
d. goodwill

Q2. On average profit basis, goodwill is calculated by -

a. no. of years purchased multiplied with average profits
b. no. of years purchased multiplied with super profits
c. summation of the discounted value of expected future benefits
d. super profit divided with expected rate of return

Q3. A firm earns Rs. 1,10,000. The normal rate of return is 10%. The assets of the firm amounted to Rs. 1,00,000 and liabilities Rs. 1,00,000. Value of goodwill by capitalisation of average actual profits will be -

a. Rs. 2,00,000
b. Rs. 10,000
c. Rs. 5,000
d. Rs. 1,00,000

Q4. Goodwill of the firm is Rs. 1,07,500. Find the number of year's purchased if the average profits are Rs. 43,000

a. 1
b. 2
c. 1.5
d. 2.5

Q5. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct alternatives given below :

Assertion (A) : Goodwill is considered as an intangible assets but not a fictitious asset.

Reason (R) : Goodwill can neither be seen and touched nor it can be purchased or sold with any other asset.

a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Capital employed by a partnership firm is Rs. 5,00,000. Its average profit is Rs. 60,000. The normal rate of return is similar type of business is 10%. The amount of super profit is_______________.

Q7. Goodwill helps in earning______________than normal profit.

Q8. Goodwill, Patents, Trademarks are example of____________Assets.

Q9._____________method is based on the assumption that a new business will not be able to earn profits during the initial years as compared to an established business.

Case Based Questions :

Q.10 Read the following case study and answer the given questions :

Tony and Rony started a partnership firm, TR CDs to manufacture music CDs way back in 1990. Now since the music CDs are out of business, they plan to sell the business to one of the major content production houses in Mumbai. For the purpose of selling business, they reached to there accountant to calculate the goodwill and other financial advice. He suggested that since the CDs are very less in demand, their goodwill value will be hampered. nonetheless, the framework for goodwill calculation was decided as follows 'The goodwill be valued at 4 years' purchase of super profits. The following financial information was obtained at the end of this transaction.

- Assets Rs. 8,000
- Creditors Rs. 1,000
- Normal rate of return 10%
- Goodwill of the firm Rs. 1,000

i. Which factor affecting the goodwill was highlighted by accountant?
   a. Efficiency of management   b. Nature of business
   c. Market situation   d. Special advantages

ii. Under Super Profit method, goodwill is calculated by
   a. Number of the years' Purchase × Average Profit
   b. Number of years' Purchase × Super Profit
   c. Super Profit ÷ Normal Rate of Return
   d. Super Profit – Normal Profit

iii. What is the super profit of business?
   a. Rs. 250   b. Rs. 1,000
   c. Rs. 500   d. Rs. 1,250

iv. What is the average profit of business?
   a. Rs. 450   b. Rs. 750
   c. Rs. 700   d. Rs. 950

Q11. What is goodwill? What are the factors that effect the value of goodwill?

Q12. How does 'Nature of Business' affect the value of goodwill of the firm?

Q13. A earns Rs. 1,20,000 as its annual profits, the rates of normal profit being 10%. The assets of the firm amounted to Rs. 14,40,000 and liabilities to Rs. 4,80,000. Find out the value of goodwill by capitalisation method.

Q14. Neelam and Suman had a firm in which they had invested Rs. 50,000. On an average, the profits were Rs. 16,000. The normal rate of return in the industry is 15%. Goodwill is to be valued at four years' purchase of profits in excess of profits @15% on the money invested. Calculate the value of goodwill.

Q15. From the following particulars, calculate value of goodwill of a firm by applying Capitalisation of Average Profit Method :

i. Profits of last five consecutive years ending 31st March are :
   2021 - Rs. 54,000; 2020 - Rs. 42,000; 2019 - Rs. 39,000; 2018 - Rs. 67,000 and 2017- Rs. 59,000.

ii. Capitalisation rate 20%

iii. Net assets of the firm Rs. 2,00,000.

Q16. X and Y are partners sharing profits in the ratio of 3:2. They decided to admit Z as a partner from 1st April, 2021 on the following terms :

i. Z will be given 2/5th share of the profit.

ii. Goodwill of the firm will be valued at two years' purchase of three years' normal average profit of the firm.

