INDIAN SCHOOL NIZWA
ACCOUNTANCY WORKSHEET-8
CH-4 Reconstitution of Partnership-Retirement of a Partner

DATE: _____ NAME: _____ CLASS: XII

Retirement of a partner-Final payment to the retiring partner
Method of final payment due to the retiring partner
Case I:Full settlement of account in one single payment:
Retiring Partner's capital A/c…….Dr
To cash/bank A/c
(Being retiring partner's whole claim settled at the time of retirement)
Case II : Part payment of dues and balance transferred to loan account:
Retiring Partner's capital A/c……Dr
To Retiring Partner's loan A/c
To cash/ bank A/c
(Being retiring partner's whole claim partly settled through cash and the rest transferred to the loan account at the time of retirement)

Qn.1 A B and C are partners sharing profits in the ratio of 4:3:2.Their balance sheet as at 31st March 2017 was as follows:

Balance sheet of A B and C
As at 31st March 2017

Liabilities	₹	Assets	₹
Capitals:		Land &Building	1,00,000
A 70,000		Machinery	50,000
B 45,000		Stock	30,000
C 30,000	1,45,000	Debtors	15,000
General Reserve	27,000	Cash	10,000
Creditors	33,000		
	2,05,000		2,05,000

B retires on the above date on the following conditions
(a)Land & building be appreciated by 20%.
(b)goodwill is to be values at ₹18,000
(c)A provision for doubtful debts of 5% is to be created on debtors and Machinery be written down by 10 % and stock by 5%
(d) A provision of ₹1500 be made in respect of legal charges.

B to be paid 5000 and balance be transferred to his loan A/c. Prepare revaluation A/c,Partners' capital A/c s and Balance sheet of A and C

Qn.2A B and C are partners in a business, sharing profits and losses in the ratio of 3:2:1.Their balance sheet on 31st March 2017 was as follows.

Liabilities	₹	Assets	₹
Capitals		Factory building	14,000
A 10,000		Machinery	6,000
B 10,000		Stock in hand	7,000
C10,000	30,000	Sundry debtors	9,000
Reserve fund	6,000	Cash at bank	1,000
Creditors	12,600	Cash in hand	11,600
	48,600		48600

On that date C retires from business and amount due to him is paid in cash .It is agreed to adjust the values of assets as follows:

a) To provide a provision of 5 % on sundry debtors for doubtful debts
b) To depreciate stock by 5 % and Machinery by 10 %
c) Factory building to be revalued at ₹15,100

Show the revaluation A/c, and the Partners capital A/cs and prepare the balance sheet of the continuing partners as on 1st April 2017

Qn.3.On 31st March 2017,the Balance sheet of A B and C who are sharing profits and losses in proportion to their capitals stood as follows

Liabilities	₹	Assets		₹
Capitals		Land &building		5,00,000
A4,50,000		Machinery		2,40,000
B3,00,000		Stock		90,000
C1,50,000	9,00,000	Debtors	1,00,000	
Creditors	1,08,000	Less :Provision for doubtful debts	2,000	98,000
		Cash in hand		80,000
	10,08,000			10,08,000

On the date B wants to retire from firm and the remaining partners decided to carry on the firm. The following readjustments of assets and liabilities have been agreed upon before the ascertainment of the amount payable to B that:

1. Out of the amount of insurance premium which was debited annually entirely to profit and loss A/c, ₹10,000 be carried forward for unexpired insurance on 31st Match 2017.
2. The land &Building be appreciated by 10 %
3. The provision for doubtful debts be brought up to 5% on debtors
4. The machinery be depreciated by 5%

5. A provision for ₹15,000 be made in respect of an outstanding bill for repairs
6. Goodwill of the firm valued at ₹60,000
   It was decided to pay ₹50,000 to **B** in cash immediately on his retirement and balance is to be transferred to his loan A/c.
   Prepare Revaluation A/c ,Partners' Capital A/c s and Balance sheet of the new firm