CLASS: XII **DECEMBER PREBOARD** **Date: 1-12-2018**

TIME: 2 Hrs **SUBJECT: ACCOUNTING** **M.M: 50**

PAPER-I **SET-A**

1. Why Interest on loan is debited to profit and loss A/c and not in P/L appropriation A/C 1

2. Rajiv had to bring 70,000 as capital and 20,000 as premium for becoming new patner. But he could bring 80,000 in whole. Calculate the balance in his capital account if current account is not to be opened. 1

OR

At the time of admission of a new partner, workmen's compensation reserve in appearing in the Balance sheet as 1,000. Give journal entry if workmen's compensation at the time of admission is estimated at 1,200.

3. Shivam and Vishal are partners sharing profits and losses in the ratio of 3:2. It was decided to share future profits in the ratio of 1:1. For this purpose Assets were revalued from 5, 00,000 to 8, 00,000. Assets were to be shown at their original values. Give journal entry: 1

4. A, B and C were partners sharing profits in the ratio of 2: 2: 1. Their capitals stood at 2, 00,000 , 2,00,000 and 1, 00,000 respectively. The normal profit in the business is 10%. Firm's actual average profit was 63,000. B died on 30th Sep. 2013. State the value of goodwill. 1

OR

A, B and C are partners, Profits for the years ending 31st March 2011, 2012 and 2013 were 96,000; 1, 14,000 and 1, 26,000 respectively. In the case of death share of goodwill of deceased partner was to be 50 % of actual profit received by him in the last three year. B died . State B's share of goodwill:

5. Cheena , Beena and Teena are partners sharing profits in the ratio of 2: 2: 1 . Their firm was dissolved on 31.3.2015. The dissolution expenses were 10,000 , 4,000 were to be borne by the firm and the balance by Beena. 10,000 were paid by firm. 1

6. When does a flow of cash take place? 1

7. R and S were partners in a firm sharing profits in 3: 2 ratio. Their respective fixed capitals were 10,00,000 and 15,00,000. The partnership deed provided the following:
(i) Interest on capital @ 10% p.a.
(ii) Interest on drawing @ 12% p.a.
During the year ended 31-3-2013, R's drawings were 1,000 per month drawn at the end of every month and S's drawings were 2,000 per month drawn in the beginning of the every month. After the preparation of final accounts for the year ended 31-3-2013 it was discovered that interest on R's drawings was not taken into consideration.
Calculate interest on R's drawings and given necessary adjusting entry for the same. 3

OR

A, B and C were partners. Their capitals were A - 30,000 ; B- 20,000 and C- 10,000 respectively. According to the Partnership Deed, they were entitled to an interest on capital at 5% p.a. In addition, B was also entitled to draw a salary of 500 per month. C was entitled to a commission of 5% on the profits after charging interest on capital, but before charging salary payable to B. Net Profit for the year 30,000 was distributed in the ratio of capitals without above appropriations. The profit was to be shared in the ratio of 2: 2: 1.
Pass the necessary adjustment entry showing the workings clearly.

8. On Ist April 2016, an existing firm had assets of 10, 00,000 including cash of 20,000. Its creditors amounted to 50,000 on that date. The partner's capital accounts showed a balance of 8,00,000 while the reserve fund amounted to 1,50,000 . If the normal rate of return is 15% and goodwill of the firm is valued at 1,80,000 at 3 year's purchase of super profit, find the average profits of the firm. 3

9. X and Y are partners in a firm sharing profits in the ratio of 5:3. On March 1, 2004 they admitted Z as a new partner. The new profit

sharing ratio will be 4:3:2. Z brought in 1,00,000 in cash as his share of capital but could not bring any amount for goodwill in cash. The firm's goodwill on Z's admission was valued at 1,80,000. At the time of Z's admission , goodwill existed in the books of the firm at 2,40,000. Pass necessary journal entries in the books of the firm on Z's admission . Show your workings 3