Profits of the previous three years ended 31st March, were

2021 - Profit Rs. 30,000 (after debiting loss of stock by fire Rs. 40,000)

2020- Loss Rs. 80,000 (includes voluntary retirement compensation paid Rs. 1,10,000.
2019 - Profit Rs. 1,10,000 (including a gain (profit) of Rs. 30,000 on the sale of fixed assets).
Calculate the value of goodwill.

Q17. A business has earned average profit of Rs. 8,00,000 during the last few years and the normal rate of return in similar business is 10%. Find value of goodwill by :

i. Capitalisation of Super Profit Method; and
ii. Super Profit method if the goodwill is valued at 3 years' purchase of super profit. Assets of the business were Rs. 80,00,000 and its external liabilities Rs. 14,40,000.

Q18. On 1st April, 2020 an existing firm had assets of Rs. 75,000 including cash of Rs. 5,000. Its creditors amounted to Rs. 5,000 on that date. The firm had a Reserve of Rs. 10,000 while Partners' Capital Accounts showed a balance of Rs. 60,000. If Normal Rate of Return is 20% and goodwill of the firm is valued at Rs. 24,000 at four year's purchase of super profit, find average profit per year of the existing firm.

CHAPTER - 3 (CHANGE IN PROFIT SHARING RATIO)

Answer the following questions :

Q1. Any change in the retationship of existing partners which result in an end of the existing agreement and enforces making of a new agreement is called :

a. revaluation of partnership   b. reconstitution of partnership
c. realisation of partnership   d. Both a and b

Q2. A, B and C are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 2:3:5. What will be the accounting treatment of Workmen Compensation Reserve appearing in the balance sheet on that date when no other information is available for the same?

a. distributed among partners in their capital ratio
b. distributed among partners in their new profit sharing ratio
c. distributed among partners in their old profit sharing ratio
d. carried forward to new balance sheet

Q3. Raman and Rajan were partner in a firm sharing profits or losses in the ratio of 3:1. With effect from 1st January, 2020, they agreed to share profits in the ratio of 2:1. Due to change in profit sharing ratio Rajan gain or sacrifice will be:

a. sacrifice 1/12   b. gain 1/12   c. gain 2/60   d. sacrifice 3/60

Q4. Rs. 20,000 were written – off at the time of change in profit sharing ratio, a debtor whose due of Rs. 20,000 were written- of as bad debts paid Rs. 15,000 in full settlement. Journal entry will be:

a. Bad Debts A/c	Dr. 5,000	
To Revaluation A/c		5,000
b. Revaluation A/c	Dr. 5,000	
To Bad Debts A/c		5,000
c. Bad Debts Recovered A/c	Dr. 5,000	
To Revaluation A/c		5,000

d. Both a and b

Q5. Assertion (A) : Sharad and Vishesh sharing profits in the ratio of 3: 2 decided to share equally in future. Revaluation of assets and reassessment of liabilities resulted into a lass of 750,000 which was debited to their Capital Accounts in equal ratio.

Reason (R): Loss or Gain on revaluation is debited or credited to the Partner's Capital Accounts in old profit sharing ratio.

In the context of the above two statements, which of the following is correct?

a.Both (A) and (R) are correct and (R) is the correct reason of (A).
b.Both (A) and (R) are correct but (R) is not the correct reason of tAn
c.Only (R) is correct.
d.Both (A) and (R) are wrong.

Q6. The ratio in which one or more partners of the firm forego, i.e. sacrifice their share of profits in favour of one or more partners of the firm is known as :

a. sacrificing ratio b. gaining ratio
c. no change in ratio d. either a or b

Q7. In the event of change in profit sharing ratio, general reserve existing in the blance sheet is transferred to capital accounts of partners in their_______.

Q8. Ramesh, Mahesh and Suresh are partners in a firm sharing profits in 3:3:2 ratio. They decide to share profits equally w.e.f. April 1, 2021. On that date, the Profit and Loss Account shows the credit balance of Rs. 60,000. They decide that Profit and Loss Account will remain as it is. You are required to fill up the following journal entry :

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2021 April 1	____________ Dr. To Ramesh's Capital A/c To Mahesh's Capital A/c (Adjustment made for credit balance of Profit and Loss Account due to change in profit sharing ratio)		_______	 2,500 2,500

Q9. If the existing profit sharing ratio among A, B and C of 3:2:1 is changed to 1:2:3, then the partners(s) whose share will be unaffected is/are________.

