ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

PRACTICAL ASSIGNMENT

Part A Accounting Theory Very Short Questions 1 Mark

1. State two characterstics of a 'Not-for-Profit Organisation'.

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2. Not-for-Profit Oeganisations have some disitnguish features for that of profit organisations. State any one of them.

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3. Name any two financial statements prepared by a Not-for-Profit Organisation.

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4. Name the account which shows classified summary of transactions of a Cash Book in a Not-for-Profit Organisation.

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5. Give two features of Receipts and Payments Acconunt.

View Text Solution

6. State the basis of accounting on which 'Receipts and Payments Account' is prepared in case of Not-for-Profit Organisation.

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7. List any two features of Income and Expenditure Account.

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8. Which type of income and expenses are recorded in Income and Expenditure Account?

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9. What is the nature of Income and Expenditure Account?

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10. Why does a 'Non-for-Profit Organisation' prepare an 'Income and Expenditure Account' instead of 'Profit and Loss Account'?

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11. Distinguish between Income and Expenditure Account and Receipts and Payments Account on the basis of nature of items recorded therein.

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12. Distinguish between Income and Expenditure Account and Receipts and Payments Account on the basis of its nature.

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13. What is Capital Fund?

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14. What is surplus with reference to Not-for-Profit Organisation?

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15. Name the term used when there is excess of expenditure over income in case of a Not-for-Profit Organisation.

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16. Which account shows surplus or deficit in case of Not-for-Profit Organisation?

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17. What is meant by 'Fund based Accounting?

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18. How will you treat subscription at the time of preparing the accounts of ao not-trading arganisation ?

View Text Solution

19. How is entrance fee dealt with in the final accounts of non-profit organisation?

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20. Give two main sources of income of a 'Not-for-Profit Organisation'.

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21. What is meant by subscription?

View Text Solution

22. What will be the treatment of 'Subscription received in advance' during the current year in the Balance Sheet of a Not-for-Profit Organisation?

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View Text Solution

23. Explanin the accounting reatment of specific donation in case of Not-for-Profit Organisation.

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24. State the basis of accounting, on which a Receipts and Payments Account is prepared in case of Not-for-Profit Organisation.

Or

What is the basis for perparing Recepits and Payments Account?

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25. What is the basis for preparing an Income and Expenditure Account in the case of Not-for-Profit Organisation ?

View Text Solution

26. Name the term used for denoting "Excess of Income over Expenditure" in case of Not-for-Profit Organisation.

View Text Solution

27. When the Receipts and Payments Account is converted into an Income and Expenditure Account, an accouting concept is to be followed for the provisions of the Accruals and Outstanding. Name the concept that is followed.

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28. State Sports Club sells an old Table Tennis Table (Book value Rs.7,000) for Rs.8,500 Show how the sale would be shown in the Receipts and Payments Account.

View Text Solution

29. How would you account for 'Subscription due to be received' in the current year in the books of a non-trading organisation?

View Text Solution

30. How would you account for 'Subscription received in advance' in the books of a non-trading organisation?

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2 Accounting For Partnership Firms Rundamentals Very Short Answer Questions 1 Mark

1. What is meant by 'partners', 'firm' and 'firm's name?

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2. Does partnership firm has a separte legal entity? Give reason in suport of your answer.

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3. What is status of partnership firm from an accounting viewpoint?

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4. What is the minimum number of partners a firm should have?

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5. What is the maximum number of partners that a partnership firm can have? Name the Act that provides for the maximum number of partners in a partnership firm.

Or

A group of 40 people wants to from a partnership fiem. They want your advice regareding the maximum number of persons that can be there in a partnership firm and the name of the Act under whose provisions it is given.

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6. Gupta and sharma whre partners in a firm. They wanted to admit two more members in the firm. List the categories of individuals other than minors who cannot be admitted by them.

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7. In the absence of a Partnership Deed, how are mutual relations of partners governed?

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8. Give two reasons in favour of having a Parenership Deed.

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9. Kanham Neeraj and Asha were partners in a fiem. They admitted Raghav their landlord as a partner the the firm. Raghav brings suffcient amount of capital and good will premium for his share in the profits. Raghav had given a long of Rs. 1,00,000 @10% p.a. interest to the partnership firm before on lone should be paid @6% p.a. Is he right in doing so? Give reason in support of your answer.

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10. Kajal, Neerav and Alsha are partners in a firm sharing profits in the ratio of $3:2:1$ They decided to admit Rajan, their landlrd as a partner in the firm. Rajan brought suffcient amount of capital and his share of goodwill premium. The accountant of the firm passed the entry of rent paid for the building to rajan in 'Profit and Loss Appropriation Account' Is he correct in doing so? Give reason is support of your answer.

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11. Ritesh and Hitesh are childhood friends. Ritesh is a consultant whereas Hitesh is an architect. They contributed equal amounts and purchased a building for Rs.2 caores. After a year, they sold it for Rs.3 crores and shared the profits equally. Are they doing the business in partnership? Give rason in support of your answer.

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12. Name the accounts which are maintained for the partners when capitals of the partners are fixed.

View Text Solution

13. What is menat by 'Fixed Capital' of a partner?

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14. What is meant by 'Fluctuating Capital' of a partner?

View Text Solution

15. Distinguish between 'Fixed Capital Account' and 'Fluctuating Capital Account' on the basis of credit balance.

View Text Solution

16. State any one difference between Fixed Capital Account and Fluctuating Capital Accounts of partners.

View Text Solution

17. Give two tiems which may appear on the debit side of partner's Current Account.

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18. When the partners' capitals are fixed, where will the drawings made by a partner be recorded?

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19. Where would you record 'inteerest on drawongs' when capital is fixed?

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20. Nusrat and Sonu were partners in a firm sharing profits in the ratio of $3:2$ During the year ended 31st March, 2015 Nusrat has withdrawn Rs.15,000 Interest on her drawings amounted ot Rs.300. Pass necessary

Journal entry for charging interest on drawings assuming that the capitals of the partners were fixed.

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21. Tom and Harry were partners in a firm sharing profits in the ratio of 5:3. During the year ended 31st March, 2015 Tom had withdrawn Rs. 40,000. Interest on his drawings amounted to Rs.2,000 Pass necessary Journal entry for charging interest on drawings assuming that the capitals of the partners were fluctuacting.

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22. One of the partners in a partnership firm has withdrawn Rs.9,000 at the of each quarter, throughout the year. Calculate interest on drawings at the rate of 6% per annum.

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23. State two situations is which interest on partners' capital is generally provided.

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24. The Partnership Deed is silent on payment of salary to partners. Amita a partner, clamied that since she managed the business, she should get a monthly salary of Rs.10,000. Is she entitled for the salary? Give reason.

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25. X and Y are partners. Y wants to admit his son K into business. Can K become the partner of the Firm? Give reason.

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26. Akshat, Bilal and Charu are partners dealing in the sale of sports equpment. Akshat without the knowledge of Bilad and Charu is also running the business of supplying sports equipment to a few sports clubs in which his son is a member. He is earning good profits from this husiness but did not inform Bilal and Charu about this. Was Akshat correct in doing so?

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3 Goodeill Lature And Valuation

1. What is menat by Normal Profit?

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Short Answer Questions 3 Or 4 Marks

1. State any three circumstances other then (i) admission of a new partner, (ii) retirement of a partner, and (iii) death of a partner, when need for valution of goodwill of a firm may arise.

Or

State any three circumstances other than (i) death of partner, (ii) admission of a partner, and (iii) retirement of a partner when need for valuation of goodwill of a firm may arise.

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2. Suraj and Dilip are partners in a firm dealing in stationery items. Then firm is well managed and enjoys the advantage of being cost effective. If buys stationery items at resonable cost from Dilip's relative who is a manufacture of stationery items. The firm's sale outlet is situated near a school. As a result, the firm has a steady demand of sationery items and is earning good profits. The firm is donating 10% of its profits to the nearby school for the education of the students of below poverly line. State any two factors afecting the value of good will of the firm.

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3. Neeraj and Dheeraj are carrying on a business of repairing electronic items. There are no other technicians for repairing electronic items in the locality. As the electric supply has a lot of fluctuations, the equipments get damaged. Therefore, both the partners themselves do the repairing work to the satisfaction of the customers. The firm donates 10% if its profits to a Charitable Hospital of the locality for the medical treatment of persons below poverty line. State the two factors affecting the good will of the firm discoussed in the above para.

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4. Why is it necessary to revalue the assets and liabilities of a firm on its reconstituation? Explain briefly.

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5. Discuss the accounting treatment of goodwill in case of change in the profit-sharing ratio of the existing partner.

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6. How is Goodwill adjusted in the books the firm when a partner ratires from partnership of dies?

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7. Name four items which are credited to the account of a decreased partner while calculating the amount due to his legal heirs.

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8. Explain dissolution of a firm by (i) Agreement, and (ii) Notice.

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9. State any six situations in which the Court may order to dissolve a Partnership firm.

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4 Change In Profit Sharing Ratio Among The Existing Partners Very Short Answer Questions 1 Mark

1. What is meant by 'Reconstitution of a Parthership Firm ?

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2. Change in profit-sharing ratio amounts to dissolution of partnership or partnership firm? Give, reason in support of your answer.

Or

Does the charge in profit-sharing ratio result into dissolution of the partnership firm? Give, resaon in support of your answer.

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3. Who should compensate whom in case of a change in Profit-sharing Ratio of existing partneers?

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4. State the ratio in which the partners share profits or lesses an revaluation of assets and liabilities, when there is a change in profit-sharing ratio among existing partners.

Or

State the ratio in which the partners share the gain or loss on revaluation of assets and liabilities.

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5 Admission Of A Partner Very Short Answer Questions 1 Mark

1. What do you understand by admission of a new partner?

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2. State with reason whether at the time of Admission of a Partne, partnership is dissolved or partnership firm is dissolved.

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3. Status the rights acquired by a newly admitted partner.

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4. Why should a new partner contribute towards goodwill on his admission?

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5. Give the name of the compensation which is paid by the new partner to sacificing partners for sacrificing their share of profits.

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6. What is meant by New Profit-sharing Ratio in case of admission of partner?

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7. How is Sacrificing Ratio calculated?

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8. Reena and Raman are partners in a firm sharing profits in the ratio of $4:3$. They admitted Roma as a new profit-sharing between Reena, Raman and Roma was $3:2:2$. Raman surrendered 1/3rd of his share in favour of Roma. Calculate Reena's sacrifice.

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9. List any two items that need adjustment is boods of account f a firm at the time of admission of a partner.

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10. Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner?

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11. Which account shows the net result of revaluation of assets and reassessment of liabilities?

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12. State any two reasons for the preparation of 'Revaluation Account' in case of admission of a partner?

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13. A and B share profits and losses in the ratio of 4:3. They C will 3/7th share, which he gets 2/7th from A and 1/7th from B. What is the new profit-sharing ratio?

