

WORKSHEET – ACCOUNTS

XII COMMERCE

CHAPTER : ADMISSION OF A PARTNER

QUESTION 1] A and B share profits of a business in the ratio of 5:3 . They admit C , a differently abled person, who is an MBA from Delhi University into the firm for $\frac{1}{4}$ th share in the profits to be contribute equally by A and B . On the date of admission of C , the balance sheet of the firm was as follows :

LIABILITIES	AMOUNT	ASSETS	AMOUNT
A's capital	40,000	Machinery	30,000
B's capital	30,000	Furniture	20,000
Workmen compensation reserve	4,000	Stock	15,000
Creditors	2,000	Debtors	15,000
Provident fund	10,000	bank	6,000
	86,000		86,000

Terms of C's admission were as follows:

C will bring Rs . 30,000 for his share of capital and goodwill.

Goodwill of the firm has been valued at 3yrs purchase of the average super profits of last four years. Average profits of the last four years are Rs . 20,000 while the normal profits that can be earned with the capital employed are Rs. 12,000.

Furniture is undervalued by Rs. 12,000 and the value of stock is reduced to Rs. 13,000.

Provident fund be raised by Rs. 1,000.

Creditors are unrecorded to the extent of Rs. 6,000.

Prepare Revaluation account , Partners Capital accounts and the new Balance sheet of A, B and C. Also identify the VALUES INVOLVED in the question.

[HINT : PROFIT ON REVALUATION 3,000 ; BALANCE SHEET TOTAL 1,26,000; A , B & C 's CAPITAL 47,375 ; 35,625; 24,000