

31

Old Profit Sharing Ratio

X	Y	Z	Total
2	2	1	5

As nothing is given so the gaining ratio and new ratio will be same as old ratio

New Profit sharing ratio

X	Z	Total
2	1	3

Gaining ratio

X	Z	Total
2	1	3

Goodwill

Total Goodwill of the firm 70000

Y Retired

Y's share in Goodwill 28000 **(70000 X 2/5)**

X Contributes 18667 (28000 X 2/3)

Z Contributes 9333 (28000 X 1/3)

Revaluation A/c

Particulars	Amount	Particulars	Amount
To Debtors	2000		
To Patents	9000		

	By Loss on Revaluation :		
	By X's Capital A/c	4400	
	By Y's Capital A/c	4400	
	By Z's Capital A/c	2200	11000
11000		11000	

Partners Capital A/c

Particulars	X	Y	Z	Particulars	X	Y	Z
To Revaluation A/c-Loss	4400	4400	2200	By Balance B/d	82000	60000	75500
To Y's Capital A/c	18667		9333	By X's Capital A/c		18667	
				By Z's Capital A/c		9333	
				By Reserve	7400	7400	3700
To Naresh Loan A/c		91000					
To Balance c/d	66333		67667				
Total	89400	95400	79200	Total	89400	95400	79200

Balance Sheet

Liabilities	Amount	Assets	Amount
Creditors	49000	Cash	8000

X's Capital A/c	66333	Debtors	17000
Z's Capital A/c	67667	Stock	42000
Y's Loan A/c	91000	Building	207000
	274000		274000

**** Untill otherwise stated it will be assumed that the retiring partner balance in capital A/c to be transferred to his loan A/c and is not paid**

32 Valuation of Goodwill

Three completed years

2013-2014	100000
2014-2015	130000
2015-2016	-20000
Total	210000
Average	70000
No of years purchase	2
Goodwill of the firm	140000
Kanika's share in profits	1/2
Kanika's share in Goodwill	70000.00

Old Profit Sharing Ratio

Kanika	Disha	Kabir	Total
2	1	1	4

New Profit sharing ratio

Disha	Kabir	Total
1	1	2

(Same as old mutual ratio)

Gaining Ratio

Disha	Kabir	Total
1	1	2

(Same as old ratio)

Disha Contributes 35000

Kabir Contributes 35000

Revaluation A/c

Particulars	Amount	Particulars	Amount
		By Fixed Assets	60000
		By Stock	20000
To Profit on Revaluation :			
To Kanika's Capital A/c	40000		
To Disha's Capital A/c	20000		
To Kabir's Capital A/c	20000		
			-80000
	80000		80000

Partners Capital A/c

Particulars	Kanika	Disha	Kabir	Particulars	Kanika	Disha	Kabir
				By Balance B/d	200000	100000	80000

To Kanika's Capital A/c		35000	35000	By Revaluation A/c-Profit	40000	20000	20000
To Profit and loss A/c	10000	5000	5000	By Disha's Capital A/c	35000		
				By Kabir's Capital A/c	35000		
To Kanika's Loan A/c	300000						
To Balance c/d		80000	60000				
Total	310000	120000	100000	Total	310000	120000	100000

Balance Sheet

Liabilities	Amount	Assets	Amount
Trade Creditors	53000	Bank	60000
Employee Provident Fund	47000	Debtors	60000
Disha's Capital A/c	80000	Stock	120000
Kabir's Capital A/c	60000	Fixed Assets	300000
Kanika's Loan A/c	300000		
	540000		540000

33	N's Capital A/c	Dr..	15000	
	S's Capital A/c	Dr..	22500	
	G's Capital A/c	Dr..	37500	
	To Profit and loss A/c			75000
	General Reserve A/c	Dr..	90000	
	To N's Capital A/c			18000
	To S's Capital A/c			27000

	To G's Capital A/c		45000	
Provision for Bad Debts A/c	Dr..	6000		
	To Debtors A/c		6000	
Provision for Bad Debts A/c	Dr..	2550		(129000 X 5/100) - Existing provision
	To Revaluation A/c		2550	
(Excess Provision for Bad Debts Reversed)				
Revaluation A/c	Dr..	135000		
	To Patents		90000	
	To Stock		7500	
	To Machinery		22500	
	To Building		15000	
Revaluation A/c	Dr..	30000		
	To Creditors A/c		30000	
N's Capital A/c	Dr..	18000		
S's Capital A/c	Dr..	27000		
	To G's Capital A/c		45000	
(Being Goodwill adjustment)				
N's Capital A/c	Dr..	32490		
S's Capital A/c	Dr..	48735		
G's Capital A/c	Dr..	81225		
	To Revaluation A/c		162450	
(Being revaluation loss)				
G's Capital A/c	Dr..	421275		