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14. Amit and Beena were partnes in a firm sharing profits and losses in the ratio of 3:1. Chaman was admitted as a new partner for 1/6th share in the profits. Chaman acquired 2/5th of his share from Amit.

How much share did Chaman acquire from Beena?

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15. What is meant by 'Hidden Goodwill'?

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16. Under what circumstances premium for Goodwill paid by the incoming partners is not recorded in the books of account?

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17. Vinay and Naman are partners sharing profits in the ratio of 4:1. Their capitals were Rs.90,000 and Rs. 70,000 respectively. They admitted Prateek for 1/3 share in the profits. Parteek brought Rs. 1,00,000 as his capital. Calculate the value of firm's goodwill.

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18. A,B C and D were partners in a firm sharing profits in the ratio of $4:3:2:1$. On 1st january, 2015 , they admited E as a new partner for 1/10 share in the profits. E brought Rs. 10,000 for his share of goodwill premium which was correctly recorded in the books by the accountant. The accountant showed goodwill at Rs.1,00,000 in the books. Was the accountant correct in doing so? Give reason in support of your answer.

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19. Geeta, Sunita nad Anita were partners in a firm sharing profits in the ratio of $5:3:2$. On 1st January, 2015, they admitted Yogita as a new partner for 1/10th share in the profits. On Yogita's admission, the Profit and Loss Account of the firm was showing a debit balance of Rs. 20,000 which was credite by the accountant of the firm of the Capital Accounts of Geeta, Sunita and Anita in their profit-sharing ratio. Did the accountant give correct teratent? Give reason for support of your answer.

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20. Why is the General Reserve distiributed among the old partners before new partner is admitted?

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21. At the time of admission of a partner, who decides what will be the share of profit of the new partner out of the fram's profit?

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22. Vinay and Naman are partners sharing profits in the ratio of 4:1. Their capitals were Rs.90,000 and Rs. 70,000 respectively. They admitted Prateek for 1/3 share in the profits. Parteek brought Rs. 1,00,000 as his capital. Calculate the value of firm's goodwill.

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6 Retirement Death Of A Partner Very Short Answer Questions 1 Mark

1. What is meant by retirement of a partner?

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2. Why do we calculate Gaining Ratio?

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3. How is Gaining Ratio calculated ?

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4. Give the formula for calculating gaining share of a partner in a partnership firm .

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5. P, Q and R were partners in a firm sharing profits in the ratio of $5:4:3$ respectively . Their capitals were Rs. 50,000, Rs. 40,000 and Rs.30,000 respectively. Status the ratio in which the goodwill of the firm, amounting to Rs.6,00,000, will be adjusted in the Capital Accounts of the remaining partners on the retirement of Q.

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6. X,Y and Z are partners sharing profits in the ratio of 1/2, 2/5 and 1/10. Find the new ratio of remaining partners if Z retires.

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7. Neetu, Meetu and Teetu were partners in a firm. On 1st January, 2018, Meetu retired. On Meetu's retirement the goodwill of the firm was valued at Rs.4,20,000.

Pass necessary Journal entry for the treatment of goodwill on Meetu's retirement.

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8. X,Y and Z were partners sharing profits in the ratio of 1/2,3/10and 1/5.X retired from the firm. Calculate the gaining ratio of the remaining partners.

View Text Solution

9. Give two circumstance in which the Gaining Ratio is comouted.

View Text Solution

10. At the time of retirement of a partner, state the condition when there is no need to compute the gaining ratio.

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11. On the retirement of a partner how is the profit-sharing ratio of the remaining partners decided ?

View Text Solution

12. In which ratio do the remaining partners acquire the share of profit of the retiring partner ?

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13. Why heirs of retring/deceased partner are entitled to share of goodwill of the firm ?

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14. Name the account which is opened to credit the share of profit of the deceased partner, till the time of his death to his Capital Account.

View Text Solution

15. Differentiate between 'Profit and Loss Appropriation Account' and 'Profit and Loss Suspense Account'.

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16. At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner ?

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17. Why does a firm revaluate its assets and reassess its liabilities on retirement or death of a partner ?

View Text Solution

18. In which ratio do the remaining partners acquire the share of deceased partner?

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19. Kumar, Verma and Naresh were partners in a firm sharing profit and loss in the ratio of 3:2:2 . On 23rd January , 2015, Verma died. Verma's share of profit till the date of this death was calculated at Rs. 2,350.

Pass necessary Journal entry for the same in the books of the firm.

View Text Solution

20. Jayant, Kartik and Leena were partners in a fierm sharing profits and losses in the ratio of $5:2:3$. Kartik died and Jayant and Leena decided to continue the business. Their gaining ratio was $2:3$.

Calculate the new profit-sharing ratio of Jayant and Leena.

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7 Dissolution Of A Partnership Firm Very Short Answer Questions 1 Mark

1. What is meant by dissolution of a firm?

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2. What is Dissolution of Partnership ?

View Text Solution

3. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of closure of books.

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4. Distinguish between Dissolution of Partnership and Dissolution of Partnership Firm on the basis of Court's intervention'.

View Text Solution

View Text Solution

5. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of 'Settlement of Assets and Liabilities'

View Text Solution

6. Distinguirsh between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of 'Economic Relationship'.

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7. Differentiate between 'Dissolution of Partnership' and 'Dissolution of a Partnership Firm' on the basis of 'Continuty of Business'.

View Text Solution

8. Identify a situation, under which the Court may order for dissolution of a partnership firm.

Or

State any one occasion for the dissolution of the firm on Court's orders.

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9. Name the asset that is not transferred to the debit side of Realisation Account, but brings certain amount of cash against its disposal at the time of the firm.

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10. Name the liability which is not shown in the Balance Sheet, but paid at the time of dissolution of the firm.

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11. Give the Journal entry of the treatment of partner's loan appearing on the asset side of the Balance Sheet, on dissolution of a partnership firm.

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12. The firm of Ravi and Mohan was dissolved on 1st March, 2013. According to the agreement Ravi had agreed to undertake the dissolution work for an agreed remuneration of Rs.2,000 and bear all realisation expenses. Dissolution expenses were Rs.1,500 and the same were paid by the firm, Pass the necessary Journal entry for the dissolution expenses.

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13. Land and Building (book value) Rs.1,60,000 sold for Rs. 3,00,000 through a broker who charged 2% commission on the deal, Journalise the transaction, at the time of dissolution of the firm.

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Part B Partical Problems 1 Financial Statements Of Not Profit Organisations

1. On the basis of the information given below, calculate the of stationery to be debited to the Income and Expenditure Account of Good Health Sports Club for the year

Stationery purchased during the year ended 31st March, 2018

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2. From the following information, calculate the amount of sports meterial to be debited to the Income and Expenditure Account of a Sport Club for the year ended 31st March, 2018

	Rs.
Balance of Sport Material as on 1st April,2017	20,00
Balance of Sport Material on 31st March,2018	15,00
Creditors for Sports Material as on 1st April, 2017	40,00
Creditors for Sports Material as on 31st March, 2018	45,00
Payment made for Sports material Creditors during the year ended 31st March,2018	2,00,

3. From the following information, calculate the amount of medicines to be debited to the Income and Expenditure Account of National Hospital for the year ended 31st March, 2018:

Stock of medicines on 1st April, 2017
Stock of medicines on 31st March, 2018
Creditors for medicines on 1st April, 2017
Creditors for medicines on 31st March, 2018
Paid to creditors for medicines during the year ended 31st year ended 31st

4. Calculate the amount of sports material to be debitid to the Income and Expenditure Account of Capital Sports Club for the year ended 31st March, 2018 on the basis of the following information:

5. On the basis of information give below, calculate the amount of medicines to be debited to the Income and Expenditure Account of Good Health Hospital for the year ended 31st March, 2018

Medicines purchased during the year ended 31st March, 2018 were Rs.60,80,700.

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6. From the following informatin of a Non-for-Profit Organisation, show the Sports Material items in the Income and Expenditure Account for the year ended 31st March, 2018 and the Balance Sheets as at 31at March, 2017 and 31st March, 2018:

	31st March, 2017(Rs)	31st Ma
Stock of sports material	7,800	5
Stock of sports material	7,800	9
Advance to suppliers for sports material	15,000	2

Payment to suppliers for the sports material during the year was Rs.1,20,000. There were no cash purchase made.

View Text Solution

7. From the following information of a Not-for-Profit Organisation, show the sports material item in the Income and Expenditure Account for the year ended 31 st March, 2018 and Balance Sheet as at 31st March, 2017 and 31st March, 2018:

	31st March, 2017 (Rs)	31st Ma
Stock of sports material	7,200	
Creditors for sports material	5,800	
Advance to suppliers for sports material	12,000	

Payment to suppliers for the sports material during the year was Rs.1,00,000. There were no cash purchases made.

View Text Solution

8. From the following information, calculate the amount of subscriptions outstanding for the year 2017-18:

A club has 250 members each paying an annual subscription of Rs.1,000. The Receipts and Payments Account for the year showed a sum of Rs.2,65,000 received as subscriptions. The following additional information is provided:

	Rs
Subscription outstanding on 31st March,2017	40,000
Subscriptions recived in advance on 31st March, 2018	30,000
Subscription received in advance on 31st March,2017	12,000

View Text Solution

9. From the following information, calculate the amount of subscriptions outstanding for the year 2017-18:

A club has 200 members each paying an annual subscription of Rs1,000. The Receipts and Payments Account for the year showed a sum of Rs2,05,000 received as subscriptions.

	Rs
Subscriptions outstanding on 31st March,2017	40,000
Subscriptions received in advance on 31st March, 2018	30,000
Subscriptions received in advance on 31st March, 2017	12,000

View Text Solution

10. From the following information, colculate the amount of subscirptions outstanding for the year 2017-18:

A club has 250 members, each paying an annual subscription of Rs1,000. The Recipts and Payments Account for the year showed a sum of Rs2,95,000 received as subscriptions. The following additional information is provided:

View Text Solution

11. On the basis of the following information, calculate the amount of subscriptions to be credited to the Income and Expenditure Account of Good Health Sports Club for the year ended 31st March, 2018:

	April, 2017 (Rs)	31st March, 2018 (R
Subscriptions outstanding	5,000	3,900
Subscriptions received in advance	3,000	4,500
subscriptions on 1st April,2017		

View Text Solution

12. From the following information, calculate the amount of subscriptions to be credited to the Income and Expenditure Account for the year 2017-

18:

	Rs
Subscriptions received during the year	60,000
Subscriptions outstanding on 31st March, 2017	16,000
Subscriptions outstanding on 31st March, 2018	9,000
Subscriptions received in advance on 31st March, 2017	12,000
Subscriptions received in advance on 31st March, 2018	7,000
Subscriptions of Rs6,000 are still in arrears for the year $2016-17$	

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13. Following is the Receipts and Payments Account of Indian Sports Club for the year ended 31st March, 2018:

Other Information On 31st March, 2018 subscriptions outstanding were Rs. 2,000 and on 31st March, 2017 subscriptions outstanding were Rs.3,000. Salary outstanding on 31st March, 2018 was Rs.1,500. On 1st April, 2017, the club had Building Rs.75,000, Furniture Rs.18,000, 12% Investments Rs.30,000 and Sports Equipments Rs30,000. Depreciation charged on these items including purchases of Billiard Table was 10%

Prepare the Income and Expenditure Account of the club for the year ended 31at March 2018 and ascertain the Capital Fund on 31st March, 2017,

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14. Following is the Receipts and Payments Account of Literacy Club for the year ended 31st March, 2018:

Additional information

(i) Sulsciptions outstanding on 31st March, 2017 were Rs2,000 and on 31st March, 2018 Rs2,500.