10. Ram, Ghanshyam and Vrinda were partners in a firm sharing profits in the ratio of 4: 3: 1. The firm closes its books on 31st March every year. On 1.2.2015 Ghanshayam died and it was decided that the new profit sharing ratio between Ram and Vrinda will be equal . The partnership deed provided for the following on the death of a partner.
(a) His share of goodwill be calculated on thebasis of half of the profits credited to his account during the previous four completed years.
The firm's profit for the last four years was:
2010-2011: 1,20,000 , 2011-2012: 80,000, 2012-2013: 40,000 and 2013-2014: 80,000. Goodwill was not to be raised.
(b) His share of profit in the year of his death was to be computed on the basis of average profits of past two years.
Pass necessary journal entries relating to goodwill and profit to be transferred to Ghanshtam's Capital Account. Also show your workings clearly. 3
11. Ali, Bimal and Deepak are partners in a firm. On 1st April, 2011 their capital accounts stood at 4,00,000 , 3,00,000 and 2,00,000 respectively. They shared profits and losses in the proportion of 5: 3: 2. Partners are entitles to interest on capital @ 10% per annum and salary to Bimal and Deepak @ 2,000 per month and 3,000 per quarter respectively as per the provisions of the partnership deed.
Bimal's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of 50,000 p.a. Any deficiency arising on that account shall be met by Deepak.
The profits of the firm for the year ended 31st March, 2012 amounted to 2,00,000. Prepare profit loss Appropriation Account for the year ended on 31st March, 2012. 4
12. Maskeen and Punit are partners sharing Profit in the ratio of 3:2. The firm is a leading manufactures and exporters of readymade garments. On 31.3.2017 the firm has balance of 10,000 in it's Gereral Reserve. With effect from 1.4.2017, they decided to share future profits equally. The following information is furnished:
(i) Bills payables were found to be undervalued by 15,000
(ii) Machinery was found to be undervalued by 20,000
(iii) Creditors were found to be overvalued by 15,000
(iv) Furniture was found to be overvalued by 15,000
Pass the necessary Journal Entries to record the above changes in assets and liabilities. 4
13. Anil and Beeju were partners sharing Profits in the ratio of 3:2 . The firm was engaged in the designing of websites. Due to personal reasons they decided to dissolve the firm on 31 March 2018. Their balance sheet on that date was as under:

BALANCE SHEET
as at 31.3.2018

Liabilities		Assets	
Sundry Credit ors	40,000	Buildings	60,000
Mrs. Anil's Loan	20,000	Investments	15,300
Beeju's Loan	12,000	Debtors 17,000	
Investment Fluctuation Fund	4,000	Less: Provision 2,000	15,000
General Reserve	2,000	Bills Receivable	18,700
Anil's Capital	20,000	Cash	5,000
Beeju's Capital	20,000	Profit and Loss A/C	4,000
	1,18,000		1,18,000

Following was agreed upon:
(i) Anil agreed to pay off his wife's loan
(ii) Debotors realized 12,000

(iii) Beeju took away all investments at 13,500

(iv) Anil agreed to take over Building at 76000 by paying cash

(v) Sundry creditors payable after two months were paid immediately at 10% discount.

(Vi) Bill Receivable were settled at a loss of 700

(Vii) Relisation expenses amounted to 2500 Prepare realisation Account. 4

14. X, Y and Z who are into the business of skin care products sharing profits in the ratio of 2: 2: 1 , as on 31st March 2013:

BALANCE SHEET

as at 31.3.2013

Liabilities		Assets	
Creditors	40,000	Goodwill	30,000
Profit & Loss A/c	13,000		
General Reserve	1,50,000	Fixed Assets	60,000
Y's Loan	25,000		
Capitals:		Stock	10,000
X 42,000		Sundry Debtors	20,000
Y 15,000	57,000	Cash at Bank	1,40,000
		Y's capital	25,000
	2,85,000		2,85,000

On 12th June 2013. Y suffered a heart attack and was immediately hospitalized wherein he was declared as brought dead. According to the Deed, the legal representatives the deceased partner were entitled to:

(i) Balance in Capital Account.