Working Note :**Calculation of Sacrificing Ratio**

Old Profit Sharing Ratio

N	S	G	Total
2	3	5	10

New Profit sharing ratio

N	S	Total
2	3	5

(Same as old mutual ratio)

Gaining Ratio

N	S	Total
$\frac{1}{5}$	$\frac{3}{10}$	$\frac{1}{2}$
2	3	5

(Same as old ratio)

Calculation of Share of Goodwill

Value of Firms Goodwill	90000
G's share in Profits	$\frac{1}{2}$
G's share of Goodwill	45000
N will contribute	18000
S will contribute	27000

Calculation of Provision for Bad Debts

Debtors Current Balance	135000
Less - Bad Debts	6000

To Revaluation A/c-Loss	32490	48735	81225	By Balance B/d	225000	375000	450000
To G's Capital A/c	18000	27000	0	By N's Capital A/c			18000
To Profit and loss A/c	15000	22500	37500	By S's Capital A/c			27000
				By General Reserve	18000	27000	45000
To G's Loan A/c			421275				
To Balance c/d	177510	303765					
Total	243000	402000	540000	Total	243000	402000	540000

34 Goodwill adjustment

Goodwill of the firm	240000
Chaman's share in profits	1/6
Chaman's share in Goodwill	40000.00
Bhaskar share in Goodwill	24000.00
Ashok contributes towards Goodwill	64000.00

Old Profit Sharing Ratio

Ashok	Bhaskar	Chaman	Total
1/3	1/2	1/6	1
2	3	1	6

New Profit sharing ratio

Ashok	Bhaskar	Total
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3	2	5
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Gaining Ratio

Ashok	Bhaskar	Total
4/15	- 1/10	
Gain	Sacrifice	

Journal Entry

Ashok Capital A/c	64000.00	
To Bhaskar Capital A/c		24000.00
To Chaman Capital A/c		40000.00

Revaluation A/c

Particulars	Amount	Particulars	Amount
To Plant and Machinery	40000	By Stock	37500
To Furniture	5000	By Building	50000
To Prov for Doubtful Debts	15000		
To Profit on Revaluation :			
To Ashok's Capital A/c	9167		
To Bhaskar's Capital A/c	13750		
To Chaman's Capital A/c	4583		
	87500		87500

-27500

Partners Capital A/c

Particulars	Ashok	Bhaskar	Chaman	Particulars	Ashok	Bhaskar	Chaman
To Bhaskar's Capital A/c	24000			By Balance B/d	300000	400000	250000
To Chaman's Capital A/c	40000			By Revaluation A/c-Profit	9167	13750	4583
To Advertisement Suspense	20000	30000	10000	By Ashok's Capital A/c		24000	40000.00
To Chaman's Loan A/c			321250	By General Reserve	73333	110000	36667
To Balance c/d	298500	517750					
Total	382500	547750	331250	Total	382500	547750	331250

Balance Sheet

Liabilities	Amount	Assets	Amount
Sundry Creditors	250000	Building	550000
Loan Payable	150000	Plant and Machinery	360000
Ashok's Capital A/c	298500	Furniture	95000
Bhaskar's Capital A/c	517750	Stock	287500
Chaman Loan A/c	321250	Debtors	180000
		Less - Prov	20000
		Cash in Hand	85000
	1537500		1537500

	To Chintan Capital A/c		10000	
	To Ayush Capital A/c		6000	
	To Sudha Capital A/c		4000	
Provision for Bad Debts A/c	Dr..	5000		
	To Debtors A/c		5000	
Revaluation A/c	Dr..	2750		
	To Provision for Bad Debts A/c	Dr..		2750
Stock A/c	Dr..	6000		
Furniture A/c	Dr../	9000		
	To Revaluation A/c		15000	
Revaluation A/c	Dr..	2000		
	To Workmen Compensation Claim		2000	
Ayush's Capital A/c	Dr..	30000		
Sudha's Capital A/c	Dr..	20000		
	To Chintan's Capital A/c		50000	
Revaluation A/c	Dr..	10250		
	To Chintan Capital A/c		5125	
	To Ayush Capital A/c		3075	
	To Sudha Capital A/c		2050	
Chintan Capital A/c	Dr..	155125		
	To Bank		20000	
	To Chintan Loan A/c		135125	

