Brain International School

Vikas Puri, New Delhi

ASSIGNMENT NO. 2

SUBJECT: ACCOUNTANCY   CLASS-XII   JULY' 2026

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.

6. M, N and G were partners in a firm sharing profits and losses in the ratio of 5:3:2. On 31-3-2019, there Balance Sheet was as under:

Balance Sheet of M, N and G
as on 31-3-2019

M retired on the above date and it was agreed that:

Liabilities		(₹)	Assets		(₹)
Creditors		55,000	Cash		40,000
General Reserve		30,000	Debtors	45,000	
Capitals			Less: Provision	5,000	40,000
M	1,50,000		Stock		50,000
N	1,25,000		Machinery		1,50,000
G	75,000	3,50,000	Patents		30,000
			Buildings		1,00,000
			Profit and Loss A/c		25,000
		4,35,000			4,35,000

(i) Debtors of ₹2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
(ii) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.
(iii) An unrecorded creditor of ₹10,000 will be taken into account.
(iv) N and G will share the future profits in the ratio of 2:3.
(v) Goodwill of the firm on M's retirement was valued at ₹3,00,000.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet.

7. A, B, and C are partners sharing profits in the ratio of 5:3:2. On 31st March 2026, B retired from the firm. The goodwill of the firm was valued at ₹1,50,000. A and C decided to share future profits in the ratio of 3:2.

Questions:

a) Calculate the gaining ratio of A and C.
b) Determine B's share of goodwill.
c) Pass the journal entry for goodwill adjustment through partners' capital accounts.

8. P, Q, and R were partners sharing profits equally. On 1st April 2026, Q retired. At the time of retirement:

- Building increased in value by ₹80,000.
- Stock was overvalued by ₹20,000.
- A provision for doubtful debts of ₹10,000 was to be created.

Questions:

a) Prepare the Revaluation Account.
b) Calculate Q's share of profit or loss on revaluation.
c) Pass the necessary journal entries.

9. X, Y, and Z are partners sharing profits in the ratio of 4:3:3. Y retired from the firm. The balance in Y's Capital Account after all adjustments was ₹4,50,000. The firm could pay only ₹2,50,000 immediately and agreed to transfer the balance to Y's Loan Account.

Questions:

a) Pass the journal entry for transfer of Y's dues.
b) Pass the journal entry for immediate payment.
c) Show how Y's Loan Account will appear in the Balance Sheet.

10. M, N, and O are partners sharing profits in the ratio of 2:2:1. N retired from the firm. The Balance Sheet showed:

- General Reserve ₹50,000
- Profit and Loss Account (Cr.) ₹20,000
- Workmen Compensation Reserve ₹30,000

The claim against Workmen Compensation was estimated at ₹10,000.

Questions:

a) How will General Reserve and P&L Account be distributed?
b) How will Workmen Compensation Reserve be treated?
c) Calculate N's share in the above items.

Chapter 6: Death of a Partner

1. A, B, and C are partners sharing profits in the ratio of 5:3:2. On 31st March 2026, B retired from the firm. The goodwill of the firm was valued at ₹1,50,000. A and C decided to share future profits in the ratio of 3:2.

Questions:

a) Calculate the gaining ratio of A and C.
b) Determine B's share of goodwill.
c) Pass the journal entry for goodwill adjustment through partners' capital accounts.

2. P, Q, and R were partners sharing profits equally. On 1st April 2026, Q retired. At the time of retirement:

- Building increased in value by ₹80,000.
- Stock was overvalued by ₹20,000.
- A provision for doubtful debts of ₹10,000 was to be created.

Questions:

a) Prepare the Revaluation Account.
b) Calculate Q's share of profit or loss on revaluation.

c) Pass the necessary journal entries.

3. X, Y, and Z are partners sharing profits in the ratio of 4:3:3. Y retired from the firm. The balance in Y's Capital Account after all adjustments was ₹4,50,000. The firm could pay only ₹2,50,000 immediately and agreed to transfer the balance to Y's Loan Account.

Questions:

a) Pass the journal entry for transfer of Y's dues.
b) Pass the journal entry for immediate payment.
c) Show how Y's Loan Account will appear in the Balance Sheet.

4. M, N, and O are partners sharing profits in the ratio of 2:2:1. N retired from the firm. The Balance Sheet showed:

- General Reserve ₹50,000
- Profit and Loss Account (Cr.) ₹20,000
- Workmen Compensation Reserve ₹30,000

The claim against Workmen Compensation was estimated at ₹10,000.

Questions:

a) How will General Reserve and P&L Account be distributed?
b) How will Workmen Compensation Reserve be treated?
c) Calculate N's share in the above items.