(ii) Share of goodwill valued on the basis of thrice the average of the past 4 year' profits. Goodwill Account should not appear in the books of the firm.

(iii) Share in profits upto the date of death on the basis of average profits for the past 4 years.

(iv) Interest @ 12% p.a. on the credit balance , if any , in his capital account .

(v) Interest on his loan @ 12% p.a.

profit for the years ending on 31st March of 2009, 2010, 2011 and 2012 respectively were 20,000 , 15,000 , 17,000 and 19,0000.

Y's legal representatives were to be paid the amount due. X and Z continued as partners by taking over Y's share equally. Work out the amount payable to Y's legal representatives.

OR

A, B and C were partners in a firm sharing profits in the ratio of 5:3:2. The firm closes its books on 31 March every year and balance of general reserve as on 31.3.2013 was 10,000.

C died on 1st Oct. 2013. It was agreed between his executors and the remaining partners that:

(a) Goodwill be valued at 2 year' purchase of the average profits of the previous five years . The average profits of previous five years were 15,000.

(b) Revaluation profit was 10,000.

(c) Profit for the year 2013-14 be taken as having accrued at the same rate as the previous year which was 20,000.

(d) Interest on capital be provided at 10% p.a.

Fill in the missing figures in following accounts:

Dr. C'S CAPITAL ACCOUNT Cr.

Particulars		Particulars	
To…….	…..	By…….	……
		By…….	……
		By…….	……
		By…….	……
		By……..	…….
		By A's Capital A/c	…….
		By B's Capital A/c	……..
	……		……

Dr. C'S EXECUTOR'S ACCOUNT Cr.

Particulars		Particulars	
To Cash A/c	7,750	By…..	…….
To Executor's Loan A/c	……		
To Bal c/d	20,000		
	…….		……..

15. From the following Balance Sheet of Ajanta Limited as on 31st March, 2017, prepare a Cash Flow Statement:

Particulars	Note No.	31st March, 2017	31st March, 2016
I. Equity And Liabilities			
1. Shareholders' Fund			
(a) Equity share Capital		10,00,000	10,00,000
(b) Reserves and Surplus	1	2,40,000	1,20,000
2. Non –Current Liabilities			
Long –term Borrowings- 9% Debentures		3,20,000	2,40,000
3. Current Liabilities			
(a) Trade Payable	2	1,80,000	2,40,000
(b) Other Current Liabilities	3	1,80,000	1,60,000
Total		19,20,000	17,60,000
II. Assets			
1. Non-Current Assets			
(a) Fixed Assets- Tangible Assets	4	13,40,000	12,00,000
(b) Non-Current Investments	5	2,40,000	1,60,000
2. Current Assets			
(a) Inventories		1,20,000	1,60,000
(b) Trade Receivables		1,60,000	1,60,000
(c) Cash and Cash Equivalents		60,000	80,000
Total		19,20,000	17,60,000
Notes to Accounts			
Particulars		31st March,	31st March,

	2017	2016
1. Reserves and Surplus		
General Reserve	1,20,000	1,20,000
Balance in Statement of Profit and Loss	1,20,000	_____
	2,40,000	1,20,000
2. Trade Payables		
Creditors	1,40,000	1,20,000
Bill Payable	40,000	1,20,000
	1,80,000	2,40,000
3. Other Current Liabilities		
Outstanding Rent	1,80,000	1,60,000
4. Tangible Assets		
Plant and Machinery	14,90,000	13,00,000
Accumulated Depreciation	(1,50,000)	(1,00,000)
	13,40,000	12,00,000
5. Non- Current Investments		
Shares in XYZ Limited	2,40,000	1,60,000

Additional Information:

(a) During the year 2016-17, a machinery costing 50,000 and accumulated depreciation thereon 15,000 was sold for 32,000.