(ii) On 31st March 2018 salary outstanding was Rs600 and rent outstanding was Rs 1,200. ltbr) (iii) The club owned Furniture Rs 15,000 and Book Rs7,000 of 1st April, 2017.

Prepare the Income and Expenditure Account of the club for the year ended 31st March, 2018 and ascertain Capital Fund on 31st March, 2017.

View Text Solution

15. Following is the Receipts and Payments Account of Queen's Club for the year ended 31st March, 2018:

Following addittional information is provided:

(i) Sibscriptions include Rs12,000 for 2016-17 and Rs18,000 for 2018-19.

(ii) Stock of stationery on 31st March, 2017 and 2018 was Rs7,200 and Rs5,400 respectively.

(iii) Stock of sports material in the begining and at the end of the year was Rs12,000 and Rs21,000 respectively.

(iv) Rent included Rs4,000 paid for March, 2017 Rent for March, 2018 is outstanding

(v) Telephone expenses include Rs3,000 as quarterly rent up to 31at May, 2018.

(vi) The value of Building on 31st March, 2017 was Rs8,00,000 and you are required to write off depreciation at 10%

(vii) The value of Investment on 31st March, 2017 was Rs10,00,000 and the club made similar additional Investments during the year on 1st October, 2017

You are required to prepare the Income and Expenditure Account of the club for the year ended 31st March, 20108

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2 Accounting For Partnership Firms Fundamentals

1. Abha and Bhrat whre partners. They shared profits and losses equally. On 1st April, 2014 their Capital Accounting showed balances of Rs3,00,000 and Rs2,00,000 respectively. Calculate the amount of profit to be destributed between the partners if the partnership Deed provided for Interest on Capital @10% p.a. and the firm earned a profit of Rs50,000 for the year ended 31st March, 2015.

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2. Anna and Bobby were partners sharing profits and losses in the ratio of $5:3$. On 1st April, 2014, their Capital Account showed balance of

Rs3,00,000 and Rs2,00,000 respectively. Calculate the amount of Interest on Capital @10% p.a. and the firm earned a profit of Rs45,000 for the year ended 31st March, 2015.

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3. Satnam and Qureshi after doing their MBA decided to start a partnership firm to manufacture ISI marked electronic goods for economically weaker section of the society. Satnam also expressed his willingness to admit juliee as a partner without capital who is specially abled but a very creative and intelligent friend of his. Qureshi agreed to this. They formed a partnership on 1st April, 2012 on the folowing terms:

(i) Satnam will contibute Rs 4,00,000 and Qureshi will contribute Rs 2,00,000 as capitals.

(ii) Satnam, Qureshi and Juliee will share profits in the ratio of $2:2:1$.

(iii) Interest on capital will be allowed @6% p.a.

Due to shortage of capital Satnam contributed Rs 50,000 on 30th September, 2012 and Qureshi contributed Rs 20,000 on 1st January, 2013 as additional capital. The profit of the firm for the year ended 31st March, 2013 was Rs 3,34,800.

Prepare Profit and Loss Appropriation Account for the year ending 31th March, 2013.

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4. Karam Singh and Suleman decided to start a partnership firm to manufacture low cost paper bags from the waste paper as plastic bags were caeating many environmental problems. For this, they contributed capitals of Rs 20,00,000 and Rs 1,00,000 respectively on 1st April, 2012 Suleman also expressed his willingness to admit Inderjeet as a partner without capital in the firm. Inderjeet is specially abled but a very creative and intelligent friend of his. Karam singh agrccd to this. The terms of partnership were as follows:

(i) Karam Singh, Suleman and Inderjeet will share profits in the ratio $2:2:1$.

(ii) Interest on capital will be provided @6% p.a.

Due to shortage of capital, Karam Singh contributed Rs 50,000 on 30th September, 2012 and Suleman contributed Rs 20,000 on 1st January, 2013 as additional capital. The profit of the firm for the year ended 31st March, 2013 was Rs 2,00,300.

Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2013.

View Text Solution

5. On 1st April 2013, Brij and Nandan entered into partnership to construct toilets in government girls schools is the remote areas of Uttarakhand. They contributed capital of Rs 10,00,000 and Rs 15,00,000 respectively.

Their profit-sharing ratio was $2:3$ and interest allowed on capital as provided in the Partnership Deed was 12% per annum. During the year ended 31st March, 2014, the firm erned a profit of Rs 2,00,000.

Prepare Porfit and Loss Appropriation Account of Brij and Nandan for the year ended 31st March, 2014.

View Text Solution

6. Suman and Sudha were partners in a firm sharing profits equally. Their fixed capitals were Rs 50,00 and Rs 25,000 respectively. The Partnership Deed provided interests of the firm were distributed without providing interest on capital.

View Text Solution

7. Mona, Nisha and Priyanka are partners in a firm. They contributed Rs 50,000 each ad capital three years ago. At that time Priyanka agreed to look after the business as Mona and Nisha were busy. The profits for the past three years were Rs 15,000, Rs 25,000 and Rs 50,000 respectively. while going through the books of account Mona noticed that the profit had been distributed in the ratio of $1:1:2$. Where she enquired from Priyanka about this, Priyanka answered that since she looked after the business she should get more profit. Mona disagreed and it was decided to distribute profit equally retrospectively for the last three years.

You are rewuired to make necessary corrections in the books of account of Mona, Nisha and Priyanka by passing an adjustment enrty.

View Text Solution

8. Rajiv and Sanjeev were partners in a firm. Their Partnership Deed provided that the profits shall be divided as follows:

Firsh Rs 20,00 to Rajeev and the balance in the of $4:1$. The profits for the year ended 31st March, 2017 were Rs 60,000 which had been distributed among the partners. On 1st April, 2016 their capitals were Rajeev Rs 90,000 and Sanjeev Rs 80,000. Interest on capital was to be provided @ 6% p.a. While preparing the profit and loss appropriatin interest on capital was omitted.

Pass necessary fectifying entry for the same. Show your workings clearly.

View Text Solution

9. A, B and C were partners in a firm. On 1st April, 2012 their capitals stood as Rs 5,00,000, Rs 2,50,000 and Rs 2,50,000 respectively. As per provisional of the Partnership Deed:

(i) C was entitled for a salary of Rs 5,000 per month.

(ii) A was entitled for a commission of Rs 80,000 p.a.

(iii) Partners were entitled to interest on capital @6 % p.a.

(iv) Partners will share profits in the ratio of capitals.

Net profit for the year ended 31st March, 2013 was Rs 3,00,000 which was distributed equally, without taking into consideratin the above provisions.

Showing your workings clearly, pass necessary adjustment entry for the above.

View Text Solution

10. On 31st March, 2014 the balances in the Capitals Accounts of Raman, Naman and Chaman after making adjustments of profits and drawings were Rs 1,60,000, Rs 1,20,000 and Rs 1,60,000 respectively. Subsequently, it was descovered that interest on capital and drawings had been omitted.

(i) The profit of the year ended 31st March, 2014 was Rs 60,000.

(ii) During the year Raman and Naman each withdrew a total sum of Rs 48,000 in equal instalment in the miffole of every month and Chaman withdrew a total sum of Rs 36,000 in equal instalents at the end of each month.

(ii) The interest on drawing was to be charged @8% and interest on capital is to be allowed $\circ 10\%$ p.a.

(iv) The profit-sharing ratio among the partners was $1:2:1$.

Showing your working notes clearly, pass the necessary reactifying entry.

View Text Solution

11. A,b and C were partners. They sarted business in one of the remote tribal areas of Odisha. They were interested in the development of the trible community by providing good education and health. On 31st March, 2013 after making adjustments for profits and drawings their capitals were A-Rs 4,00,00, B-Rs 3,00,00 and C-Rs 2,00,000. The drawings of the partners were A-Rs 4,000 per month, B-Rs 3,000 per month and C-Rs 2,000 per month.

The profit of the firm for the year ended 31st March, 2013 was Rs 6,00,000.

Subsequently, it was found that the interest on capital @6% p.a. due had been omitted.

Showing your working notes clearly, pass neacessary adjustment entry for the above.

View Text Solution

12. On 31st March, 2014 , the balances in the Capital Accounts of Esha, Manav and Daman after making adjustments for profits and drawings were Rs 3,20,000, Rs 2,40,000 and Rs 1,60,000 respectively. Subsequently, it was discovered that the interest on capital and drawings has been omitted.

(i) The profit for the year ended on 31st March, 2014 was Rs 90,000.

(ii) During the year Esha and Manav each withdrew a sum of Rs 48,000 in equal instalments in the middle of every month and Daman withdrew Rs 60,000.

(iii) The interest on drawings was to be charged $\circ 5\%$ per annum and interest on capital was to be allowed @10% per annum.

(iv) The profit-sharing ratio of the partners was $3:2:1$.

Showing your workings clearly, pass necessary recessary rectifying entry.

View Text Solution

13. Praveen, Sahil and Riya are partners having fixed capitals of Rs 2,00,000, Rs 1,60,000 and Rs 1,20,000 respectively. They share profits in the ratio of $3:1:1$. The Partnership Deed provided for the following which were not recorded in the books:

(i) Interest on Capital @5% p.a.

(ii) Salary to Praveen Rs 1,500 p.m. and to Riya Rs 1,000 p.m.

(iii) Transfer of profit to General Reverse Rs 10,000. Net Profit fot the year ended 31st March, 2015 was Rs 1,00,000.

Pass necessary rectifying entry for the above adjustments in the books of the firm. Also show your workings clearly.

View Text Solution

14. Ankur and Bobby were into the business of providing software solutions in India. They were sharing profits and losses in the ratio $3:2$, They admitted Ratio for a 1/5 share in the firm. Rohit, an alumni of IIT, Chennai would help them to expand their business to various South African coun tries where he has been working earlier. Rohit is guaranteed a minimum profit of Rs 2,00,000 for the year. Any deficiency in Rohit's share is to be borne by Ankur and Bobby in the ratio of $4:1$. Losses for the year were Rs 10,00,000. Pass necessary journal entries.

