

XII ACCOUNTS TEST – Lesson – Retirement

MM : 20

Time: 1:00 Hr

Q1. A, B and C are partners sharing profits and losses in the ratio of 4 : 3 : 2. C retires from the business.

A is acquiring 4/9 of C's share and balance is acquired by B. Calculate the new ratio and gaining ratio. (2)

Q2. X, Y and Z were partners sharing profits in the ratio of 3 : 2 : 1. Goodwill is appearing in their books

at a value of ₹ 60,000. Y retires and on the day of Y's retirement, Goodwill is valued at ₹ 84,000.

X and Z decided to share future profits in the ratio of 2 : 1. Pass entries. (2)

Q3. M, N and G were sharing profits and losses in the ratio of 5 : 3 : 2 respectively. The B/S on 31st March

Liabilities	₹	Assets	₹
Creditors	55,000	Cash	40,000
General Reserve	30,000	Debtors	45,000
Capital Accounts:		Less: Provision	5,000
M	1,50,000	Stock	50,000
N	1,25,000	Machinery	1,50,000
G	<u>75,000</u>	Patents	30,000
	3,50,000	Buildings	1,00,000
		Profit & Loss A/c	25,000
	4,35,000		4,35,000

M retires on that date subject to the following conditions: Goodwill of firm is valued ₹ 3,00,000.

- 1) 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. N and G will share the future profits in 2 : 3 ratio.
- 2) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.
- 3) An unrecorded creditor of ₹ 10,000 will be taken into A/c.

You are required to the Revaluation A/c and the Balance Sheet of the firm after the retirement of M. (8)

Q4. Vj, Vv and Vn are partners sharing profits in the ratio of 2 : 2 : 1. Their B/S on 31st March, 2021

Liabilities	₹	Assets	₹
Creditors	54,000	Bank	55,200
Bills Payable	24,000	Debtors	12,000
Outstanding Rent	4,400	Less: Provi. For D/D	800
Provision for Legal Claims	12,000	Stock	18,000
Capitals: Vj	92,000	Furniture	8,000
Vv	60,000	Premises	1,94,000
Vn	<u>40,000</u>		
	1,92,000		
	2,86,400		2,86,400

On 31st March, 2021, Vv retires on the above date on the following conditions:

- 1) Premises will be appreciated by 5% and furniture will be appreciated by ₹ 2,000.
- 2) Stock will be depreciated by 10%. Goodwill of the firm was valued at ₹ 48,000.
- 3) Provision for Doubtful Debts was to be made at 5% on Debtors and
- 4) Provision for Legal Damages to be made for ₹ 14,400.
- 5) ₹ 50,000 from Vv Capital A/c will be transferred to his Loan A/c and the Balance be paid by cheque.

Prepare Revaluation A/c, Partner's capital A/c and Balance Sheet after Vv retirement. (8)

All the Best 11th