(b) 9% Debentures of 80,000 were issued on 1st April, 2016. 6

16. 'B' and 'C' were partners sharing profits in the ratio of 3: 2. Their Balance Sheet as on 31-3-2011 was as follows: 8

BALANCE SHEET OF B AND C

as on 31.3.2011

Liabilities	Amount	Assets	Amount
Capital		Land and Building	80,000
'B' 60,000		Machinery	20,000
'C' 40,000	1,00,000	Furniture	10,000
Provision for bad debts	1,000	Debtors	25,000
Creditors	60,000	Cash	16,000
		Profit and Loss Account	10,000

	1,61,000		1,61,000

'D' was admitted to the partnership for $^1/_5$ th share in the profit on the following terms:

(i) The new profit sharing ratio was decided as 2:2:1

(ii) D will bring 30,000 as his capital and 15,000 for his share of goodwill.

(iii) Half of goodwill amount was withdrawn by the partner who sacrificed his share of profit in favour of 'D'.

(iv) A provision of 5% for bad and doubtful debts was to be maintained.

(v) An item of 500 included in 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 'B and 'C' were to be adjusted on the basis of D's Capital. Actual cash was to be brought in or to be paid off as the case may be.

Prepare Revaluation Account, partner's Capital Account and Balance Sheet of the new firm.

OR

A, B, C were patners sharing profits in the ratio of 8: 4: 5. They were doing the business of manufacturing school bags. Their Balance Sheet as at 31st March 2018 was as under:

BALANCE SHEET

as at 31.3.2018

Liabilities		Assets	
A's Capital	40,000	Buildings	20,000
B's Capital	30,000	Motor car	18,000
C's Capital	20,000	Stock	20,000
General Reserve	17,000	Investments	1,20,000
Sundry Creditors	1,23,000	Debtors	40,000
		GST Receivable	1,000
		SGST receivable	1,000
		Patents	10,000
	2,30,000		2,30,000

On 1.4.2018, C retires from the firm on the following terms and conditions:

(i) 20% of the General Reserve is to remain as a reserve for bad and doubtful debts.

(ii) Motor Car is to be decreased by 5%

(iii) Stock is to be revalued at 17,500

(iv) Goodwill is valued at $2\frac{1}{2}$ Years' purchase of the average profits of last 3 years profits of the last three years were ; 2015-16: 11,000; 2016-17: 16,000 and 2017-18: 24,000. It was decided to raise goodwill at its full value and then written off immediately.

C was paid full. A and B borrowed the necessary amount from the Bank on the security of Motor Car and Stock to pay off C.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of A and B.

CLASS: XII **DECEMBER PREBOARD** **Date: 1-12-2018**

TIME: 2 Hrs **SUBJECT: ACCOUNTING** **M.M: 50**

PAPER-I **SET-B**

General Instructions:-

- Attempt all questions
- Marks are indicated against each question
- Calculator is not allowed.

1. What is maximum Number of partners that a partnership firm can have? Name the Act that provides for the maximum Number of partners in a partnership firm. 1
2. A, B, C shared profits and losses in the ratio of 3:2: 1 respectively. With effect from 1 April,2018 they agreed to same profit equally . The Goodwill of the firm valued at 18,000. Pass necessary Journal entry when goodwill A/c is not opened. 1
3. Karan, Nakul and Asha were partners in a firm sharing profits and losses in the ratio 3:2:1. At the time of admission of a partner, the goodwill of the firm was valued at 2,00,000. The accountant of the firm passed the entry in the books of account and thereafter showed goodwill at 2,00,000 as an asset in the Balance Sheet. Was he correct in doing so? Why? 1

Or

Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5: 3: 2. On 1st January, 2015, they admitted Yogita as a new partner for 1/10th share in the profits. On Yogita's admission , the profit and Loss Account of the firm was showing a debit balance of 20,000 which was credited by the accountant of the firm to the capital Accounts of Geeta, Sunita and Anita in their profit-sharing ratio. Did the accountant give correct treatment? Give reason in support of your answer.