Q10. Assets which physically exist but not shown in the Balance Sheet are___________.

Case Based Questions :

Q11. Read the following hypothetical text and answer the given questions :

Bhavya and Naman were partners in a firm carrying on a tiffin service in Hyderabad. Bhavya noticed that a lot of food is left at the end of the day. To avoid wastage, she suggested that it can be distributed to the needy; Naman wanted that it should be mixed with the food being served the next day. Naman then gives a proposal that if his share in the profit increased, he will not mind free distribution of left over food. Bhavya happily agreed. So, they decided to change their profit sharing ratio 1:2 with immediate effect. On that date revaluation of assets and reassessment of liabilities was carried out that resulted into a gain of Rs. 18,000. On that date the goodwill of the firm was valued at Rs. 1,20,000.

i. Sacrificing share equals to -
   a. Old Share - New Share b. New Share - Old Share
   c. Old Share + New Share d. New Share + Old Share

ii. Sacrifice / Gain of Bhavya and Naman will be -
   a. Bhavya sacrifice 1/6, Naman gains 1/6
   b. Bhavya gain 1/6, Naman Sacrifice 1/6
   c. Only Bhavya gains 1/6
   d. Only Naman Sacrifice 1/6

iii. At the time of change in profit sharing ratio, gaining partner capital account is__________and sacrificing _____

   a. credited, debited b. debited, credited
   c. increased, decreased d. decreased, increased

iv. Any change in the relationship of existing partners which result is an end of the existing agreement and enforces making of a new agreement is called :

   a. Revaluation of Partnership b. Reconstitution of Partnership
   c. Realisation of Partnership d. Either a or b

Q12. Why is Revaluation Account prepared? Draw an imaginary Revaluation Account.

Q13. X, *Y* and Z who are presently sharing profits and losses in the ratio of 5 : 3 : 2 decide to share future profits and losses in the ratio of 2 : 3 : 5. Give the journal entry to distribute 'Workmen Compensation Reserve of Rs. 1,20,000 at the time of change in profit-sharing ratio, when there is a claim of Rs. 80,000 against it.

Q14. *X*, *Y* and *Z* are sharing profits and losses in the ratio of 5 : 3 : 2. With effect from 1st April, 2019, they decide to share profits and losses equally. Calculate each partner's gain or sacrifice due to the change in ratio.

Q15. *X* and *Y* are partners in a firm sharing profits and losses in the ratio of 3 : 2. With effect from 1st April, 2019, they decided to share future profits equally. On the date of change in the profit-sharing ratio, the Profit and Loss Account showed a credit balance of Rs. 1,50,000.
Record the necessary Journal entry for the distribution of the balance in the Profit and Loss Account immediately before the change in the profit-sharing ratio.

Q16. X, *Y* and Z who are sharing profits in the ratio of 5 : 3 : 2, decide to share profits in the ratio of 2 :3:5 with effect from 1st April, 2019. Workmen Compensation Reserve appears at Rs. 1,20,000 in the Balance Sheet as at 31st March, 2019 and Workmen Compensation Claim is estimated at Rs. 1,50,000. Pass Journal entries for the accounting treatment of Workmen Compensation Reserve.

Q17. Agam and Nigam are partners in a firm, sharing profits and losses in the ratio of 3:2. On 31st March, 2018 their Balance Sheet was as under :

BALANCE SHEET OF AGAM AND NIGAM
as at 31st March, 2018

Particulars	Amt. (Rs)	Assets	Amt. (Rs.)
Sundry Creditors	13,800	Furniture	16,000
General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Fund	20,000	Investments	30,000
Agam's Capital	50,000	Trade Receivables	18,500
Nigam's Capital	40,000	Cash in Hand	26,700
	1,47,200		**1,47,200**

The partners have decided to change their profit sharing ratio to 1:1 with immediate effect. For the purpose, they decided that :

i. Investments to be valued at Rs. 20,000.
ii. General Reserve not to be distributed between the partners.

