

**PART II**

**Chapters covered: Valuation of Goodwill, Change in Profit sharing Ratio and Admission of partner**

- Q.21** X, Y and Z are partners who share profits and losses in the ratio of 2:2:1. General Reserve appeared in their books at ₹ 34,000. On this date they decided to change the profit sharing ratio to 1:1:1. It was decided that the account of general reserve will not be disturbed. You are required to pass necessary journal entry and show relevant working notes.
- Q.22** X,Y and Z are partners who share profits and losses in the ratio of 2:1:1. General Reserve appeared in their books at ₹ 18,000. On this date they decided to change the profit sharing ratio to 3:1:1. It was decided that the account of general reserve will not appear in the books of new firm. You are required to pass necessary journal entry and show relevant working notes.
- Q. 23** P, Q and R are equal partners. General Reserve appeared in their books at ₹ 60,000. On this date they decided to change the profit sharing ratio to 5:3:2. It was decided that the account of general reserve will appear at ₹ 45,000 in the books of new firm. You are required to pass necessary journal entry/entries and show relevant working notes.
- Q. 24** P, Q and R are equal partners. General Reserve appeared in their books at ₹ 60,000. On this date they decided to change the profit sharing ratio to 5:3:2. It was decided that the account of general reserve will appear at ₹ 75,000 in the books of new firm. You are required to pass necessary journal entry/entries and show relevant working notes.
- Q.25** The following balances appeared in the books of A, B and C as on 1-4-2019:
- Advertisement Suspense Account ₹ 30,000
  - Profit and Loss Account (Dr Balance) ₹ 4,000
  - General Reserve ₹ 4,500
- Partners shared profits and losses in the ratio of 2:2:1 and with effect from 1-4-2019 the profit sharing ratio would be 3:1:1. It was agreed that the above mentioned balances will not appear in the books of reconstituted firm. Pass relevant entries.
- Q.26** The following balances appeared in the books of A, B and C as on 1-4-2019:
- Advertisement Suspense Account ₹ 30,000
  - Profit and Loss Account (Dr Balance) ₹ 4,000
  - General Reserve ₹ 60,000
- Partners shared profits and losses in the ratio of 2:2:1 and with effect from 1-4-2019 the profit sharing ratio would be 3:1:1. It was agreed that the above mentioned balances will appear in the books of reconstituted firm. Pass necessary adjustment entry/entries.
- Q.27** X, Y & Z are partners sharing profits and losses in the ratio of 4:3:3. There was a Contingency Reserve at ₹ 60,000 and Profit and Loss Account (Dr. balance) at ₹ 66,000 were appearing in their books. The partners now decided to share equally in future. Pass journal entry/entries if:
- Partners do not want to show above balances in the new balance sheet.
  - Partners want to continue with the above balances in new balance sheet.
- Q.28** A, B & C are partners in the ratio of 2:2:1. D is admitted for  $\frac{1}{5}$ <sup>th</sup> share. It was decided that A, B & C will share profits and losses in the ratio of 1:2:2 in future. D brought ₹ 1,20,000 as capital and ₹ 60,000 as premium for goodwill. 40% of the premium for goodwill was withdrawn by partners in their due proportion. Pass necessary journal entries.

- Q.29** Pass entries in the books of X & Y partners in the ratio of 5:3 for the following transactions at the time of admission of Z for  $\frac{1}{6}$ <sup>th</sup> share:
- Furniture was appearing at ₹ 85,500. It was found undervalued by 5%.
  - Business premises appeared in books at 36,000 which were overvalued by 20%.
  - Unaccounted accrued income is to be brought on record at ₹ 5,000.
- Q.30** Pass entries in the books of A & B partners in the ratio of 3:2 for the following transactions at the time of admission of C for  $\frac{1}{8}$ <sup>th</sup> share:
- Sundry Debtors and provision for bad debts appearing in books at ₹ 50,000 and ₹ 3,000 respectively. Further bad debts amounted to ₹ 4,000. It is decided to maintain provision at 6% on debtors.
  - Investments and IFR appeared in books at ₹ 30,000 and 2,000 respectively. These investments are now revalued at ₹ 25,000. 60% of the investments were taken over by partners in their profit sharing ratio.
  - WCR appeared in the books at ₹ 13,000. On C's admission there was a claim of ₹ 7,000.

**Check out for Part III January 14, 2019**