4. In case amount due to outgoing partner is taken as loan, is the outgoing partner entitled to Interest? If yes, of what rate. 1

Or

State any two deduction that may have to be made from the amount payable to the legal Representation of deceased partner.

5. Give one difference between Revaluation A/c and Realisation A/c 1
6. Dividend paid by Trading Co. is classified under which kind of activity while preparing cash flow statement. 1
7. X and y are partners sharing profits and losses in the ratio of 2:1 . They had capitals of 3,00,000 and 2,00,000 respectively.
   - Both the partners are entitled to interest on capital @ 5%.
   - X is entitled to salary of 1,500 per month
   - X is entitled for commission @ 10% on Net Profits after charging Y's salary and interest on capitals , but before his own commission.
   - Y is entitled for commission @ 10% on Net Distribution profits after charging his own commission.
   - The profit earned for the year ended 31.03.17 is 98,000. Prepare profit and Loss Appropriation Account.

   Or

   Mobile , Ananya and Isha are partners in a CA firm, sharing Profit and losses in the ratio of 2: 2: 1. All the partners have agreed to the following terms:
   - Isha share of profits is guaranteed to be not less than 25,000 p.a.
   - Mobile gives a guarantee to the effect that the gross fee earned by her for the firm will not be less than the average gross fee earned by her during the preceding four years when she was carrying on the profession alone (the average of which works out at 40,000). The profit earned by the firm for the year ended 31st March, 2017 are 70,000 . The gross fee earned by Mobile for the firm is just Rs 30,000 . Prepare the profit and loss Appropriation Account. 3
8. The average profits of Smart Industries are 1,30,000 . The fixed assets of the firm are 9,00,000, current assets are 5,00,000 and outside

liabilities are of 4,00,000. In the same type of business, The normal rate of return is 10%. Calculate the value of goodwill by Capitalisation of Average Profit Method. 3

9. A and B are partners in a firm sharing profits in the ratio of 2: 3. They admit C as a new partner for 1/4th share in the profits. The new ratio will be 3:3:2. C contributed the following assets to his capital and his share for good will: Building 3,00,000; Machinery 1,40,000 . On the date of admission, firm's Goodwill was valued at 4,80,000 . Record the necessary journal Entries in the books of the firm on C's admission. 3

10. A, B, C are partners in a firm whose books are closed on 31st March each year. A died on 30th june 2009 and according to the agreement , the share of profits of a deceased partner up to the date of the death is to be calculated on the basis of the average profit for the last five years. The net profits for the last 5 years have been: 2005: 14,000; 2006: 18,000; 2007: 16,000 ; 2008 10,000 (loss) and 2009: 16,000. Calculate A's share of the profits upto the date of death and pass necessary journal entry. 3

11. A, B and C were partners in a firm. On 1st April,2007, their capitals stood as 4,00,000; 3,00,000 and 2,00,000 respectively. As per provisions of the partnership deed:

    (i) C was entitled for a salary of 20,000 per annum

    (ii) Partners were entitled to interest on capital @ 10% p.a.

    (iii) Partners will share profits in the ratio of 2:2:1.

    Net profit for the year ended 31.03.2018 was 1,50,000 which was distributed equally, without taking into consideration the above provisions. Pass the necessary Journal Entries to rectify the errors. 4

12. A, B and C are partners sharing profits and losses equally, with effect from 1st April,2007, they agreed to share profits and losses in the ratio of 2:2:1. They decided to record the effect of the following, without effecting their book values.

