

They agreed to admit 'Kiran' into partnership on above date on the following conditions :

1. 'Kiran' will get 1/4 share in future profits.
2. Plant & machinery is to be depreciated by 10%.
3. A provision for Doubtful Debts at 2.5% is to be made on debtors.
4. The motor car is to be taken over by 'Raj' for his personal use at a cost of Rs. 8000/-
5. 'Kiran' is to bring Rs. 20000 in cash as goodwill and said amount is to be retained in the firm.
6. 'Kiran' is to introduce half the Combined adjusted capital of the old partners.

Prepare necessary accounts & balance sheet of the new firm.

- Q.2 Anu, Bina & Chirag are sharing Profits & Loss in the ratio of 7:5:3 [15]
respectively. Their Balance Sheet as on 31-03-2018 was as follows :

Balance sheet as on 31-03-2018

Liabilities	Rs.	Assets	Rs.
Capital		Land & Building	120000
Anu 150000		Machinery	90000
Bina 80000		Furniture	10000
Chirag 60000	290000	Stock	76000
Profit & Loss A/c	45000	Debtors 70000	
General Reserve	15000	- BDR 1000	69000
Sundry Creditors	40000	Cash on hand	51000
Bills Payable	8000		
Provident Fund	18000		
	416000		416000

'Chirag' retired on 1 April 2018 on the following terms :

1. Goodwill to be valued at Rs. 75000/- and this was to be shown in the books.
2. Furniture and Machinery to be depreciated by 15% and 5% respectively.
3. Land & Building and stock to be appreciated by 15% and Rs. 14500/- respectively.
4. B.D.R. on debtors raised to 5%.
5. 'Chirag' is to be paid Rs. 23000/- in cash and balance is to be transferred to his loan A/c.

Prepare necessary ledger A/c and Balance sheet after retirement of 'Chirag'.

OR

- Q.2 (A) Explain the Profit & Loss Adjustment A/c with Specimen. [08]
(B) Write short notes on : (Any Two) [07]
1. Payments to retiring partner.
 2. Entries of goodwill on admission of a partner.
 3. New profit sharing ratio on retirement of a partner.
 4. Distribution of accumulated profit or loss on admission of a partner.