

**Q. 2.** Simmi and Sonu are partners in a firm, sharing profits and losses in the ratio of 3:1. The Profit and Loss Account of the firm for the year ending 31st March, 2018 shows a net profit of ₹1,50,000. Prepare the Profit and Loss Appropriation Account and the Partners' Current Accounts by taking into consideration the following information:

(a) Partners' capitals on 1st April, 2017: Simmi, ₹30,000; Sonu, ₹60,000; (b) Current Account balances on 1st April, 2017; Simmi ₹30,000 (Cr.) Sonu ₹15,000 (Cr.); (c) Partners' drawings during the year amounted to Simmi, ₹20,000; Sonu, ₹15,000; (d) Interest on capital was allowed @ 5% p.a.; (e) Interest on drawings was to be charged @6% p.a. at an average of six months; (f) Partners' salaries: Simmi ₹12,000 and Sonu ₹9,000. **[Modified]**

**Questions with incomplete information/missing figures**

**Q. 1. Complete the missing figures of following Accounts of a partnership firm of X and Y:**  
**Profit and Loss Appropriation Account**

Dr.		Cr.	
		<i>for the year ended 31st March, 2018</i>	
Particulars	(₹)	Particulars	(₹)
To General Reserve	15,000	By Net Profit	1,50,000
To Salary:		By Interest on Drawings:	
X                      24,000		X                      2,700	
Y                      18,000	42,000	Y                      2,475	5,175
To Interest on Capital:			
X                      .....			
Y                      .....	.....		
To Profit transferred to Current A/cs:			
X                      17,505			
Y                      11,670	29,175		
	1,55,175		1,55,175

Dr.		Partners' Capital Accounts		Cr.	
Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To Cash A/c	—	10,000	By Balance b/d	3,00,000	2,50,000
To Balance c/d	3,60,000	2,40,000	By Cash A/c	60,000	—
	3,60,000	2,50,000		3,60,000	2,50,000

Dr.		Partners' Current Accounts		Cr.	
Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To Drawings	40,000	40,000	By Salary	24,000	18,000
To Interest on Drawings	.....	.....	By Interest on Capital	39,600	29,400
To Balance c/d	.....	.....	By Profit and Loss Appropriation A/c	.....	.....
	81,105	59,070		81,105	59,070

Ans.

Profit and Loss



**PROBLEM 23**

X, Y and Z are partners in a firm sharing profits and losses as 3:2:1. Their Balance Sheet as at 31st March, 2017 was as follows:

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	4,50,000	Cash in Hand	60,000
General Reserve	2,40,000	Cash at Bank	60,000
Bank Loan	2,10,000	Sundry Debtors	1,80,000
Partners' Capital A/cs:		Stock	3,60,000
X                      3,00,000		Bills Receivable	1,50,000
Y                      2,40,000		Plant and Machinery	8,40,000
Z <u>2,10,000</u>	7,50,000		
	<u>16,50,000</u>		<u>16,50,000</u>

From 1st April, 2017, they agreed to alter their profit-sharing ratio as 5:3:2. It is also decided that:

- Plant and Machinery should be valued at ₹9,00,000.
- A provision of 5% on Sundry Debtors be made for Doubtful Debts.
- The goodwill of the firm be valued at ₹3,00,000.
- The stock be reduced to ₹3,30,000.
- Total capital of the firm will be ₹12,00,000.

Goodwill was not to appear in the books.

Draft necessary journal entries, adjust the capitals of the partners according to new profit-sharing ratio, prepare partners' capital accounts and revised Balance Sheet of the reconstituted firm.

**PROBLEM  
27**

Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1 : 2. Their fixed capitals were ₹2,00,000 and ₹ 3,00,000 respectively. On 1st April 2016, Kishore was admitted as a new partner for  $\frac{1}{4}$ th share in the profits. Kishore brought ₹2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishore acquired his share of profit from Varun.

Calculate goodwill of the firm on Kishore's admission and the new profit sharing ratio of Karan, Varun and Kishore. Also, pass necessary Journal Entry for the treatment of Goodwill on Kishore's admission considering that Kishore did not bring his share of goodwill premium in cash.

*[CBSE Delhi 2017]*

**PROBLEM  
35**

**PREMIUM FOR GOODWILL NOT BROUGHT IN CASH:** L and M share profits of a business in the ratio of 5: 3. They admit N into the firm for one fourth share in the profits to be contributed equally by L and M. On the date of admission, the Balance Sheet of L and M is as follows:

**Balance Sheet**

Liabilities	(₹)	Assets	(₹)
L's Capital	30,000	Machinery	26,000
M's Capital	20,000	Furniture	18,000
Reserve Fund	4,000	Stock	10,000
Bank Loan	12,000	Debtors	8,000
Creditors	2,000	Cash	6,000
	68,000		68,000

Terms of N's admission were as follows:

N will bring ₹25,000 as his capital. Goodwill of the firm is to be valued at 4 years' purchase of the average super profits of the last three years. Average profits of the last three years are ₹20,000; while the normal profits that can be earned on the capital employed are ₹12,000. Furniture is to be appreciated to ₹24,000 and the value of stock to be reduced by 20%. Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the firm after admission of N. [CBSE (F) 2008]

**Solution:**



**PROBLEM  
40**

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 March, 2015 was as follows:

Liabilities		(₹)	Assets		(₹)
Creditors		2,52,000	Bank		18,900
General Reserve		1,05,000	Stock		5,58,600
Capitals: Angad	3,54,000	1,00,000	Machinery		52,500
Baloo	2,98,500	1,000	Land and Building		5,25,000
Chitra	<u>1,45,500</u>	7,98,000			
		<u>11,55,000</u>			<u>11,55,000</u>

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

- Dinesh will bring ₹1,47,000 as his capital and ₹1,40,700 as his share of goodwill premium.
- That 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 Bank Account considering that gain on revaluation was ₹95,200. [CBSE Delhi 2016 (C)]

**PROBLEM**  
**43**

The following is the Balance Sheet of A, B and C sharing profits and losses in the proportion of 6:5:3 respectively:

**Balance Sheet**

Liabilities	(₹)	Assets	(₹)
A's Capital	35,400	Building	45,150
B's Capital	29,850	Furniture	7,350
C's Capital	14,550	Goodwill	5,250
Creditors	18,900	Stock	29,400
General Reserve	10,500	Debtors	26,460
Bills Payable	6,300	Cash	1,890
	<u>1,15,500</u>		<u>1,15,500</u>

On 1st April, 2017, they agreed to take D into partnership by giving him 1/8th share on the following terms:

Furniture to be depreciated by ₹920. An old customer, whose account was written off as bad, has promised to pay ₹2,000 in full settlement of his debts. A provision of ₹1,320 be made for outstanding repair bills. The value of Building be appreciated up to ₹54,910. D should bring in ₹14,070 as his share of goodwill. Also D should bring in ₹14,700 as his share of capital.

After making the above adjustments the capital accounts of the partners be adjusted on the basis of the proportion of D's capital to his share in the business. Actual cash to be paid-off or brought in by the old partners as the case may be. Pass the necessary journal entries and prepare the Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm.

**Solution:**