    (i) General Reserve 50,000

    (ii) Profit and loss Account (Cr.) 20,000

    (iii) Investment Fluctuation Reserve 10,000

    (Iv) Workmen Compensation Reserve 12,000

    (v) Advertisement Suspense Account 2,000

    Pass an adjustment entry, assuming no liability is expected on account of workmen compensation and market value of investments is also assumed to be equal to the book value. The capitals of the partners are fixed. 4

13. Record necessary journal Entries to record the following unrecorded assets and liabilities in the book of Paras and Priya.

    (i) There was an old furniture in the firm which had been written –off completely in the books. This was sold for 3,000.

    (ii) Ashish, an old custumer whose account for 1,000 was written –off as bad in the previous year, paid 60% of the amount.

    (iii)Paras agreed to takeover the firm's goodwill (not recorded in the books of the firm) at a valuation of 30,000

    (iv) There was an old typewriter which had been written-off completely from the books. It was estimated to realize 400. It was taken away by Priya at an estimated price less 25%. 4

14. M,N and O were partners in a firm sharing profits and losses equally. Their Balance Sheet on 31.12.2009 was as follows:

Liabilities		Amt	Assets	Amt.
Creditors		20,000	Plant and Machinery	60,000
General Reserve		30,000	Stock	30,000
Capital A/cs:			Sundary Debtors	95,000
M	70,000		Cash at Bank	40,000
N	70,000		Cash in Hand	35,000
O	70,000	2,10,000		
		2,60,000		2,60,000

N died on 14th March,2010, According to the Partnership Deed, executors of deceased partner are entitled to:

(i) Balance of Partner's Capital Account.

(ii) Interest on Capital @ 5% p.a.

(iii) Share of goodwill calculated on the basis of twice the average of past three years profits.

(iv) Share of profits from the closure of the last accounting year till the date of death on the basis of twice the average of three completed years profits before death. Profits for 2007, 2008 and 2009 were 80,000 , 90,000, 1,00,000 respectively.

Show the workings for deceased partner's share of goodwill and profits till the date of his death. Pass the necessary Journal Entries. 6

OR

Prena, Ratna and Neha were partners in a firm sharing profits and losses in the ratio of 1:1:1. Neha died three months after the date of the last Balance Sheet. Neha's Capital as per Balance Sheet was 2,00,000 and her drawings till the date of death were 10,000 . Firm had also advanced a loan of 40,000 to Neha.

According to the partnership Deed, the legal representatives of Neha are entitled to the following payments:

(a) Her capital as per the last Balance Sheet.

(b) Interest on above capital @ 6% p.a. till the date of death.

(c) Her share of profits for the portion of the current financial year for which she lived was to be taken on the basis of twice the average of three completed years' profits before death. The annual profits of last three completed years were 80,000; 90,0000 and 1,00,000 respectively.

(d) Her drawings are to bear interest @ 3% on the amount irrespective of the period.

(e) Her share in the Reserve Fund of the firm will be paid. The Reserve Fund of the firm was 15,000 at the time of Neha's death.

(f) Neha's share of goodwill to be valued on the basis of her share in the last 3 years' profits immediately preceding the year of death less 20%.

(g) 12,000 to be paid to deceased's executor immediately and the balance to remain in her loan account.

Prepare Neha's Capital Account and Neha's Executors Account.

15. From the following Balance Sheet of J.R. Ltd as at 31st March, 2018, prepare Cash Flow Statement:

BALANCE SHEET OF J.R. LTD. as at 31st March ,2018

Particulars	Note No.	31st March, 2018	31st March, 2017
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital		6,00,000	4,00,000
(b) Reserves and Surplus, i.e., Balance in Statement of Profit and Loss		2,00,000	1,00,000
2. Non –Current liabilities			
Long term Borrowing: Bank Loan		1,00,000	2,00,000
3. Current Liabilities			
(a) Trade Payables (Creditors)		45,000	60,000
(b) Short-term Provisions	1	70,000	40,000
Total		10,15,000	8,00,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets:			
(i) Tangible Assets: Building		6,00,000	6,00,000
(ii) Intangible Assets: Patents		45,000	50,000
(b) Non-Current Investments		75,000	……
2. Current Assets			
(a) Inventories(Stock)		15,000	10,000
(b) Trade Receivables (Debtors)		2,55,000	1,20,000
(c) Cash and cash Equivalents		25,000	20,000
Total		10,15,000	8,00,000

