



Brain International School

Vikas Puri, New Delhi

ASSIGNMENT NO. 3

SUBJECT: ACCOUNTANCY

CLASS-XII

JULY,2025

Chapter 4: Admission of a Partner

1. What is meant by reconstitution of Partnership?
2. A and B who shared profits in the ratio of 3:2 admit C as partner for $\frac{1}{4}$ th share in profits, which he acquires equally from old partners. What will be the new profit-sharing ratio?
3. A and B sharing profits and losses in the ratio of 5:3 decide to admit C for $\frac{1}{4}$ th share. On this date, their balance sheet disclosed the following items:
Investment Fluctuation Reserve ₹80,000
Investments (at cost) ₹6,00,000
Show the accounting treatment in the following cases:
 - a) If the market value of investments is ₹5,50,000.
 - b) If the market value of investments is ₹5,25,000.
 - c) If the market value of investments is ₹5,05,000.
 - d) If the market value of investments is ₹6,15,000.
4. Bashir and Charlie were together running a garments business. They were sharing profits in the ratio of 3:2. Their Balance Sheet as on 31st March 2018 was as follows:

Liabilities	Amount	Assets	Amount
Creditors	60,000	Cash in hand	16,000
Capital: Bashir	60,000	Furniture	10,000
Charlie	40,000	Debtors 25,000	
		Less: Provision for Doubtful Debt (1,000)	24,000
		Machinery	20,000
		Building	80,000
		Profit and loss a/c	10,000
	1,60,000		1,60,000

Deepak was admitted to the partnership for $\frac{1}{5}$ th share in the profits on the following terms:

- i. The new profit-sharing ratio was decided as 2:2:1.
- ii. Deepak will bring ₹30,000 as his capital and ₹15,000 for his share of goodwill.

- iii. Half the goodwill amount was withdrawn by the partner who sacrificed his share of profit in favour of Deepak.
- iv. A provision of 5% for bad and doubtful debts was to be maintained.
- v. An item of ₹500 included in the Sundry Creditors was not likely to be paid.
- vi. A provision of ₹800 was to be made for claims for damages against the firm.

After making the above adjustments the capital accounts of 'Bashir' and 'Charlie' were to be adjusted on the basis of Deepak's capital. Actual cash was to be brought in or to be paid off.

Prepare Revaluation A/c, Partners capital accounts and the Balance Sheet of the newly constituted firm.

Chapter 5: Retirement of a Partner

1. A, B and C were partners in a firm sharing profits in the ratio of 4:3:3. On 1st April 2021, C decided to retire from the firm and his share was taken by A and B in the ratio of 2:1. Investment Fluctuation Reserve of ₹10,000 was available at the time of retirement of C, when current investment (realisable value ₹55,000) appears at ₹60,000. Give the journal entry for the treatment of Investment Fluctuation Reserve on C's retirement from the firm.
2. A, B and C were partners in a firm sharing profits in 3:2:1 ratio. On 31st March 2020, B retired. On the date of his retirement, the balance in his Capital Account was ₹3,50,000. The other assets and liabilities of the firm on that date were as follows:

Cash ₹1,50,000; Building ₹10,00,000; Plant and Machinery ₹4,00,000; Stock ₹2,00,000; Debtors ₹2,00,000; and Furniture ₹3,00,000, Investment ₹1,00,000, Investment Fluctuation Reserve ₹10,000.

Following was agreed among the partners on B's retirement:

- (a) Building to be appreciated by 20%.
- (b) Plant and Machinery to be depreciated by 10%.
- (c) A provision of 5% on debtors to be created for doubtful debts.
- (d) Stock was to be valued at ₹1,80,000 and Furniture at ₹3,50,000.
- (e) An old photocopier previously written off was sold for ₹20,000.
- (f) Partners had to pay ₹50,000 to the family of an employee who died in an accident.
- (g) Market value of Investments ₹85,000.
- (h) B was paid ₹1,00,000 in cash.

Pass the necessary Journal entries to record the above adjustments. The firm closes its books on 31st March every year.

3. A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:3. On 31st March 2021, C decided to retire from the firm and his share was taken by A and B in the ratio of 1:2. Workmen compensation reserve of ₹50,000 was available at the time of retirement of C. There was a claim of ₹30,000 on account of workmen compensation which was accepted by the firm. Journalise for the treatment of workmen compensation reserve at the time of C's retirement.
4. A, B and C were partners in a firm sharing profits in the ratio of 8:4:3. B retires and his share is taken up equally by A and C. Find the new profit-sharing ratio.
5. Gautam, Yashika, Asma are partners sharing profits and losses in the ratio of 4/9:1/3:2/9. Yashika retires and gives 1/9th of her share to Gautam and the remaining to Asma. Calculate the new profit-sharing ratio and gaining ratio.

Chapter 6: Death of a Partner

1. In the case of death of a partner, the whole amount standing to the credit of his capital account is transferred to _____.

2. At the time of Harsh's death, the total amount payable to him was ₹2,50,000. He took over a machinery of ₹25,000 a computer of ₹18,000 and a vehicle of ₹45,000 and remaining amount will be paid after 2 years. Give journal entry at the time of death of the partner.
3. Why are retiring/heirs of deceased partner entitled to share of goodwill of the firm?
4. Anita, Sunita and Rinita were partners in a firm sharing profits and losses in the ratio 2:2:1. Sunita died on 30th June 2021, her share of profit from the close of the last accounting year till the date of death was to be calculated on the basis of the average of 3 completed years profits before death less 10%. Profit for 2018-19, 2019-20 and 2020-21 were ₹2,10,000, ₹2,40,000 and ₹2,70,000 respectively. The firm closes its books on 31st March every year.
 - a) Calculate Sunita's share of profit till the date of death.
 - b) Pass necessary journal entry to record Sunita's share of profit.
5. A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:3. On 31st March 2021, C died and his share was taken by A and B in the ratio of 1:2. Workmen compensation reserve of ₹50,000 and Investment Fluctuation Reserve of ₹20,000 was available at the time of death of C. There was a claim of ₹30,000 on account of workmen compensation which was accepted by the firm. The value of investments declined by ₹30,000 at the time of C's death. Journalise for the above at the time of C's death.