5. A, B, and C are partners sharing profits in the ratio of 3:2:1. B retires on 31st March 2026. At the time of retirement:

- Goodwill is valued at ₹60,000.
- Machinery appreciated by ₹30,000.
- Stock depreciated by ₹12,000.
- General Reserve stands at ₹24,000.
- B's Capital Account balance is ₹1,20,000.
- A and C decide to share future profits equally.

Questions:

a) Calculate the gaining ratio.
b) Prepare the Revaluation Account.
c) Pass journal entries for goodwill adjustment.
d) Calculate the amount due to B.
e) Prepare B's Capital Account.

6. A, B, and C were partners sharing profits and losses in the ratio of 4:3:2. On 30th June 2026, B died. The partnership deed provided that on the death of a partner:

- Goodwill would be valued at ₹1,80,000.
- Building was to be appreciated by ₹60,000.
- Stock was to be reduced by ₹15,000.
- A provision for doubtful debts of ₹5,000 was to be created.

A and C decided to continue the business.

Questions:

a) Calculate B's share of goodwill.
b) Prepare the Revaluation Account.
c) Determine B's share of profit or loss on revaluation.
d) Pass the journal entry for goodwill adjustment.

7. P, Q, and R were partners sharing profits in the ratio of 5:3:2. Q died on 31st August 2026. The firm's profit for the year ending 31st March 2027 was estimated at ₹2,40,000.

According to the partnership deed, the deceased partner's share of profit up to the date of death was to be calculated on the basis of the previous year's profit, which was ₹1,80,000.

Questions:

a) Calculate Q's share of profit up to the date of death.
b) For how many months is profit to be calculated?
c) Pass the journal entry for the share of profit due to Q.
d) Why is the deceased partner entitled to profit up to the date of death?

8. X, Y, and Z were partners sharing profits equally. Y died on 1st January 2026.

After all adjustments, the amount due to Y's executors was ₹6,00,000. The firm paid ₹2,00,000 immediately and transferred the balance to Executor's Loan Account.

Questions:

a) Pass the journal entry for transferring the amount due to Y's Executor's Account.
b) Pass the journal entry for immediate payment.
c) Calculate the balance transferred to Executor's Loan Account.
d) How will the loan be shown in the Balance Sheet?

Chapter 7: Dissolution of a Partnership Firm

1. A, B, and C were partners sharing profits and losses in the ratio of 3:2:1. Due to continuous losses, they decided to dissolve the firm on 31st March 2026.

The Balance Sheet showed:

- Machinery ₹1,20,000
- Stock ₹60,000
- Debtors ₹40,000
- Creditors ₹50,000

During dissolution:

- Machinery realised ₹1,00,000.
- Stock realised ₹45,000.
- Debtors realised ₹35,000.
- Creditors accepted ₹48,000 in full settlement.

Questions:

a) Calculate the total amount realised from assets.
b) Determine the profit or loss on realisation.
c) Why is a Realisation Account prepared at the time of dissolution?

d) Pass the journal entry for payment of creditors.

2. P, Q, and R were partners sharing profits equally. On dissolution of the firm, an unrecorded asset and an unrecorded liability were discovered.

- An unrecorded investment was sold for ₹20,000.
- An unrecorded liability of ₹8,000 had to be paid.

Questions:

a) How will the unrecorded asset be treated?
b) How will the unrecorded liability be recorded?
c) Calculate the net effect on the Realisation Account.
d) Pass the necessary journal entries.

3. X, Y, and Z were partners sharing profits in the ratio of 4:3:2. The firm was dissolved.

During dissolution:

- Furniture (Book Value ₹50,000) was taken over by X at ₹45,000.
- Investments (Book Value ₹70,000) were taken over by Y at ₹75,000.
- Realisation expenses amounted to ₹5,000.

Questions:

a) How will the assets taken over by partners be recorded?
b) Calculate the gain or loss on investments.
c) How are realisation expenses treated?
d) Pass the journal entry for furniture taken over by X.

4. A, B, and C were partners sharing profits in the ratio of 5:3:2. On dissolution, after all assets were realised and liabilities paid, the capitals stood as follows:

- A's Capital (Credit) ₹40,000
- B's Capital (Debit) ₹30,000
- C's Capital (Credit) ₹20,000
- B was insolvent and could contribute only ₹10,000 from his private estate.

Questions:

a) Calculate B's deficiency.
b) How will the deficiency be borne by A and C according to the rule in the case of insolvency?
c) Name the rule applicable in such situations.
d) Calculate the final amount payable to A and C.

5. M, N, and O were partners sharing profits and losses equally. The firm was dissolved on 31st March 2026. N agreed to undertake the work of dissolution for ₹10,000. Realisation expenses actually paid by N amounted to ₹8,000.

Questions:

a) What amount will be credited to N's Capital Account?
b) How are realisation expenses recorded when borne by a partner?
c) Pass the journal entries for:

- Dissolution expenses.
- Payment to N for undertaking dissolution work.