View Text Solution

15. Ali, Bimal and Deepak are partners in a firm. On 1st April, 2011, their Capital Accounts stood at Rs 4,00,00, Rs 3,00,000 and Rs 2,00,000 respectively. They shared profits and losses in thr proportion of $5:3:2$. Partners are entitled to interest on capital @10% per annum and salary to Bimal and Deepak @ Rs 2,000 per month and Rs 3,000 per quarter respectively as per the provisions of the Partnership Deed.

Bimal's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of Rs 50,000 p.a. Any deficiency arising on that account shall be met by Deepak. the profits of the firm for the year ended 31st March, 2012 amounted to Rs 2,00,000. Prepare Profit and Loss Appropriation Account for the year ended on 31st March, 2012.

View Text Solution

16. Mukesh and Ramesh are partners sharing profits and losses in the ratio of $2:1$ respectively. They admit Rupesh as partner with 1/4 share in profits with guarntee that his share of profit shall be at least Rs 55,00. The net profit of the firm for the year ending 31st March, 2013 was Rs 1,60,000.

Prepare Profit and Loss Appropriation Account.

View Text Solution

17. Vikas and Vivek were partners in a firm sharing profits in the ration of $3:2$. On 1st April, 2014 they admitted Vandana as a new partner for 1/8th share in the profits with a gauranteed profit of Rs 1,50,000. The new profit-sharing ratio between Vikas and Vivek will remain the same but they decided to bear any deficiency on account of guarntee to Vandana in the ratio $3:2$. The profit of the firm for the year ended 31st March, 2015 was Rs 9,00,000.

Prepare of Profit and Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31st March, 2015.

View Text Solution

18. Ajay,Binay and Chetan were partners sharing profits in the ratio of $3:3:2$. The Partnership Deep provided for the following,

(i) Salary of Rs 2,000 per quarter to ajay and Binay.

(ii) Chetan ws entitled to a commission of Rs 8,000.

(iii) Binay was guaranteed a profit of Rs 50,000 p.a.

The profit of the year endd 31st March, 2015 was Rs 1,50,000 which was distributed among Ajay, Binay and Chetan in the ratio of $2:2:1$, without taking into consideration the provisions or Partnership Deed. Pass necessary reactifying entry for the above adjustments in the books of the firm. Show your workings clearly.

View Text Solution

3 Goodwill Nature And Valuation

1. The capital employed in a firm is Rs 10,00,000 and the market rate of interest is 15% Annual salary of the partners is Rs 80,000. The profits of the last three years were Rs 3,00,000, Rs 4,00,000 and Rs 5,00,000 respectively.

Calculate value of goodwill on the basis of two years' purchase of the average super profits of last three years.

View Text Solution

2. A business earned average profits of Rs 6,00,000 diring the last few years. The normal rate of profits in the similar type of business is 10%. The total value of assets and liabilities of the business were Rs 22,00,000 and Rs 5,60,000 respectively.

Calculate value of goodwill of the firm by super profit methof if the goodwill is valuced at $2\frac{1}{2}$ years' purchase of super profits.

View Text Solution

3. The average profit earned by a firm is Rs 75,000 which includes undervaluation of stock of Rs 5,000 on an average basis. The capital investd in the business is Rs 7,00,000 and the normal rate of return is 7%. Calculate goodwill of the firm on the basis of 5 times the super profit.

View Text Solution

4. The average profit earned by a firm is Rs 95,000 which includes undervaluation of stock of Rs 10,000 on an average basis. The capital invested in the business is Rs 9,00,000 and the normal rate of return is 9% Calculate goodwill of the firm on the basis of 8 times the super profit.

View Text Solution

5. On 1st April, 2014, a firm had assets of Rs 1,00,00 excluding stock of Rs 20,000. Partners' Capital Account showed a balance of Rs 60,000 The current liabilities were Rs 10,000 and the balance constituted the rreserve. If the normal rate of teturen is 8%, the' Goodwill' of the firm is valued at Rs 60,000 at four years of purchase of super profit, find average profit of the firm.

View Text Solution

4 Change In Profit Sharing Ratio Among The Existing Partners

1. Anant, Gulab and Khushbu were partnes in a firm sharing profits in the ratio of $5:3:2$. From 1st April, 2014, they decided to share the profits equally. For this purpose the goodwill of the firm was valued at Rs 2,40,000.

Pass necessary Journal entry for the treatment of goodwill on change in the profit-sharing ratio of Anant, Gulab and Khushbu.

View Text Solution

2. Prem, Param and Priya were partners in a firm. Their rixed capitals were Prem Rs 2,00,000, Param Rs 3,00,000 and Priya Rs 5,00,000. They were sharing profits in the ratio of their capitals. The firm was engaged in the sale of ready-to-eat food packets at three different locations in the city, each being managed by prem, Param and Priya. The outlet managed by Prem was doing more business then the outlets managed by Param and Priya. Prem requested Param and Priya for a higher share in the profits of the firm which Param and Priya accepted. It was decided that the new profit-sharing ratio will be $2:1:2$ and its effect will be introduced retrospectively for the last your years. The profits of the last four years were Rs 2,00,000, Rs 3,50,000, Rs 4,75,000 and Rs 5,25,000 respectively. Showing your calculations clearly, pass a necessary adjustment entry to give effect to the new agreement between Prem, Param and Priya.

View Text Solution

3. R,S and T were partners in a firm sharing profits in the ratio of $1:2:3$. Their Balance Sheet as on 31st March, 2015 was as follows, R,S and T decided to share the profits equally with effect from 1st April, 2015. For this it was agreed that:

(a) Goodwill of the firm be valued at Rs 1,50,000.

(b) Land be revalued at Rs 80,000 and building be depreciated by 6% .

(c) Creditors of Rs 6,000 were not likely to be claimed and hence be written off. Prepare Revaluation Account, Partners' Capital Account and the Balance Sheet of the reconstituted firm.

View Text Solution

4. A,B,C and D were partners in a firm sharing profits in the tatio $3:2:3:2$. On 1st April, 2016, their Balance Sheet was as follows:

From the above partners decided to share the future profits in the ratio of $4:3:2:1$. For this purpose the goodwiil of the firm was valued at Rs 2,70,000. It was also considered that:

(i) The claim against Workmen Compensation Reserve has been estimated at Rs 30,000 and fixed assets will be depreciated by Rs 25,000.

(ii) Adjust the capitals of the partners according to the new profit-sharing ratio by opening Current Account of the partners.

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

View Text Solution

5 Admission Of A Partner

1. (a) Rohan and Mohan are partners in a firm sharing profits in the ratio of $5:3$ Respectively. They admit Bhim as a partner for 1/7 share in thr profit. The new profit-sharing ratio will be $4:2:1.$ Calculate sacrificing ratio of Rohan and Mohan

(b) Amla and Kamla are partners in a firm sharing profits in the ratio fo $4:1$ respectively. They admitted Bimal as a new partner for 1/4 share in the profit, which she acquired wholly form Amla. Determine new profit-sharing ratio of partners.

View Text Solution

2. Kabir and Farid are partners sharing profits and losses in the ratio of $7:3.$ Kabir surrenders 2/10th from his share and Farid surrender 1/10th from his share in favour of Jyoti, a new partner. Calculate new profit-sharing ratio and sacrificing ratio.

View Text Solution

3. On 1st January, 2008, Uday and Kaushal entered into partnership with fixeed capitals of Rs 7,00,000 and Rs 3,00,000 respectively. They were doing good business and were interested in its expansion but could not be the same because of lack of capital. Therefore, to have more capital, they admitted Govind as a new partner on 1st January, 2010. Govind brough Rs 10,00,000 as capital and the new profit-sharing ratio decided was $3:2:5.$ On 1st january, 2012, another new partner Hair was admitted with a capital of Rs 8,00,000 for 1/10th share in the profits, which he acquired equally from Uday, Kaushal and Govind. On 1st April, 2014, Govind died and his share was taken over by Uday adn Hair equally. Calculate:

(a) Sacrificing ratio of Uday and Kaushal on Govind's admission.

(b) New profit-sharing ratio of Uday, Kaushal, Govind and Hari on Hari's admission.

(c) New profit-sharing ratio of Uday, Kaushal and Hari on Govind's Death.

View Text Solution

4. A,B and C were partners in a firm sharing profits in the ratiio $3:2:1$. They admitted D as a new partner for 1/8th share in he profits, which he acquired 1/16th from B and 1/16th from C. Calculate the new profit-sharing ratio of A,B, C and D.

View Text Solution

5. P,Q and R were partners in a firm sharing profits in the ratio $3:2:1$. They admitted S as new partner for 1/8th share in the profits which he acquired 1/16th form P and 1/16th from Q. Calculate new profit-sharing ratio of P,Q,R and S.

View Text Solution

6. Bharti and Astha were partners sharing profits in the ratio of $3:2$. They admitted Dinkar as a new partner for 1/5th share in the future profits of the firm which he got equally from Bharti and Astha. Calculate the new profit-sharing ratio of Bharti, Astha and Dinkar.

View Text Solution

7. Nishtha and Anshu were partners sharing profits in the ratio of $3:2$. They admitted Jyoti as a new partner for 3/10th share which she acquired 2/10th from Nishtha and 1/10th from Anshu. Calculate the new profit-sharing fatio of Nishtha, Anshu and Jyoti.

View Text Solution

8. Amit and Kartik are partners sharing profits and losses equally. They decided to admit Saurabh for an equal share in the profits. For this purpose goodwill of the firm was to be valued at four year's purchase of super profits.

Balance Sheet of the firm on Saurabh's admission was as follows:

The normal rate of return is 12% per annum. Average profit of the firm for the last four years was Rs 30,000. Calculate Saurabh's share of goodwill.

View Text Solution

9. Saloni and Shrishti were partners in a firm sharing profits in the ratio of $7:3$. Their capitals were Rs 2,00,000 and Rs 1.15,000 respectively. They admitted Asiti on 1st April, 2013 as a new partner for 1/6th share in future profits. Aditi brough Rs 1,00,000 as her capital. Calculate value of goodwill of the firm and record necessary Journal entries for the above transaction on Asiti's admission.

View Text Solution

10. Abhay and Beena are partners in a firm. They admit Chetan an a partner with 1/4th share in the profits of the firm. Chetan brings Rs 2,00,000 as his share of capital. The value of the total assets of the firm is Rs 5,40,000 and outside liabilities are valued Rs 1,00,000 on that date. Give necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.

View Text Solution

11. Pankaj and Naresh were partners in a firm sharing profits in the ratio of $3:2$. Their fixed capitals were Rs 5,00,000 and Rs 3,00,000 respectively. On 1st January, 2017 Saurabh was admitted as a new partner for 1/5th share in the profits. Saurabh acquired his share of profit from Pankaj. Saurabh brought Rs 3,00,000 as his capital which was to be kept fixed like the capitals of Pankaj and Naresh.