You are required to pass necessary Journal entries in the books of the firm. Show workings.

Q18. Anil, Manvi and Payal were partners in a firm sharing profit ratio is 5:3:2. Their Balance sheet as at 31st March, 2021 stood as follows :

Liabilities		Amt. (Rs)	Assets	Amt. (Rs.)
Capital A/cs:			Land and Building	2,60,000
Anil	3,50,000		Machinery	3,50,000
Manvi	3,50,000		Stock	90,000
Payal	3,00,000	9,00,000	Bills Receivables	70,000
General Reserve		20,000	Sundry Debtors	1,00,000
Workmen Compensation Reserve		30,000	Cash in hand	25,000
Sundry Creditors		50,000	Cash at bank	1,05,000

	10,00,000		10,00,000

They decided to share profits and losses in the ratio of 2:2:1. from 1st April 2021. They agreed that :

i. Land and Building be appreciated by 10%.
ii. Machinery be reduced by 15%.
iii. Stock be increased to Rs. 1,00,000.
iv. Provision for doubtful debt be created @ 5% on Sundry Debtor.
v. A creditors of Rs. 5,000 is not to claim the dues.
vi. A claim on account of Workmen Compensation is Rs. 10,000.
vii. An expense of Rs. 2,000 was paid by the firm.

Pass the Journal entries and prepare Revaluation Account.

Q19. X, Y and Z are partners sharing profits in the ratio of 5:3:2. They decided to share the profits in the ratio of 2:3:5. Starting 1st April, 2019 they decided to adjust the following accumulated profits, losses and reserves without affecting their book values, by passing an adjustment entry.

	Book Values Rs.
Profit and Loss Account	15,000
General Reserve	60,000
Advertising Suspense Account	30,000

CHAPTER - 4 (ADMISSION OF A PARTNER)

Answer the following questions :

Q1. Revaluation account or Profit and Loss Adjustment Account is a/an :
a. real account b. personal account
c. nominal account d. asset account

Q2. X and Y are partners sharing profits in the ratio of 3:2. Z is admitted as a partner. Calculate sacrificing ratio if new profit sharing ratio is 9:7:4.
a. 3:1 b. 3:2
c. 1:3 d. 9:7

Q3. X and Y are partners in a firm with capital of RS. 1,80,000 and Rs. 2,00,000. Z was admitted for 1/3rd share in profits and brings Rs. 3,40,000 as capital, calculate the amount of goodwill :
a. Rs. 2,40,000 b. Rs. 1,00,000
c. Rs. 1,50,000 d. Rs. 30,000

Q4. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct alternatives given below :

Assertion (A) : Profit or Loss on Revaluation is not transferred to incoming partner's capital account.

Reason (R) : Profit or Loss on Revaluation at the time of admission of a partner belongs to pre admission period and thus belongs to old partners.

a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q5. According to Section 31(1) of the Indian Partnership Act, 1932, "A person can be admitted as a new partner only with the__________unless otherwise agreed upon."

Q6. At the time of admission, if the profit sharing ratio among the old partners does not change, then sacrificing ratio will be___________.

Q7. Goodwill existing in the books is written -off at the time of admission of a partner, it is transferred to partner's capital accounts in their_________________________.

Q8. Decrease in the value of assets at the time of admission of a partner is debited to____________.

Q9. When the new partner brings cash or goodwill, the amount is credited to______________.

Case Based Questions :

Q10. Read the following case study and answer the given questions :

The Holiday Club has arrangements with many resorts across India whereby the members of The Hold, Club can enjoy the facilities of the resorts after making reservations through the centralised portal of the club. All these facilities are through the portal and minimum of human touch taking all the precaution, of pandemic. It is a partnership firm with Samaira, Anahat and Nimrat as partners and capitals investe of Rs. 5,00,000, Rs.5,00,000 and Rs. 8,00,000 respectively sharing profits in the ratio of 5: 5: 8. They are mainy based in South India and are now looking to expanding their business to North India initially and gradual, to East, West and Central India. They had decided to introduce adequate capital so that their respective capitals are double the present capital. Capitals were brought in by Samaira and Anahat as were requires but Nimrat could bring Rs. 4,00,000 against her share of Rs.8,00,000. It was agreed, that to cover the shortfall capital, new partner should be admitted who would bring in the amount that Nimrat could not bring and that the new partner would get share of profits equal to 1/4th of Nimrat's share which would be sacrificed by her alone. Thus, Gurbaz was admitted and he brought in the required capital and Rs. 2,00,000 as Premium for Goodwill.

