



Machinery A/c	Dr..	70000	
	To Premium for Goodwill A/c		120000

Premium for Goodwill A/c	Dr..	120000	
F's Capital A/c	Dr..	30000	
	To E's Capital A/c		150000.00

**42 (a)**

Bank A/c	Dr..	24000	
	To Ghosh Capital A/c		20000
	To Premium for Goodwill A/c		4000

Premium for Goodwill A/c	Dr..	4000	
	To Verma Capital A/c		2500
	To Sharma Capital A/c		1500

**(b)**

The above two entries as per (a) will be passed  
Additional entry for withdrawal of goodwill

Verma Capital A/c	Dr..	2500	
Sharma Capital A/c	Dr..	1500	
	To Bank A/c		4000

(c)

The above two entries as per (a) will be passed

Additional entry for withdrawal of goodwill

Verma Capital A/c	Dr..	1250	
Sharma Capital A/c	Dr..	750	
	To Bank A/c		2000

(d)

Only entry for capital will be passed as per (a) above.

No entry will be passed for Goodwill as it is paid privately

- 43** Let the original value of machinery be x  
Value as per balance sheet will be 1.333x

$$1.333x = 200000$$

$$x = 150038 \text{ or } 150000$$

Note : remember that the % increase is always of the original value

So here we cannot simply find 33.33% of Rs 200000. That is incorrect

<b>44(i)</b>	Revaluation A/c	Dr..	16000	
	To Machinery A/c			16000
	Building A/c	Dr..	40000	
	To Revaluation A/c			40000
<b>44(ii)</b>	Revaluation A/c	Dr..	4000	
	To Prov for Doubtful Debts A/c			4000 (80000 X 5%)
<b>44(iii)</b>	Revaluation A/c	Dr..	12000	
	To Prov for warranty claims			12000
<b>44(iv)</b>	Revaluation A/c	Dr..	20000	
	To Furniture A/c			20000 (50000 X 40%)
<b>44(v)</b>	Revaluation A/c	Dr..	30000	
	To Furniture A/c			30000

45	Investments A/c	Dr..	20000	
	To Revaluation A/c			20000
	Revaluation A/c	Dr..	5000	
	To Sundry Creditors A/c			5000

Sundry Creditors A/c	1600	
To Revaluation A/c		1600

46 Provision for Doubtful Debts A/c	5000	Dr
To Revaluation A/c		5000

Revaluation A/c	Dr..	5000	
To X's Capital A/c			3000
To Y's Capital A/c			2000

old ratio

47 Revaluation A/c	Dr..	76000	
To Stock A/c			40000
To Furniture A/c			36000

X's Capital A/c	Dr..	45600	
Y's Capital A/c	Dr..	30400	
To Revaluation A/c			76000

(Being Loss on revaluation distributed among old partners)

\*\* The new partners share given in question is not relevant

\*\* Note that the Stock is reduced '**By**' and Furniture is reduced '**To**'

<b>48</b>	X's Capital A/c	Dr..	24000	
	Y's Capital A/c	Dr..	16000	
	To Investments A/c			40000
	Investments A/c	Dr..	10000	
	To Revaluation A/c			10000
	Revaluation A/c	Dr..	10000	
	To X's Capital A/c			6000
	To Y's Capital A/c			4000

<b>49</b>	Prov for Doubtful Debts A/c	D	6000	
	To Debtors A/c			6000
	(Being bad Debts written off)			
	Revaluation A/c	£	1500	
	To Prov for Doubtful Debts			1500
	Ashok's Capital A/c	Dr..	900	
	Bhaskar's Capital A/c	Dr..	600	
	To Revaluation A/c			1500
	(Being loss on revaluation distributed to old partners)			

\*\* Note that the Expenses need not be debited here as the same was already debited at the time of creating the provision

\*\*Total Debtors reduced to RS 70000. Prov required now is 5% of Rs 70000 i.e. Rs 3500

\*\* Total available provision reduced to Rs 2000 due to write off as per above entry

\*\* The entry for additional provision will be routed through revaluation account and not through Bad Debts A/c

This is because as the same will be debited to partners capital a/c through revaluation and not through P & L A/c

If later any such provision is reversed then the same can however be routed through P & L A/c as revaluation will not exist

Note that the revaluation A/c is a transit a/c i.e. temporary account and will not hold any balance at the end of period

<b>50</b>	Creditors A/c	Dr..	5000	
	Building A/c	Dr..	40000	
	Investments A/c	Dr..	15000	
	To Revaluation A/c			60000
	Revaluation A/c	Dr..	10000	
	To Prov for Doubtful Debts			5000
	To Prov for O/s repairs			2000
	To Sundry Creditors			3000
	Revaluation A/c	Dr..	50000	
	To A's Capital A/c			25000
	To B's Capital a/c			25000

\*\* In the absence of information the old profit sharing ratio of partners is assumed to be equal

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Prov for Doubtful Debts	5000	By Creditors A/c	5000
To Prov for O/s repairs	2000	By Buildings A/c	40000
To Sundry Creditors	3000	By Investments A/c	15000
To Profit on Revaluation :			
Ramesh Capital A/c	25000		
Naresh Capital A/c	25000	50000	50000
Total	<u>60000</u>	Total	<u>60000</u>