Calculate the goodwill of the firm on Saurabh's admission and the new profit-sharing ratio of Pankaj, Naresh and Saurabh. Also, pass necessary Journal entry for the treatment of goodwill.

View Text Solution

12. Anil and Beena were partners in a firm sharing profits in the ratio of $4:3$. On 1st April, 2015 they admitted Chahat as a new partner for 1/4th share in the profits of the firm. On the date of Chahat's admission, the Balance Sheet of Anil and Beena showed a General Reserve of Rs 70,000, a debit balance of Rs 7,000 in the Profit and Loss Account and an Investment Fluctuation Found of Rs 10,000.

The following was agreed upon, on Chahat's admission:

(a) Chahat will bring Rs 80,000 as her capital and her share of goodwill premium of Rs 21,000 in cash.

(b) The market value of investments was Rs 17,000 less than the book value.

(c) New profit-sharing ratio was agreed at $2:1:1$.

Pass the necessary Journal entries for the above on Chahat's admission.

View Text Solution

13. Krishna and Suresh were partners in a firm sharing profits in the rotio of $3:1$. On 1st April, 2015 they admitted Rahul as a new partner for 1/5th share in profits of the firm. On the date of Rahul's admission othe Balance Sheet of Krishna and Suresh showed a General Reserve of Rs 1,20,000, a debit balance of Rs 60,000 in Profit and Loss A/c and Workmen Compensation Found of Rs 1,50,000.

The following was agreed upon a Rahul's admission:

(1) Rahul will bring Rs 1,50,000 as his share of goodwill premium in cash

(ii) Goodwill of the firm be valued at Rs 2,40,000.

(iii) There was a calim of Workmen Compensation for Rs 1,70,000.

(iv) The partners decided to share future profits in the ratio of $3:1:1$.

Pass the necessary Journal entries for the above on Rahul's admission.

View Text Solution

14. A and B are partners in a firm sharing profits and losses in the ratio $3:1$. They admit C for 1/4th share on 31st March, 2014 when their Balance Sheet was as follows:

The following adjustments were agreed upon:

(a) C braings in Rs 16,00 as goodwill and proportionate capital.

(b) Bad debts amounted to Rs 3,000.

(c) Market value of investment is Rs 4,500.

(d) Liability on account of Workmen Compensation Reserve amounted to Rs 2,000.

Preapar Revalution A/c and Partners' Capital Accounts.

View Text Solution

15. Alfa and Beta were partners in a firm. They were tranding in artificial limbs. On 1st April, 2013 they admitted Gama, a good friend of Beta into the partnership. Gama lost his one hand in an accident and Alfa and Beta decided to give one artificial hand free of cost to Gama. The Balance Sheet of Alfa and Beta as at 31st March, 2013 was as follows:

Gama was admitted in the firm of the following terms:

(i) Gama bring in Rs 4,00,000 as his share of capital, but he was unable to bring any amount for woodwill.

(ii) The new profit-sharing ratio bwetween Alfa, Beta and Gama will be $3:2:1$.

(iii) Claim on account Workmen's Compensation was Rs 30,000.

(iv) To write off bed debts amounting Rs 40,000.

(v) Creditors were paid Rs 20,000 more.

(vi) Outstanding expenses be brough down to Rs 12,000.

(vii) Rs 20,000. be provided for an unforeseen liaility.

(viii) Goodwill of the firm was valued at Rs 1,80,000.

Prepare Revaluation Account, Capital Accounts of Partners and Opening Balance Sheet of the new frim.

View Text Solution

16. W and R were partners in a firm sharing profits in the ratio of $3:2$ respectively. On 31st March, 2013, their Balance Sheet was as follows:

B was admitted as a new partner on the following conditions:

(i) B will get 4/15th share of profits.

(ii) B had to bring Rs 15,000 as his capital.

(iii) B would pay cash for his share of goodwill based on `2(1)/(2)1 years' purchase of average profit of last 4 years.

(iv) The profits of the firm for the years ending 31st March, 2010,2011,2012 and 2013 were Rs 10,000, Rs 7,000, Rs 8,500 respectively.

(v) Stock was valued at Rs 10,000 and provision for doubtful debts ws raised up to Rs500.

(vi) Plant was revalued at Rs 20,000.

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

View Text Solution

17. C and D are partners in a firm sharing profits in the ratio of $4:1$. On 31st March, 2016, their Balance Sheet was as follows:

On the above date, E was admitted for 1/4th share in the profits on the following terms,

(i) E will bring Rs 1,00,000 as his capital and Rs 20,000 for his share of goodwill premium, half of which will be withdrawn by C and D.

(ii) Debtors Rs 2,000 will be written off as bed debts and a provision of 4% willbe created on debtors for bad doubtful debts.

(iii) Stock will be reduced by Rs 2,000, furniture will be depreciated by Rs 4,000 and 10% depreciation will be charged on plant and machinery.

(iv) Investments of Rs 7,000 not shown in the Balance sheet will be taken into account.

(v) There was an outstanding repairs bill of Rs 2.300 which will be recordd in the books.

Pass necessary journal entries for the above transactions in the books of the firm on E's admission.

View Text Solution

18. Qadir and Rishab are partners sharing profits in the ratio of $3:2$. Their Balance Sheet as at 31st March, 2016 is given below:

Qadir and Rishab decide to admit Sapna as a new partner from 1st April, 2016. Their new profit-sharing ratio was $3:2:5$. Sapna brought in Rs

6,00,000 as her capital and her share of goodwill premium in cash.

(a) Sapna's share of goodwill premium was valued at Rs 30.000

(b) Plant and Machinery be calued at 125%

(c) Creditors were unrecorded to the extent of Rs 30,000.

(d) Claim on account of workmen compensation was Rs 40,000.

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

View Text Solution

19. Abha and Bimal are partners in a firm sharing profits and losses in the ratio of $3:2$. On 31st March, 2015 they admitted Chintu into partnership for 1/5th share in the profits of the firm. On that date their Balance Sheet stood as under:

Chintu was admitted on the following terms:

(i) He will bring Rs 80,000 as capital and Rs 30,000 for his share of goodwill premium.

(ii) Partners will share future profits in the ratio of $5:3:2$.

(iii) Profit on revaluation of assets and reassessement of liabilities was Rs 7,000.

(iv) After making adjustments, the Capital Account of the partners will be in proportion to Chintu's capital. Balance to be paid off or brought in by the old partners by cheque as the case may be.

Prepare the Capital Accounts of the partners and Bank Account.

View Text Solution

20. Mohan and Mahesh were partners in a firm sharing profits in the ratio of $3:2$. On 1st April, 2012, they admitted Nusrat as a partner in the firm. The Balance Sheet of Mohan and Mahesh on that date was as under.

It was agreed that:

(i) The value of Building and Stock be appreciated to Rs 3,80,000 and Rs 1,60,000 respectively

(ii) The liavilities of Workmen's Compensation Fund was determined at Rs 2,30,000.

(iii) Nusrat brought in her share of goodwill Rs 1,00,000 in cash.

(iv) Nusrat was to bring further cash as would make her capital equal to 20% of the combined capital of Mohan and Mahesh after above revaluation and adjustments are carried out,

(v) The future profit-sharing ratio will be Mohan 2/5th, Mahesh 2/5th, Nusrat 1/5th.

Prepare Revaluation Account, Partners' Capital Account and Balacne Sheet of the new firm. Also show clearly the calculation of Capital brought by Nusrat.

21. Om, Ram and Shanti were partners in a firm sharing profits in the ratio of $3:2:1$. On 1st April, 2014, their Balance Sheet was as follows:

On the above date Hunuman was admitted on the following terms:

(i) He will bring Rs 1,00,000 for his capital and will get 1/10th share in the profits.

(ii) He will brings necessary cash for his share of goodwill premium. The goodwill of the firm was valued at Rs 3,00,000.

(iii) A liability of Rs 18,000 will be created against bills receivable discounted.

(iv) The value of stock and furniture will bereduced by 20%

(v) The value of land and building will be increased by 10%

(vi) Capital Accounts of the partners will be adjusted on the basis of Hanuman's capital in their profit-sharing ratio by opening Current Accounts.

Prepare Revaluation Account and Partners' Capital Accounts.

View Text Solution

22. Following is the Balance Sheet of Amit and Vidya as at 31st March, 2014,

On the above date, Chintan was admitted as a partner for 1/4th share in the profits of the firm with the following terms,

(i) Rs 2,900 will be written off as Bad Debts.

(ii) Stock was teken over by Vidya at Rs 35,000.

(iii) Goodwill of the firm was valued at Rs 40,000. Chintan brought his share of goodwill premium is cash.

(iv) Chinta brought proportionate capital of the other partnes were adjusted on the basis of Chintan's Capital. For this necessary cash was to be brought in or paid of to the partners as the case may be.

Prepare Revaluation Account and Partners' Capital Accounts.

View Text Solution

23. Arun and Balu ar partners in a firm sharing profits in the ratio of $2:1$. They admitted Chetan as a new partner for 1/4th share in profits. Chetan will bring Rs 3,00,000 for his capital and the cpitals of Arun and Balu will be adjusted in their profit-sharing ratio. For this Current Accounts will be opened. The Balance Sheet of the firm on 31st March, 2012 before Chetan's admission was as follows:

Other terma of the agreement were as follows,

(i) Chetan will bring Rs 1,20,000 for his share of goodwill.

(ii) Building was revalued at Rs 4,50,000 and machinery at Rs 2,30,000.

(iii) A provision of 6% was to be made on debtors for bed debts.

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

View Text Solution

24. Angad, Baloo and Chitra were partners in a firm sharing profits and losses in the ratio of $6:5:3$. Their Balance Sheet as at 31st M arch, 2015 was as follow:

They agreed to admit Dinesh into partnership and give him 1/8th share in the profits on the following terms:

(i) Dinesh will bring Rs 1,47,000 as his capital and Rs 1,40,700 as his share of goodwill premium.

(ii) The after making adjustments, the Capital Accounts of the old partners will be in proportion of Dinesh's capital to his share in the business, i.e., actual cash to be paid off or brought in by the old partners by cheque as the case may be.

Prepare Partners' Capital Accounts and Account considering that gain on revaluation was Rs 95,200.

View Text Solution

6 Retirement Death Of A Partner Calculation Of Gaining Ratio And New Ratio

1. (a) K,L and Z are partners sharing profits in the ratio of $4:3:2$. respectively. L retired and surrended 1/9th of his share f profit to K and remaining in favour of Z. Calculate the new profit-sharing ratio of K and Z.

(b) Arun, Varun and Charan were partners sharing profits in the ratio of 1/2,3/10 and 1/5 respectively. Varun retired from the firm and Arun and Charan decided to share future profits in $3:2$ ratio. Calculate gaining ratio Arun and Charan.

