

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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Question 1:

Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires and goodwill of the firm is valued at Rs 1,80,000. Aparna and Sonia decided to share future in the ratio of 3:2. Pass necessary Journal entries.

ANSWER:

## Books of Aparna, and Sonia

### Journal

Date	Particulars	L.F.	Amount Rs	Amount Rs
	Aparna's Capitals A/c	Dr.	18,000	
	Sonia's Capital A/c	Dr.	42,000	
	To Manisha's Capital A/c			60,000
	(Manisha's share of goodwill adjusted to Aparna's and Sonia's Capital Account in their gaining ratio )			

### Working Notes:

1. Manisha's share in goodwill:

$$1,80,000 \times \frac{1}{3} = 60,000$$

Total goodwill of the firm × Retiring Partner's Share =

2. Gaining Ratio = New Ratio – Old Ratio

$$= \frac{3}{5} - \frac{3}{6} = \frac{18-15}{30} = \frac{3}{30}$$

Aparna Gaining share

$$\text{Sonia Gaining Share} = \frac{2}{5} - \frac{1}{6} = \frac{12-5}{30} = \frac{7}{30}$$

Gaining Ratio between Aparna and Sonia = 3 : 7

$$3. \text{ Aparna's share in goodwill} = 60,000 \times \frac{3}{10} = 18,000$$

$$\text{Sonia's share in goodwill} = 60,000 \times \frac{7}{10} = 42,000$$

*Question 2:*

Sangeeta, Saroj and Shanti are partners sharing profits in the ratio of 2:3:5. Goodwill is appearing in the books at a value of Rs 60,000. Sangeeta retires and goodwill is valued at Rs 90,000. Saroj and Shanti decided to share future profits equally. Record necessary Journal entries.

**ANSWER:**

### Books of Saroj and Shanti

#### Journal

Date	Particulars	L.F.	Amount Rs	Amount Rs
	Sangeeta's Capital A/c	Dr.	12,000	
	Saroj's Capital A/c	Dr.	18,000	
	Shanti's Capital A/c	Dr.	30,000	
	To Goodwill A/c			60,000
	(Goodwill written off)			
	Saroj's Capital A/c	Dr.	18,000	
	To Sangeeta's Capital A/c			18,000
	(Sangeeta's share of goodwill adjusted to Saroj's Capital Account in her gaining ratio)			

**Working Notes:**

1. Sangeeta's share of goodwill.

$$\text{Total goodwill of the firm} \times \text{Retiring Partner's share} = 90,000 \times \frac{2}{10} = 18,000$$

2. Gaining Ratio = New Ratio – Old Ratio

$$\text{Saroj's Gaining Share} = \frac{1}{2} - \frac{3}{10} = \frac{10-6}{20} = \frac{4}{20}$$

$$\text{Shanti's Gaining Share} = \frac{1}{2} - \frac{5}{10} = \frac{10-10}{20} = \frac{0}{20}$$

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*Question 3:*

Himanshu, Gagan and Naman are partners sharing profits and losses in the ratio of 3:2:1. On March 31, 2017, Naman retires.

The various assets and liabilities of the firm on the date were as follows:

Cash Rs 10,000, Building Rs 1,00,000, Plant and Machinery Rs 40,000, Stock Rs 20,000, Debtors Rs 20,000 and Investments Rs 30,000.

The following was agreed upon between the partners on Naman's retirement:

- (i) Building to be appreciated by 20%.
- (ii) Plant and Machinery to be depreciated by 10%.
- (iii) A provision of 5% on debtors to be created for bad and doubtful debts.
- (iv) Stock was to be valued at Rs 18,000 and Investment at Rs 35,000.

Record the necessary journal entries to the above effect and prepare the Revaluation Account.

**ANSWER:**

**Books of Himanshu and Gagan**

**Journal**

Date	Particulars	L.F.	Amount Rs	Amount Rs
	Building A/c	Dr.	20,000	
	Investment A/c	Dr.	5,000	
	To Revaluation A/c	Dr.		25,000
	(Value of Building and Investment increased at the time of Naman's retirement)			
	Revaluation A/c	Dr.	7,000	
	To Plant and Machinery A/c			4,000
	To Provision for Bad and Doubt Debts A/c			1,000
	To Stock A/c			2,000
	(Assets revalued and Provision for Bad and Doubtful Debts made at the time of Naman's retirement)			
	Revaluation A/c	Dr.	18,000	
	To Himanshu's Capital A/c			9,000
	To Gagan's Capital A/c			6,000
	To Naman's Capital A/c			3,000
	(Profit on revaluation transferred to all Partners' Capital Accounts in their old profit sharing ratio)			

### Revaluation Account

Dr.

