Class 12 Accountancy Vol 1
Chapter 5 - Admission of a Partner

TS Grewal Solutions for Class 12 Accountancy Chapter 5 - Admission of a partner is considered to be an essential concept to be learnt completely by the students. Here, we have provided TS Grewal Accountancy solutions for class 12 in a simple and a step by step manner, which is helpful for the students to score well in their upcoming board examinations.

Board	CBSE
Class	Class 12
Subject	Accountancy
Chapter	Chapter 5
Chapter Name	Admission of a partner
Number of questions solved	06
Category	TS Grewal

Chapter 5 - Admission of a partner explains the below-mentioned concepts:

- Revaluation account, cash account and balance sheet
- Calculation of ratios
- Adjustment of Capital
- Goodwill: Valuation and Treatment

TS Grewal Solutions for Class 12 Accountancy Chapter 5 - Admission of a partner

Question 1

X and Y are partners sharing profits in the ratio of 6:4. Z is admitted for 1/4th share in the profits. Compute the new profit sharing ratio of the partners.

Solution:

Calculation of New profit sharing ratio -

Old profit sharing ratio of X and Y = 6:4 or 6/10 : 4/10

Let the total share be = 1; Z’s share = 1/4

The remaining share of X and Y = 1-¼ = 3/4

Distribute the remaining share of 3/4 in the old profit sharing ratio of 6:4 between X and Y.

X's new share = 3/4 X 6/10 = 18/40

Y's new share = 3/4 X 4/10 = 12/40

Z's new share = 1/4 or 10/40

Hence, New profit sharing ratio of X, Y and Z = 18/40:12/40:10/40

= 18:12:10

Question 2

Mahesh and Harish are partners sharing profits in the ratio of 3:2. They admit Suresh into the partnership for 25% of the share of profit. Suresh acquired the share from the old partners in the ratio of 4:3. Calculate the new profit sharing ratio.

Solution:

Suresh acquires 25% i.e. 1/4th share in the profit from Mahesh and Harish in the ratio of 4:3 it is,

Suresh gets from Mahesh = 4/7 of 1/4 = 4/28

From Harish = 3/7 of 1/4 = 3/28

Suresh's share = 4/28 + 3/28 = 7/28

New share = Old share - Share surrendered

New share of Mahesh = 3 /5 -4/28 = 84-20/140 = 64/140

New share of Harish = 2/5 - 7/28 = 56-35/140 = 21/140

Share of Suresh = 1 /4 or 35/140

Thus, the new profit sharing ratio = 64/140:21/140:35/140

= 64:21:35

Question 3

A, B and C are partners sharing profits in the ratio of 2:2:1. D is admitted as a new partner for 1/6th share. C will retain his share. Now, compute New Profit Sharing Ratio.

Solution:

Let the total share of the firm be = 1

Share of C and D = ⅕ + ⅙ = 6+5/30 = 11/30

Remaining share = 1 - 11/30 = 19/30

New shares of A and B are computed by dividing the remaining share in their profit sharing ratio, i.e., 2:2 or 1:1 as under:

A's new share = 19/30 X ½ = 19/60

B's new share = 19/30 X ½ = 19/60

Hence, New Profit Sharing Ratio of A, B, C and D = 19/60:19/60:⅕:⅙

= 19:19:12:10

Question 4

V and W are partners sharing profits in the ratio of 5:3. X is admitted for 3/10th share of profits out of which half share was gifted by V and the remaining share was taken by X equally from V and W. Compute New Profit Sharing Ratio.

Solution:

	V	W
• Their old share	⅝	⅜
• Share gifted by V	3/10 X ½ = 3/20	-
• Share acquired by X	3/20 X ½ = 3/40	3/20 X ½ = 3/40

New share of V = Old share - Share gifted - Share acquired by X

= ⅝ - 3/20 - 3/40 = 25-6-3 divided by 40 = 16/40

New share of W = ⅜ - 3/40 = 15-3 divided by 40 = 12/40

Hence, New Profit Sharing Ratio of V, W and X = 16/40:12/40:3/10

= 4:3:3

Question 5

P and Q are partners in the firm sharing profits in the ratio of 3:2. P and Q surrender ½ of their respective shares in the favour of R. R is to bring his share of premium for goodwill in cash. Goodwill of the firm is valued at ₹. 50,000/-.

Pass the necessary journal entries for recording goodwill in the above case.

Solution:

JOURNAL ENTRIES

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Cash or Bank A/c Dr. To premium for goodwill A/c (WN 3) (Being the share of premium brought in cash by R)		25,000	25,000
	Premium for goodwill A/c Dr. To P's capital A/c To Q's capital A/c (Being the distribution of premium among the sacrificing partners in their sacrificing ratio and i.e., 3:2 WN 1, 2 and 3)		25,000	15,000 10,000

Alternatively:

JOURNAL ENTRIES

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Cash or Bank A/c Dr. To R's capital A/c (Being the amount brought by R for his share of goodwill)		25,000	25,000
	R's capital A/c Dr. To P's capital A/c To Q's capital A/c (Being the distribution of premium among the sacrificing partners in their sacrificing ratio and i.e., 3:2 WN 1, 2 and 3)		25,000	15,000 10,000

Working Notes:

Working note 1 -

P's sacrifice = 3/5 X 1/2 = 3/10

Q's sacrifice = 2/5 X 1/2 = 2/10

Sacrificing ratio between P and Q = 3:2

Working note 2 -

R's share = 3/10 + 2/10 + 5/10 or 1/2

Working note 3 -

Goodwill brought by R = 1/2 of 50,000 = 25,000

Question 6

C and D are partners in an enterprise sharing profits in the ratio of 4:3. On 1st April 2018, they admitted E as a partner. E brought in ₹. 2,00,000/- for his capital and ₹. 24,000/- for a 1/3rd share of goodwill premium. On E's admission, goodwill appeared in the books of the enterprise @ ₹. 28,000/-. Pass the necessary journal entries on E's admission.

Solution:

JOURNAL ENTRIES

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018 April 1	C's capital A/c Dr. D's capital A/c Dr. To Goodwill A/c (Being the existing goodwill written off prior to E's admission)		16,000 12,000	 28,000
2018 April 1	Bank A/c Dr. To E's capital A/c To premium for goodwill A/c (Being E brought in cash for his capital and his share of goodwill)		2,24,000	 2,00,000 24,000
2018 April 1	Premium for goodwill A/c Dr. To C's capital A/c To D's capital A/c (Being the goodwill or premium for goodwill brought in by E, transferred to the capital a/c of C and D in their sacrificing ratio of (4:3)		24,000	 13,714 10,286

The above-provided solutions are considered to be the best solutions for ‘TS Grewal Solutions Class 12 Accountancy Vol 1 Chapter 5- Admission of a partner’. Stay tuned to BYJU’S to learn more and score well in the upcoming board examinations.