View Text Solution

6 Retirement Death Of A Partner Treatment Of Goodwill

1. Amar, Ram, Mohan and Sohan were partners in a firm sharing profits in the ratio $2:2:2:1$. On 31st January, 2017 Sohan retired. On Sohan's retirement the goodwill of the firm was valued at Rs 70,000. The new profit-sharing ratio among Amar, Ram and Mohan was agreed as $5:1:1$. Showing your working notes clearly, pass necessary journal entry for the treatment of goodwill in the books of the firm on Sohan's retirement.

View Text Solution

2. Alok, Narendra and Shiv were partners in a firm sharing profits in the ratio of $5:3:2$. Goodwill appeared at Rs 90,000 and Geneal Reserve at Rs 50,000 in the books of the firm. Narendra decided to retire from the firm. On the date of his retirement, goodwill of the firm was valued at Rs 2,400,000. The new profit-sharing ratio of Alok and Shiv was $2:3$.

Record necessary Journal entries on Narendra's retirement.

View Text Solution

3. Ashu, Sonal and Divya were partners in a firm sharing profits in the ratio of $4:3:2$. Goodwill appeared at Rs 81,000 and general reserve at Rs 54,000 in the books of the firm. Ashu decided to retire from the firm. On the date of his reterment, goodwill of the firm was valued at Rs 1,35,000. The new profit-sharing ratio of Sonal and Divya was $1:2$. Record necessary Journal entries on Ashu's retirement.

View Text Solution

6 Retirement Death Of A Partner Revaluatinof Assets And Reassessment Of Liabilities Partners Capital Accounts And Balance Sheet

1. Raman, Ratan and Rajan were partners sharing profits in the ratio of $4:2:1$ respectively. Following was their Balance Sheet as at 31st March, 2013:

On the above date, Raman retired and folloeing were agreed:

(i) The assets and liabilities were valued as: Stock Rs 24,000, Debrors Rs

21,000, Building Rs 45,200, Plant Rs 50,000 and Creditors Rs 28,000.

(ii) Amount due to Raman will be transfered to Raman's Loan Account. Prepare Revaluation Account and Raman's Capital Account.

View Text Solution

2. Lalit, Madhur and Neena were partners sharing profits as 50% 30% and 20% respectively. On 31st March, 2013 their Balance Sheet was as follows:

On this date, Madhur retired and Lalit and Neena agreed to continue on the following terms:

(i) The goodwill of the firm was valued at Rs 51,000.

(ii) There was a claim for Workmen's Compensation to the extent of Rs 6,000.

(iii) Investment were brouttht down to Rs 15,000.

(iv) Provision for bed debts was reduced by Rs 1,000.

(v) Madhur was paid Rs 10,300 in cash and the balance was transferred to his lone account payable in two equal instalments together with interst

@12% p.a.

Prepare Revaluation Account, Partners' Capital Accounts and Madhur's Loan Account till the lone is finally paid off.

View Text Solution

3. Sameer, Yasmin and Saloni were partners in a firm sharing profits and losses in the ratio of $4:3:3$. On 31st March, 2016 their Balance Sheet was as follows:

On the above date, Sameer retired and it was agreed that:

(i) Debtor of Rs 4,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtfrl debts will be maintained.

(ii) An unrecorded creditor of Rs 20,000 will be recorded.

(iii) Patents will be completely written of and 5% depreciation will be charged on stock, machinery and building.

(iv) Yasmin and saloni will share future profits in the ratio of $3:2$.

(v) Goodwill of the firm on Sameer's retirement was clued at Rs 4,40,000.

Pass necessary Journal entries for the above transactions in the books of the firm on Sameer's retirement.

View Text Solution

4. Kavya, Manya and Navita were partners sharing profits as $50\% \ 30\%$ and 20% respectively. On 31st March, 2016 their Balance Sheet stood as follows: On the above date, Sameer retired and Navita agreed to continue the business on the following terms:

(a) Firm's goodwill was valued at Rs 60.000 and Navita agreed to continue the business on the following terms:

(b) There was a claim for Workmen's Compensation to the extent of Rs 4,000.

(c) Investments were revalued at Rs 2,13,000.

(d) Fixed Assets were to be depreciated by 10%

Kavya was to be paid Rs 20,000 throuth a back draft and the balance was together with interest @10% p.a.

Prepare Revaluation Account, Parteners' Capital Accounts and kavya's Loan Account till it is finally paid.

View Text Solution

5. Leena, Madan and Naresh were partners in a firm sharing profits and losses in the ratio of $2:2:3$. On 31st March, 2015, their Balance Sheet was as follows:

On 31st March, 2015, madan retired from the firm and the remaining partners decided to carry on the business. It was decided to revalue assets and liabilities as under:

(i) Land and Building be appeciated by Rs 2.40,000 and Machinery be depreciated by $10\,\%$

(ii) $50\,\%$ of Investments were taken over by the retiring partner at book value.

(iii) An old costomer Mohit whose account was aritten off as bad debt had promised to pay Rs 7,000 in settlement of his full debt of Rs 10,000.

(iv) Provision for Doubtful Debts was to be made at $5\,\%$ on debtors.

(v) Closing Stock will be valued at market price which is Rs1,00,000 less than the book value.

(vi) Goodwill of hte firm be valued at Rs 5.60,000 and Madan's share of goodwill be adjested in the accounts of Leena and Naresh. Leena and naredh decided to share future profits and losses in the ratio of $3:2$.

(vii) The total capital of the new firm will be Rs 32,00,000 which will be in the proportion of the profit-sharing ratio of Leena and naresh.

(viii) Amount due to Madan was settled by accepting a Bill of Exchange in his favour payable after 4 months.

Prepare Revaluation Account, Partners' Capital Account and Balance Sheet of the firm after Madan's retirement.

View Text Solution

6. Kushal, Kumar and Kavita were partners in a firm sharing profits in the ratio of $3:1:1$. On 1st April, 2012, their Balance Sheet was as follows:

On the above date Kavita retired and the following was agreed:

(i) Goodwill of the firm was valued at Rs 40,000.

(ii) Land was to be appreciated by 30% and building was to be depreciated by Rs 1,00,000.

(iii) Value of furniture was to be reduced by Rs 20,000.

(iv) Bad Debts Reserve is to be increased to Rs 15,000.

(v) 10% of the amount payable to Kavita was paid in cash and the balance was transfered to her Loan Account.

(vi) Capitals of Kaushal and Kumar will be in proportion to their new profit sharing ratio. The surpuls/deficit, if any in their Capital Account will be adjusted through Current Accounts.

Prepare Revaluation Account, Partner's Capital Account and Balance Sheet of Kushal and Kumar after Kavita's retirement.

View Text Solution

7. P, Q and R were partners in a firm sharing proffits in the ratio of $7:2:1$. On 1st April, 2013, their Balance Sheet was as follows:

On the above date Q retired. The followings were agreed:

(i) Goodwill of the firm was vlaued at Rs 12,00,000.

(ii) Land was to be appreciated by 30% and Building was be depreciated by Rs 3,00,000.

(iii) Value of furniture was to be reduced by Rs 60,000.

(iv) The liabilities for Workmen's Compensation Foun were determined at Rs 1,40,000.

(v) Amount payable to Q was transferred to his Loan Account.

(vi) Capital of P and R wree to be adjusted in their new profit-sharing ratio. For this purpose Current Account of the partners will be opened.

Prepare Revaluation Account, Parner's Capital Account and Balance Sheet of the new fiem.

View Text Solution

8. Zavier, Yusuf and Zaman were partners in a firm sharing profits in the ratio of $4:3:2$. On 1st April, 2014, their Balance Sheet was as folows:

Yusuf had been suffering from ill health and thus gave notice of retirement from the firm. An agreement was, therefore, entered into as on 1st April, 2014, the terms of which were as follows,

(i) That land and building be appreciated by 10%

(ii) The provision for bad debts is no longer necessary.

(iii) That stock be appreciated by 20%

(iv) That goodwill of the firm be fixed at Rs 54,000. Yusuf's share fo the same be adjusted into Xavier's and Zaman's Capital Accounts, who are going to share future profits in the ratio $2:1$.

(v) The entire capital of the newly constituted firm be readjusted by bringing in or paying necessary cash so that the future capital of Xavire and Zaman will be in their profit sharing ratio.

Prepare Revaluation Account and Partners' Capital Accounts.

View Text Solution

9. Lokesh, Mansoor and Nihal were partners in a firm sharing profits as 50% 30% and 20% respectively. On 31st March, 2014, their Balance Sheet was as follows:

On the above date, mansoor retired and Lokesh and Nihal agreed to continue on the following terms:

(i) Firm's goodwill was valued at Rs 1,02,000 and it was decided to adjust Mansoor's share of goodwill into the Capital Accounts of the continuing partners.

(ii) There was a claim for Workmen's Compensation to the extent of Rs 12,000 and investments were brought down to Rs 30,000.

(iii) Provision for Bad Debts was to be reduced by Rs 2,000.

(iv) Mansoor was to be paid Rs 20,600 in cash and the balance will be transferred to his Lone Account wihic was paid in two equal instalments together with interest @10% per annum.

(v) Lokesh's and Nihal's capital were to be adjusted in their new profit-sharing ratio by brining in or paying off cash as the case may be.

Prepare Revaluation Account and Partner's Capital Accounts.

View Text Solution

10. On 31st March, 2015, the Balance Sheet of Saman, Harish and Meeta who were sharing profits and losses in the ratio $2:3:2$, stood as follows,

On 31st March, 2015, Harish retired from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and liabilities as follows:

(i) Land and buildings be appreciated by 20%

(ii) Machinery be depreciated by 20%.

(iii) Closing stock be valued at Rs 4,50,000.

(iv) Procision for Doubtful Debts be made at 5% on Debtors.

(v) Sundry creditors of Rs 65,000 be written off.

(vi) Goodwill of the firm be valued at Rs 5,60,000 and Harish's share of the goodwill be adjusted in the accounts of Saman and Meeta who will share the future profits and losses in the ratio of $3:2$.

(vii) The total capial of the newly constituted firm will be Rs 35,00,000, which will be adjusted by opening Current Accounts.

(viii) Amount due to Harish was settled by accepting a bill of exchange in his favour payable after 4 months.

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

View Text Solution

6 Retirement Death Of A Partner Death Of A Partner

1. Farhan, Hina and Dolly are parters in a firm sharing profits in the ratio of $5:3:3$. On 1st April, 2016, th cpitals of the partners were: Rs 5,00,000, Rs 3,00,000 and Rs 2,00,000 respectively. The firm closes its books on 31st

March every year. Dolly died on 5th April, 2016. On that date :

(a) Goodwill of the firm was valued at Rs 30,000, and

(b) Dolly's share of profit till the date of her death was calculated as Rs 200.