Note to Accounts

Particulars	31st March,2018	31st March, 2017
1. Short-term Provisions		
Provision for Tax	70,000	40,000

Additional Information:

1. Proposed dividend for the year ended 31st March, 2017 was 60,000. Proposed dividend for the year ended 31st March, 2018 is 80,000

2. During the year Building costing 75,000 was purchased . Loss on Sale of Building was 5,000. Depreciation charged on Building was 12,000. 6

16. Divya, Yasmin and Fatima are partners in a firm, sharing profits and losses in 11:7:2 respectively. The balance sheet of the firm as on 31st March 2018 was as follows:

Balance Sheet As at 31.3.2018

Liabilities	Amount	Assets	Amount
Sundry Creditors	70,000	Factory Building	7,35,000
Public Deposits	1,19,000	Plant and Machinery	1,80,000
Reserve Fund	90,000	Furniture	2,60,000
Outstanding Expenses	10,000	Stock	1,45,000
Capital accounts		Debtors 1,50000	
Divya 5,10000		Less: Provision (30000)	1,20,000
Yasmin 3,00000		Cash at bank	1,59,000
Fatima 5,00000	13,10,000		
	15,99,000		15,99,000

On 1.4.2018, Aditya is admitted as a partner for one –fifth share in the profits with a capital of 4,50,000 and necessary amount for his share of goodwill on the following terms:

i. Furniture of 2,40,000 were to be taken over by Divya, Yasmin and Fatima equally.

ii. A creditor of 7,000 not recorded in books to be taken into account.

iii. Goodwill of the firm is to be valued at 2.5 years purchase of average profits of last two years. The profit of the last three years were: 2015-16 6,00,000; 2016-17 2,00,000; 2017-18 6,00,000

iv. At time of Aditya admission Yasmin also bought in 50,000 as fresh capital

v. Plant and Machinery is re-valued to 2,00,000 and expenses outstanding were brought down to 9,000.

vi. After making above Adjustment, the Capital A/c of Divya Yasmin and Fatima were to be adjusted on the basis of Aditya's Capital. Prepare Revaluation Account, Partners Capital Account and the balance sheet of the reconstituted firm.

Or

The Balance Sheet of Adil, Bhavya and Cris as at 31st March 2018 was as under:

Balance Sheet As at 31.3.18

Liabilities	**Amount**	**Assets**	**Amount**
Capital Accounts:		Buildings	1,20,000
Adil	40,000	Motor Car	18,000
Bhavya	30,000	Stock	20,000
Cris	20,000	Investments	20,000
General Reserve	10,000	Debtors	40,000
Investment		Cash at Bank	12,000
Fluctuation Reserve	7,000		
Sundary Creditors	1,23,000		
	2,30,000		2,30,000

The partners share profits in the ratio of 5:3:2. On 1-4-2018, Cris retires from the firm on the following terms and conditions:

i. 20% of the General Reserve is to remain as a reserve for bad and doubtful debts

ii. Motor car is to be reduced by 5%

iii. Stock is to be revalued at 17,500 and investment to be re-valued at 18,000

iv. Goodwill is to be valued at 3 years' purchase of the average profits of last 4 years . Profits of the last four years were: 2014-15 13,000; 2015-16 11,000; 2016-17 16,000 and 2017-18 24,000. Cris was paid in full. Adil and Bhavya borrowed the necessary amount from the Bank on the security of Building to pay off Cris. Pass necessary Journal entries.