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Questions:

8 Marks

1. A and B are partners sharing profits in the ratio of 4:3. Their Balance Sheet on March 31st,2014 was as under:

Liabilities		Rs	Assets		Rs
Sundry Creditors		25,000	Cash		1,800
Bills Payable		5,000	Bank		13,000
Capital Accounts			Debtors	30,500	
A	80,000		Less:Provision for Bad & Doubtful Debts	(300)	30,200
B	60,000	1,40,000	Stock		25,000
			Plant		40,000
			Buildings		60,000
		1,70,000			1,70,000

They agreed to admit C into partnership with effect from April 1st,2014 on the following terms:
(a)C to bring capital equal to 1/8th of the total capital of the new firm after all adjustments.
(b)Buildings to be appreciated by Rs.7,000 and Plant depreciated by Rs.3,500.
(c)The provision for doubtful debts on debtors to be raised to Rs.650
(d)The Goodwill of the firm to be valued at Rs.28,000 and C to bring his share of premium in cash.
Prepare Revaluation A/c, Partners Capital Accounts and the Balance Sheet on C's admission.

2. A and B were partners in a firm sharing profits in 3:1 ratio. They admitted C as a partner for 1/4th Share in the profit C was to bring Rs.60,000 for his capital. The Balance Sheet of A and B on 1.4.2014, the date on which C was admitted was as follows:

Liabilities		Rs	Assets		Rs
Creditors		70,000	Land and Bildings		40,000
Capitals:			Plant and Machinery		70,000
A	50,000		Stock		30,000
B	80,000	1,30,000	Debters	35,000	
General Reserve		10,000	Less:Provision for Double Debts	(1,000)	34,000
			Investments		26,000
			Cash		10,000
		2,10,000			2,10,000

The other terms agreed upon were:
(i)Goodwill of the firm was valued at Rs.24,000
(ii)Land and Buildings were valued at Rs.65,000 and Plant and Machinery at Rs.60,000
(iii)Provision for bad and doubtful debts was found in excess by Rs.400.
(iv)A liability of Rs.1,200 included in sundry Creditors was not likely to arise.
(v)The capitals of the partners be adjusted on the basis of C's contribution of capital to the firm.
(vi)Excess or shortfall if any to be transferred to current Accounts.
Prepare Revaluation Account,Partners' Capital Accounts and the Balance Sheet of the new firm.

6 Marks

3. A,B and C are sharing profits and losses in the ratio of 5:3:2 They decide to share future profits and losses in the ratio 2:3:5 with effect from 1st April,2015.They also decide to record the effect of the following without affecting their book figures by passing a single adjusting entry.

Particulars	Book Figure(Rs)
General reserve	60,000
Contigencies reserve	10,000
Profit and loss A/c (Cr)	30,000
Advertisement suspense A/c (Dr)	40,000

4. Rochelle and Mandana are partners sharing profits and losses in the ratio of 3:2. Keith is admitted as a partner for 1/5 share. Make entries in the firm's journal, the following adjustments.
(i) The value of buildings increased by RS.2,00,000.
(ii) The landlord has decided to waive the outstanding rent, of RS.5,000 appearing in the books.
(iii) Prepaid insurance RS.2,500 is to be brought into account.
(iv) Investments and investment fluctuation fund appear in the balance sheet at RS.50,000 and RS.5,000 respectively. Presently, the value of investments is RS.42,000.
(v) On 31st December, 2015, goods of RS.20,000 were received by the firm on account of credit purchases. This transaction has not yet been recorded in the books of the firm. (Unrecorded creditors of RS.20,000 and unrecorded stock of RS.20,000).

5. Prepare memorandum revaluatThe balance sheet of Uday, Veer and Suraj, who share profits in the ratio of their capitals is given below

Balance Sheet
as at 1st January, 2016

Liabilities		Amt (RS)	Assets	Amt (RS)
Capital A/cs			Goodwill	10,000
Uday	1,00,000		Land and Building	1,00,000
Veer	50,000		Plant and Machinery	50,000
Suraj	50,000	2,00,000	Furniture and Fixtures	20,000
Reserve Fund		20,000	Stock	20,000
Overdraft Rent		10,000	Debtors	30,000
Creditors for Goods		20,000	Loan to Uday	10,000
			Prepaid Salary	10,000
		2,50,000		2,50,000

On the date of balance sheet, Pratap is admitted for 1/6th share and the following adjustments are agreed upon
(i) There is an unrecorded liability for bill discounted amounting to RS.5,000.
(ii) Land and buildings have been revalued at RS.1,10,000.
(iii) It is decided to depreciate plant and machinery by 5% and furniture and by 15%.
(iv) Stock is found overvalued by RS.2,000.
(v) Prepaid salary is to be written-off.
Prepare memorandum revaluation account to give effect to the above adjustments.

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