Prepare Dolly's Capital A/c to be rendered to her executors.

View Text Solution

2. Pranav, Karan and Rahim were partnere in a firm sharing parofits and losses in the ratio of $2:2:1$. on 31st March, 2017 their Balance Sheet was as follows:

Karan died on 12th June, 2017. According to the Partnership Deed, the legal representatives of the deceased partner ware entitled to the following:

(i) Balance in his Capital Account.

(ii) Interest on Capital @12% p.a.

(iii) Share of goodwill. Goodwill of the firm on Karan's death was valued at Rs 60,000.

(iv) Share in the profit of the firm till the date of his death, calculated on the basis of last year's profit. The profit of the firm for the year ended 31st March, 2017 was Rs 5,00,000.

Prepare Karan's Capital Account to be presented to his representatives.

View Text Solution

3. Ram, Ghanshyam and Vrinda were partners in a firm sharing profits in the ratio of $4:3:1$. The firm closes its books on 31st March every year. On 1st February, 2015 Ghanshyam died and it was decided that the new profit-sharing ratio between Ram and Vrinda will be equal. The Partnership Deep provided for the following on the death of a partner:

(a) His share of goodwill be calculated on the basis of half of the profits creditd to his account during the previsous four completed years.

The firm's profit for the last four years was:

2010-11-Rs 1,20,000,2011-12-Rs 80,000,2012-13-13-Rs 40,000, and 2013-14 Rs 80,000.

(b) His share of profit in the year of his death was to be computed on the basis of average profits of past two years.

Pass necessary Journal entries relating to goodwill and profit to be' trnsferred to Ghanshyam's Capital Account. Also show your working clearly.

View Text Solution

4. Vikas, Vishal and Vaibhav were partners in a firm sharing profits in the ratio of $2:2:1$. The firm closes its books on 31st March every year. On 31st December, 2015 Vaibhav died. On that date his Capital Account showed a credit balance of Rs 3,80,000 and Goodwill of the firm was valued at Rs 1,20,000. There was a debit balance of Rs 50,000 in the Profit and Loss Account. Vaibhav's share of profit in the year of his death was to be calculated on the basis of the average profit of last five years. The average profit of last five years was Rs 75,000.

Pass necessary Journal entries in the books of the firm on Vaobhav's death.

View Text Solution

5. Monu, Nigam and Shreya ware partners in a firm sharing profits and losses in the ratio of $4:3:1$. The firm closes its books on 31st March every year. As per the terms of Partnership Deed on the death of any partner, the share of goodwill of the deceased partner will be calculated on the basis of 50% of the net profits credited to that partner's Capital Account during the last four completed years before death. Monu died on 1st July, 2015.

The profits for last four years were:

His share of profit in the year of his death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2015 amounted to Rs 21,00,000. Form 1st April, 2015 to 30th June, 2015 the firm's sales were Rs2,20,000.

Pass necessary Journal entries relating to the amount of goodwill and profit to be transferred to Monu's Capital Account. Also show your workings clearly.

View Text Solution

6. Following is the Balance Sheet of Punita, Rashi and Deema who are sharing profits in the ratio of $2:1:2$. as on 31st March, 2013:

Punita died on 30th September, 2013. She had withdrawn 44,000 from her capital on 1st July, 2013. According to the partnership agreement, she was entitled to interest on capital @8% p.a. Her share of profit till the date of death was to be calculated on the basis of the average profits of the last three years. Goodwill was to be calculated on the basis of three thimes the average profits of the last four years. The profits for the years ended 2009-10,2010-11 and 2011-12 were Rs 30,000, Rs 70,000 and Rs 80,000 respectively.

Prepare Punita's account to be rendered to her executors.

View Text Solution

7. Jag, Pravesh and Chander are partners in a firm sharing profits in the ratio of $5:3:2$. respectively. Firm closes its accounts on 31st March every year. Jag dies on 30th September 2012. There was a balance of 47,000 in

Jag's Capital Account in the beginning of the year. In the event of death of any partner, the Partnership Deed provides for the following:

(i) Interest on capital will be calculated at the rate of 12% p.a.

(ii) The deceased partner's representive will be paid Rs 16,000 for his share of goodwill.

(iii) His share of Reserve Fund which is Rs 50,000, shall be paid to his executor.

(iv) His shar of profit till the date of death will be calculated on the basis of sales. It is also specified that the sales during the year 2011-12 were Rs 10,00,000. The sales from 1st April, 2012 to 30th September, 2012 were Rs 2,00,000. The profit of the firm for the year ending 31st March, 2012 was Rs 1,00,000.

Prepare Jag's Capital Account to be presented to his representative.

View Text Solution

8. The Balance Sheet of Sudha, Rahim and Kartik who were sharing profit in the ratio of $3:3:4$ as on 31st March, 2012 was as follows:

Sudha died on 30th June, 2012. The Partnership Deed provided for the following on the death of a partner:

(i) Goodwill of the firm be valued at two year's purchase of average profits for the last three years.

(ii) Sudha's share of profit or loss till the date of her death was to be calculated on the basis of sales for the year ended 31st March, 2012 amounted to Rs 4,00,000 and that from 1st April to 30th June, 2012 to Rs 1,50,000. The profit for the year ended 31st March, 2012 was Rs 1,00,000.

(iii) Interst on capital was to be provided @6% p.a.

(iv) The average profits of the last three years were Rs 42,000.

Prepare Sudha's Capital Account to be rendered to her executor.

View Text Solution

9. Arun , Varun and Karan were partners in a firm sharing profits in the ratio of $4:3:3$. On 31st March, their Balance Sheet was as follows:

On 30th Septembe, 2014, Karan died. The Partnership Deep provided for the following to the executors of the deceased partner:

(i) His share in the goodwill of the firm calculated on the basis of three years' purchase of the average profits of the last four years.

The profits of the last four year were Rs 1,90,00, Rs 1,70,000, Rs 1,80,000 and Rs 1,60,000 respectively.

(ii) His share in the profits of the firm till date of his death calculated on the basis of the average profits of the last four years.

(iii) Interest $\circ 8\%$ per annum on the credit balance, if any, in his Capital Account.

(iv) Interest on his lone @12% per annum.

Prepare Karan's Capital Account to be presented to his executors, assuming that his loan and interest on loan were transferred to his Capital Account.

View Text Solution

10. Priya, Karam and Anna were partners of a firm sharing profits in the ratio of $3:2:1.$ Their Balance Sheet on 31st march, 2014 was as follows:

Karam died on 12th June, 2014 and according to the Partnership Deed his executors were entitled to be paid as under:

(i) His share in the profits of the firm till the date of his death which will be calculated on the basis of average profits of last three completed years.

(ii) His share in the goodwill of the firm which will be calculated on the basis of two years' purchase of total profits of last three years.

(iii) Profits for the last three years were: Rs 30,000, Rs 70,000 and Rs 80,000.

Prepare Karam's Capital A/c to be rendered to his executors.

View Text Solution

11. The following is the Balance Sheet of A,B and C as on 31st March, 2014:

'C' died on 30th June, 2014 Under the terms of Partnership Deed, the executors of the deceased partner were entitled to:

(i) Amount standing to the credit of Partner's Capital Account.

(ii) Interest on Capital @6% per annum.

(iii) Share of goodwill on the basis of twice the average of past three years profits.

(iv) Share of profit from the closing of last financial year to the date of death on the basis of last year's profit. The profits of the last three years were as follows:

The fiem closes its books on 31st March every year. The partners shared profits in the ratio of their capitals. Prepare C's Capital Account to be presented to her executors.

View Text Solution

7 Dissolution Of A Partnership

1. C and D were partners in a firm sharing profits in the ratio of $3:2$. On 28th Febuary, 2016 the firm was dissolved. After transferring assets (other than cash) and outsiders' liabilities to Realisation Account, you are given the following information:

(a) A creditor Rs 2,00,000 accepted building of Rs 2,80,000 at Rs 2,20,000 and paid the firm Rs 20,000.

(b) A second creditor for Rs 75,000 accepted furniture at Rs 60,000 in full settelement of his claim.

(c) A third creditor amounting to Rs 80,000 accepted Rs 20,000 in cash and investments of the book value of Rs 65,000 in full settlement of his claim.

(d) Loss on dissoluton was Rs 7,500.

Pass necessary journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque.

View Text Solution

2. Pass necessary Journal entries on the dissolution of a partnership firm in the following cases:

(i) Dissolution expenses were Rs 800.

(ii) Dissolution expenses Rs 800 were paid by Prabhu a partner.

(iii) Geeta, a partner, was appointed to look after the dissolution work, for which she was allowd a remuneration of Rs 10,000. Geeta agreed to bear the dissolution expenses. Actual dissolution expenses Rs 9.500 were paid by Geeta.

(iv) Janki, a partner, agreed to look after the disolution expenses. Actual dissolution expenses Rs 5,500 were paid by Mohan, another partner, on behalf of Janki.

(v) A partner, Kavita, agreed to look after the dissolution process for a commission of Rs 9,000. She also agreed to bear the dissolution expenses. Kavita took over furniture of Rs 9,000 for her commission. Furniture had already been transferred to Realisation Account.

(vi) A debtor, Ravinder, for Rs 19,000 agreed to pay the dissolution expenses which were Rs 18,000 in full settlement of his debt.

View Text Solution

3. Srijan, Raman and Manan were partners in a firm sharing profits and losses in the ratio of $2:1:1$. On 31st March, 2017 their Balance Sheet was as follows:

On the above date they decided to dissolve the firm.

(i) Siraj was appointed to realise the assets and discharge the liabilities. Srijan was to receive 5% commision on sale of assets (except cash) and was to bear all expenses of realisation.

	Assets were realised as follows:	*Rs*
(ii)	Plant	85,000
	Stock	33,000
	Debtors	47,000

(iii) Investments were realised at 95 % of the book value.

(iv) The firm had to pay Rs 7,500 for an outstanding repair bill not provided for earlier.

(v) A contingent liability in respect of bills receivable, discounted with the bank had also materialised and had to be discharged for Rs 15,000.

(vi) Expenses of realisation amounting to Rs 3,000 were paid by srijan.

Prepare Realisatin Account Partnes' Capital Account and Bank Account.

View Text Solution

4. Following is the Balance Sheet of Vinit and Yogesh as on 31st March, 2015

The firm was dissolved on 31st March, 2015. The assets were realised and th eliabilities were paid as under:

(a) Vinit promised ot pay off Mrs. Vinit's Lone and took away stock at

20% discount.

(b) Yogesh tool away 90% of the investments at 10% discount.

(c) Sunil, a debtor of Rs 50,000 had pay the amount due 3 months after the date of dissolution. He was allowed a discount of 5% for making payment immediately. The remaining debtors were collected in full.

(d) Creditors were paid Rs 3,50,000 in full settlement of their claim.