Based on the above information, choose the correct option to the following questions.

I. New Profit-sharing Ratio of Samaira, Anahat, Nimrat and Gurbaz is:

a.1:1:1:1 b.5:5:8:8. c. 5:5:6:2 d.5:5:8:4.

ii. The amount of capital brought in by the new partner Gurbaz is:

a. Rs. 4,50,000. b. Rs.2,00,000. c. Rs. 4,00,000. d. Rs.8,00,000.

iii. Value of the Goodwill of the firm is:

a.Rs.2,00,000. b. Rs.4,00,000. c. Rs. 8,00,000. d. Rs.18,00,000.

iv. The correct journal entry for distribution of Premium for Goodwill brought by Gurbaz is

a. Gurbaz's Capital A/c...Dr. Rs. 4.00.000
To Nimrat's Capital A/c Rs.4,00,000

b. Premium for Goodwill A/c...Dr. Rs. 2,00,000
To Nimrat's Capital A/c. Rs.2.00.000

c. Premium for Goodwill A/c...Dr. Rs.18,00,000
To Samaira's Capital A/c Rs. 5.00.000

To Anahat's Capital A/c Rs.5,00.000

To Nimrat's Capital A/c Rs. 8,00.000

d. Premium for Goodwill A/c...Dr. Rs.8,00,000
To Samaira's Capital A/c Rs.2,00,000
To Anahat's Capital A/c Rs.2,00,000
To Nimrat's Capital A/c Rs.4,00,000

Q11. Give four circumstances in which the sacrificing ratio is applied.

Q12. State the need for treatment of goodwill on admission of a partner.

Q13. X, Y and Z were partners in a firm sharing profits in the ratio of 3:2:1. They admitted W as a new partner for 1/8th share in the profits, which he acquired 1/16th from Y and 1/16th from Z Calculate the new profit - sharing ratio of X, Y, Z, W.

Q14. A and B are partners sharing profits and losses in the ratio of 2:1. They take C as a partner for 1/5th share. The Goodwill Account appears in the books at its full value Rs. 15,000. C is to pay proportionate amount as premium for goodwill which he pays to A and B privately. Pass necessary entries.

Q15. At the time of admission of a partner Suresh, Assets and liabilities of Ramesh and Naresh were revalued as follows :

i. A Provision for Doubtful Debts @ 10% was made on Sundry Debtors Rs. 50,000.

ii. Creditors were written back by Rs. 5,000.

iii. Building was appreciated by 20% (Book Value of Building Rs. 2,00,000).
iv. Unrecorded Investments were valued at Rs. 15,000.
v. A Provision of Rs. 2,000 was made for an Outstanding Bill for repairs.
vi. Unrecorded Liability towards suppliers was Rs. 3,000. Pass necessary Journal entries.

Q16. Garima and Shweta are partners in a firm sharing profits in the ratio of 3:2. Their Balance sheet as at 31st March, 2021 was as follows :

Liabilities		**Amount (Rs.)**	**Assets**		**Amount (Rs.)**
Outstanding Rent		13,000	Cash		10,000
Creditors		20,000	Sundry Debtors	80,000	
Workmen			*Less* : Provision for Doubtful		
Compensation Reserve		5,600	Debts	4,000	76,000
Capital A/cs : Garima	50,000		Stock		20,000
Shweta	60,000	1,10,000	Profit and Loss A/c		4,000
			Machinery		38,600
		1,48,600			**1,48,600**

On 1st April, 2021, they admitted Samir as a partner for 1/6th share on the following terms :
i. Samir brings in Rs. 40,000 as his share of Capital but he is unable to bring any amount for Goodwill.
ii. Claim on account of Workmen Compensation is Rs. 3,000.
iii. To write off Bad Debts of Rs. 6,000.
iv. Creditors are to be paid Rs. 2,000 more.
v. There being a claim against the firm for damages, liabilities to the extent of Rs. 2,000 should be created.
vi. Outstanding rent be brought down to Rs. 11,200.
vii. Goodwill is valued at 1.5 years' purchase of the Average Profits for the last 3 years amounted to Rs. 10,000; Rs. 20,000 and Rs. 30,000.