Cr.

Particular	Amount Rs	Particular	Amount Rs
Plant and Machinery	4,000	Building	20,000
Stock	2,000	Investment	5,000
Provision for Bad and Doubtful Debts	1,000		
Profit transferred to Capital Account:			
Himanshu	9,000		
Gagan	6,000		
Naman	3,000		
	18,000		
	25,000		25,000
	25,000		25,000

*Question 4:*

Naresh, Raj Kumar and Bishwajeet are equal partners. Raj Kumar decides to retire. On the date of his retirement, the Balance Sheet of the firm showed the following: General Reserves Rs 36,000 and Profit and Loss Account (Dr.) Rs 15,000.

Pass the necessary journal entries to the above effect.

**ANSWER:**

#### Books of Naresh and Bishwajeet

#### Journal

Date	Particulars	L.F.	Amount	Amount
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			Rs	Rs
General Reserve A/c	Dr.		36,000	
To Naresh's Capital A/c				12,000
To Raj Kumar's Capital A/c				12,000
To Bishwajeet's Capital A/c				12,000
(General Reserve distributed among old partner in old ratio)				
Naresh's Capital A/c	Dr.		5,000	
Raj Kumar's Capital A/c	Dr.		5,000	
Bishwajeet's Capital A/c	Dr.		5,000	
To Profit and Loss A/c				15,000
(Debit balance of Profit and Loss Account written off)				

*Question 5:*

Digvijay, Brijesh and Parakaram were partners in a firm sharing profits in the ratio of 2:2:1. Their Balance Sheet as on March 31, 2017 was as follows:

Liabilities	Amount Rs	Assets	Amount Rs
Creditors	49,000	Cash	8,000
Reserves	18,500	Debtors	19,000
Digvijay's Capital	82,000	Stock	42,000
Brijesh's Capital	60,000	Buildings	2,07,000

Parakaram's Capital	75,500	Patents	9,000
	2,85,000		2,85,000

Brijesh retired on March 31, 2017 on the following terms:

- (i) Goodwill of the firm was valued at Rs 70,000 and was not to appear in the books.
- (ii) Bad debts amounting to Rs 2,000 were to be written off.
- (iii) Patents were considered as valueless.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of Digvijay and Parakaram after Brijesh's retirement.

**ANSWER:**

### Books of Digvijay and Parakaram

#### Revaluation Account

Dr.	Amount	Cr.	Amount
Particular	Rs	Particular	Rs
Bad Debts	2,000	Loss transferred to Capital Account: Digvijay Brijesh Parakaram	
Patents	9,000		4,400
			4,400
			2,200
	11,000		11,000

**Partners' Capital Account**

Dr.

Cr.

Particulars	Digvijay	Brijesh	Parakaram	Particulars	Digvijay	Brijesh	Parakaram
Brijesh's Capital A/c	18,667		9,333	Balance b/d	82,000	60,000	75,500
Revaluation (Loss)	4,400	4,400	2,200	Digvijay's Capital A/c		18,667	
Brijesh's Loan		91,000		Parakaram's Capital A/c		9,333	
Balance c/d	66,333		67,667	Reserves	7,400	7,400	3,700
	89,400	95,400	79,200		89,400	95,400	79,200

**Balance Sheet as on March 31, 2017**

Liabilities	Amount Rs	Assets	Amount Rs
Creditors	49,000	Cash	8,000
Brijesh's Loan	91,000	Debtors	19,000
		<i>Less: Bad Debts</i>	2,000
Digvijay's Capital A/c	66,333	Stock	42,000
Parakaram's Capital A/c	67,667	Buildings	2,07,000
	2,74,000		2,74,000

**Note:** As sufficient balance is not available to pay the amount due to Brijesh, the balance of his Capital Account transferred to his Loan Account.

**Working Note:**

1. Brijesh's Share of Goodwill



$$\text{Total goodwill of the firm} \times \text{Retiring Partner's Share} = 70,000 \times \frac{2}{5} = \text{Rs } 28,000$$

2. Gaining Ratio = New Ratio – Old Ratio

$$\text{Digvijay's Share} = \frac{2}{3} - \frac{2}{5} = \frac{10-6}{15} = \frac{4}{15}$$

$$\text{Parakaram's Share} = \frac{1}{3} - \frac{1}{5} = \frac{5-3}{15} = \frac{2}{15}$$

Gaining ratio between Digvijay and Parakaram = 4 : 2 or 2 : 1

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