(e) Fixed Assets realised Rs 2,82,000 and remaining investment realised Rs 7,500.

(f) There was an old furniture which has been written off completely from the books. Yogesh took away the same for Rs 4,000.

(g) Realisation expenses Rs 2,000 were paid by Vinit.

Prepare Realisation Account, Bank Account and Partners' Capital Accounts.

View Text Solution

5. Arnab, Ragini and Dhrupad are partners sharing profits in the ratio of $3:1:1.$ On 31st March, 2015, they decided to dissolve their firm. On that date their Balance Sheet was as under:

The assets were realised and the liabilities were paid as under:

(i) Arnab agreed to pay his brother's loan.

(ii) Investments realised 20% less.

(iii) Creditors were paid at 10% less.

(iv) Building was auctioned for Rs 3,55,000. Commission on auction was Rs 5,000.

(v) 50% of the stock was taken over by Ragini at market proce which was 20% less than the book value and the remaining was sold at market price.

(vi) Dissolution expenses were Rs 8,000. Rs 3,000 were to be borne by the firm and the balance by Dhrupad. The expenses were paid by him.

Prepare Resolution Account, Bank Account and Partners' Capital Account

View Text Solution

6. Prachi, Ritika and Ishita were partners in a firm sharing profits and losses in the ration of $5:3:2$. in spite of repeated remainders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st

March, 2012. Prachi was deputed to realise the assets and pay the liabilities. She was paid Rs 1,000 as commission for her services. The financial position of the firm was follows:

Following was agreed upon:

Prachi took over investments for Rs 12,500. stock and furniture realised Rs 41,500. There was old furniture which has been written off completely from the books. Ritika agreed to take away the same at the price of Rs 3,000. Compensation paid to the employees amounted to Rs 8,000. This liability was not provided in the above Balance Sheet, Realisation expenses amounted to Rs 1,000. Prepare Realisation Account, partners' Capital Accounts and Cash A/c to close the books of the firm.

View Text Solution

7. Hainf and Jubed were partners in a firm sharing profits in the ratio of their capitals. On 31st March, 2013 their Balance Sheet was as follows:

On the above date the firm was dissolved:

(i) Debtors were realised at a discount of $5\%.50\%$ of the stock was taken over by Hanif at 10% less than the book value. Remaining stock was sold for Rs 65,000.

(ii) Furniture was taken over by jubed for Rs 1,35,000. Machinery was sold as scrap for Rs 74,000.

(iii) Creditors. Were paid in full.

(iv) Expenses on realisation Rs 8,000 were paid by Hanif.

Prepare Realisation Account.

View Text Solution

8. Ram and Shyam were partners in a firm sharing profits in the ratio of $2:3$ respectively. They became old and no one where to look after their business. Therefore, they decided to dissolve the business and donate the amount available to an NGO who is providing service for growing trees in urban areas to control pollution. On 31st March, 2014, their Balance Sheet was as follows:

Ram paid the Creditors at a discount of 15% and Shyam paid Bills Payable in full Assets realised as follows: Land at 20% less, Machinery at

Rs 35,000, Stock at 25% less and Debtors at Rs 12,500. Expenses on relisation Rs 1,750 were paid by Shyam.

Prepare Realisation Account, Partners' Capital Accounts and Cash Account.

View Text Solution

9. Mala, Neela and Kala were partners sharing profits in the ratio of $3:2:1$. On 1st March, 2015, their firm was dissolved. The assets were realised and liabilities were paid off. The accountant prepared Realisation Account, Partners' Capital Accounts and Cash Account, but forgot to post few amounts in these accounts.

You ar required to complete these below given accounts by posting correct amounts.

View Text Solution

10. Bhuvan, Surya and Ibrahim were partners in a firm sharing profits in the ratio fo $3:2:1$. On 30th june, 2014, they decided to dissolve the firm. Following was the Balance Sheet of the firm on that date:

The assets were realised and the liabilities ware paid off as follows:

(i) Investments were taken over by Bhuvan for Rs 18,000.

(ii) Stock was taken over by Suraj for Rs 17,500 and furniture was taken over by Ibrahim at book value.

(iii) Rs 60,500 were realised from the debtors.

(iv) Creditors were settled in full and realisation expenses were Rs 4,500.

Prepare Realisation Account, Cash Account and Partners' Capital Accounts.

View Text Solution

11. Give the necessary Journal entries for the following transactions on dissolution of the firm of Aman and Rajat on 31st March, 2016, after the transfer of various assets (other than cash) and the third party liabilities to Realisation Account. They shared profits and losses in the ratio of $2:1$.

(a) There was a bill of exchange of Rs 10,000 under discount. The bill was received from Derek who became insolvent.

(b) Bills payable of Rs 30,000 falling due on 30th April, 2016 were discharged at Rs 29,550.

(c) Creditors of Rs 30,000 took over stock of Rs 10,000 at 10% discount and the balance was paid to them in cash.

(d) There was an old typewrite which had been written off completely. It was estimated to realise Rs 600. It was taken away by Rajat at 25% less than the estimated price.

(e) Aman agreed to take over the responsibility of completing dissolution at an agreed remuneration of Rs 1,000 and to bear all realisation expenses. Actual realisation expenses Rs 800 were paid by the firm.

(f) Loss on realisation was Rs 54,000.

View Text Solution

12. Girija and Ganesh were partners in a firm sharing profits and losses in the ratio of $2:3$. On 31st March, 2017 their Balance Sheet was as follows:

On the above date the firm was dissolved. The assets were realised and the liabilities were paid off as follows:

(a) Debtor of Rs 6,000 were proved bad.

(b) Girija agreed to pay off her brother's Loan.

(c) One of the creditors for Rs 10,000 was paid only Rs 3,000 in fully settlement of his account.

(d) Buildings were auctioned for Rs 1,80,000 and the auctioneer's commission amounted to Rs 8,000.

(e) Ganesh took over part of stock at Rs 4,000 (being 20% less than the book value). Balance the the Stock was handed over to the remaining creditors in full settlement of their account.

(f) Investments realised Rs 9,000 less.

(g) Realisation expenses amount to Rs 17,000 and were paid by Ganesh.

Prepare Realisation Account, Partners' Capital Accounts and Bank Account.

View Text Solution

Collage Of Value Based Questions

1. Sita and Geeta were partners in a firm. On 1st April, 2017 they admitted Neha as a partner for 1/3 share in the profits of the firm. She is differently abled. The new Partnership Deed provides for the following:

(a) $5\,\%$ of the trading profit will be donated to Red Cross Society.

(b) $10\,\%$ of the trading profit will be donated to the Prime Minister's Relief Fund.

(c) Products will be sold to people below proverty line at a discount of $15\,\%$ on maximum ratail price.

(d) New retail shops will be opened in the backward areas of the country.

(e) New recruitment of salespersons will be reserved for the girls belonging to Scheduled Castes and Scheduled Tribes.

Identify the values adopted by Sita, Geeta and Neha.

View Text Solution

2. Ritu and Gurpreet are partners in a firm. On 1st April, 2017, their capitals were Rs 2,00,000 and Rs 3,00,000 respectively. They decided to adopt a school in the locality and develop play ground, instal drinking water facility and develop toilets. They decided to earmark 10% of the net profit every year for the above purpose.

Identify any four values that were adopted by Ritu and Gurpreet.

View Text Solution

3. Atul and Amit are partners in a firm. In support of 'Swachh Bharat Abhiyan' they decided to adopt locality where its office was situated to keep it neat and clean. They decided to install drinking water facility, public toilets besides staff to clean the streets. They decided to earmark 25% of the divisible profit every year for the purpose. Identify any values adopted by Atul and Amit.

View Text Solution

4. Simrat and Manbir are partners in a firm. They being in a business where large unskilled labour is employed. The employess largely lived in slum area. They, in order to improve their hygiene, entered into agreement with a doctor to do routine medical check-up They also set-up a canteen in the business premises to provide hygienic food at a subsidised rate. Identify the values in their action.

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5. 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 should be distributed to the needy, Naman wanted that it should be mixed with the food being served the next day. Naman then gave a proposal that if his share iin the profit is increased, he will not mind free distribution of left over food. Bhavya happily agreed. So, they decided to change their profit-sharing ratio to $1:2$ with immediate effect.

State any two values highlighted in the above para.

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6. A,B and C are partneres sharing parofits and losses in the ratio of $2:3:5$. On 31st March, 2019 they admit D into the partnership and decided to use 10% of the profits every year in providing dringking water in schools, where required.

What values are being converyed by them?

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7. A and B are partners in a firm sharing profits in the ratio of $3:2$. They decide to admit C as a partner w.e.f. 1st April, 2019 for equal share.

One of the terms agreed among partners was to help maintain the plants and keep the area clean.

What values are converyed by them?

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8. P,Q and R partners sharing profits and losses in the ratio of $3:2:1$.

Q retired from the business on 1st April, 2019.

Q decided to place the amount received in fixed deposit. Half of the interest received was to be donated to an Orphanage every year and another half for the education of girls. What values are conceyed by 'Q'

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9. X,Y and Z were partners sharing profits in ratio of 1/2,1/3 and 1/6. Y retired on 1st April, 2018 and he decided that:

(i) Rs 20,000 out of the due amount will be donated after one year to Uttrakhand Chief Minister's Fund as his donation to meet natural calamity faced by the state, and

(ii) Balance to be paid to him after one year without interest.

Identify the values involved.

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10. A,B and C were partners, sharing profits in the ratiio of $3:1:1$. B died on 1st June, 2018 and as per his will, Rs 1,00,000 is to be donated to a society 'Clean Yamuna River'. What values are conveyed?

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11. The Balance Sheet of Sadhna, Mohit and Rohit were partners sharing profits in the ratio of $1:2:3$.

Rohit died on 1st September, 2018 and as per his will his share is to be donated to 'Matri Chaya-An Orphanage for Girls'. Identify the value being highlighted.

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12. A,B and C were partners sharing profits and losses in the ratio of $7:4:3$. On 1st April, 2018, D was admitted into partnership for 1/10th share in profits. D belongs to economically weaker section of the society and was admitted withour contributing any amount for his share of capital and goodwill. On the same date, A retired from the firm. A and B decided to donate old furniture of firm to an orphanage.

Identify the values involved.

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13. Prachi, Ritika and Ishita were partners in a firm sharing profits and looses in the ratio $5:3:2$. In spite of reperated reminders by the authorities, they kept dumping hazardou material into a nearby river. The court ordered for the dissolution of their partnership firr on 31st March, 2019.

Identify the value being conveyrd in the question.

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14. Ram and Shyam were partners in a firm sharing profits in the ratio of $2:3$ respectively They beame old and no one was there to look after their business. Therefore, they decided to dissolve the business and donate the amount to an NGO who are providing service of growing trees in urban areas to control polution.

Identify any one value which the partners communicated to the society.

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