Pass Journal entries, prepare Partner's Capital Accounts and Opening Balance Sheet.

Q17. Raman and Rohit were partners in a firm sharing profits and losses in the ratio of 2:1. On 31st March, 2018, their Balance Sheet was as follows :

BALANCE SHEET OF RAMAN AND ROHIT as at 31st March, 2018

Liabilities		**Amount (Rs.)**	**Assets**		**Amounts (Rs.)**
Capitals:			Plant and Machinery		1,75,000
Raman	1,40,000		Furniture and Fixtures		65,000
Rohit	1,00,000	2,40,000	Stock		47,000
Workmen Compensation Fund		40,000	Debtors	1,10,000	
Creditors		1,60,000	(-) Provision for Doubtful Debts	7,000	1,03,000
			Bank Balance		50,000
		4,40,000			**4,40,000**

On the above date, Saloni was admitted in the partnership firm. Raman surrendered 2/5th of his share and Rohit surrendered 1/5th of his share in favour of Saloni. It was agreed that :
i. Plant and machinery will be reduced by Rs. 35,000 and furniture and fixtures will be reduced to Rs. 58,500.

ii. Provision for bad and doubtful debts will be increased by Rs. 3,000.
iii. A claim for Rs. 16,000 for workmen's compensation was admitted.
iv. A liability of Rs. 2,500 included in creditors is not likely to arise.
v. Saloni will bring Rs. 42,000 as her share of goodwill premium and proportionate capital. Prepare Revaluation Account, partners' Capital Accounts and Balance Sheet of the reconstituted firm.

Q18. Kalpana and Kanika were partners in a firm sharing profits in the ratio of 3:2. On 1st April, 2021, they admitted Karuna as a new partner for 1/5th share in the profits of the firm. The balance Sheet of Kalpana and Kanika as on 1st April, 2021 was as follow :

BALANCE SHEET OF KALPANA AND KANIKA as on 1st April, 2021

Liabilities		Amount (Rs.)	Assets		Amounts (Rs.)
Capital A/cs :			Land and Building		2,10,000
Kalpana	4,80,000		Plant		2,70,000
Kanika	2,10,000	6,90,000	Stock		2,10,000
General Reserve		60,000	Debtors	1,32,000	
Workmen's Compensation Fund		1,00,000	*Less* : Provision	12,000	1,20,000
Creditors		90,000	Cash		1,30,000
		9,40,000			**9,40,000**

It was agreed that :

a. The value of Land and Building will be appreciated by 20%.
b. The value of plant be increased by Rs. 60,000.
c. Karuna will bring Rs. 80,000 for her share of goodwill premium.
d. The liabilities of Workmen's Compensation Fund were determined at Rs. 60,000.
e. Karuna will bring in cash as capital to the extent of 1/5th share of the total capital of the new firm.

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

Q19. X and Y were partners in a firm sharing profits in 5:3 ratio. They admitted Z as a new partner for 1/3th in profit. Z was to contribute Rs. 20,000 as his capital. The balance sheet of X and Y on 01.04.2020, was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	27,000	Land and Building	25,000
Capital;		Plant and Machinery	30,000
X 50,000		Stock	15,000
Y 35,000	85,000	Investment	20,000
General Reserve	16,000	Cash	19,500
		Detbtors 20,000	
		Less Provision 1,500	18,500
	1,28,000		**1,28,000**

Other terms agreed upon were :

i. Goodwill of the firm was valued at Rs. 12,000.
ii. Land and Building were to be valued at Rs. 35,000 and Plant and Machinery at Rs. 25,000.
iii. The provision for doubtful debts was found to be in excess by Rs. 400.
iv. A liability for Rs. 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, Partner's capital Account and Balance Sheet of the new firm