Working Note :

Calculation of Sacrificing Ratio

Old Profit Sharing Ratio	Chintan	Ayush	Sudha	Total
	5	3	2	10

New Profit sharing ratio	Ayush	Sudha	Total	(Same as old mutual ratio)
	3	2	5	

Gaining Ratio	Ayush	Sudha	Total	(Same as old ratio)
	3	2	5	

Calculation of Share of Goodwill

Value of Firms Goodwill	100000
Chintan's share in Profits	1/2
Chintan's share of Goodwill	50000
Ayush will contribute	30000
Sudha will contribute	20000

Calculation of Provision for Bad Debts

Debtors Current Balance	60000
Less - Bad Debts	5000
Balance Debtors	55000
Provision Required @ 5%	2750

Existing Provision	5000
Less - Bad Debts	5000
Balance provision	0
Required Provision @ 5%	2750
Provision to be created	2750

Revaluation A/c

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Prov for Doubtful Debts	2750	By Stock A/c	6000
To Workmen Compensation Cl	2000	By Furniture A/c	9000
To Profit on Revaluation :			
To Chintan's Capital A/c	5125		
To Ayush's Capital A/c	3075		
To Sudha's Capital A/c	2050		
	15000		15000
			-10250

Partner's Capital A/c

Partners Capital A/c							
Particulars	Chintan	Ayush	Sudha	Particulars	Chintan	Ayush	Sudha
To Chintan's Capital A/c		30000	20000	By Balance B/d	90000	60000	40000
To Bank A/c	20000			By Revaluation A/c-Profit	5125	3075	2050
To Chintan's Loan A/c	135125			By General Reserve	10000	6000	4000.00
To Balance c/d		39075	26050	By Ayush Capital A/c	30000		
				By Sudha Capital A/c	20000		
Total	155125	69075	46050	Total	155125	69075	46050

36 Goodwill adjustment

Goodwill of the firm	42000
Naresh's share in profits	1/3
Naresh's share in Goodwill	14000.00
Pankaj contributes towards Goodwill	14000.00

Old Profit Sharing Ratio	Pankaj	Naresh	Saurabh	Total
	3	2	1	6

New Profit sharing ratio	Pankaj	Saurabh	Total
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Particulars	Pankaj	Naresh	Saurabh	Particulars	Pankaj	Naresh	Saurabh
To Naresh's Capital A/c-Goodw	14000			By Balance B/d	46000	30000	20000
To Naresh's Loan A/c		26000		By Revaluation A/c-Profit	9000	6000	3000
To Bank A/c		28000		By Pankaj's Capital A/c-Goo	0	14000	
To Balance c/d	47000		25000	By General Reserve	6000	4000	2000
Total	61000	54000	25000	Total	61000	54000	25000

Balance Sheet

Liabilities	Amount	Assets	Amount
Sundry Creditors	15000	Debtors	6000
Bills Payable	12000	Less - Prov	300
Outstanding Salary	2200	Stock	8100
Prov for Legal Damages	7200	Furniture	45000
Naresh Loan A/c	26000	Premises	96000
Bank Loan	20400		
Pankaj Capital A/c	47000		
Saurabh Capital A/c	25000		
	154800		154800

Working Note :

Amount through Bank Loan

Amount payable to Naresh	28000
Current Bank Balance	7600
Balance (Loan from Bank)	20400

37

Goodwill

Total Goodwill of the firm 14000

B Retired

B's share in Goodwill 4200

Old Profit Sharing Ratio

A	B	C	Total
4	3	3	10

New Profit sharing ratio

A	C	Total
4	3	7

**** no information given in question so considered as same**

Gaining ratio = New ratio - old ratio

**** Though no need to calculate, it will be same**

A's gaining ratio

$4/7 - 4/10$	$6/35$
$3/7 - 3/10$	$9/70$

C's Gaining Ratio

Final Gaining Ratio

A	C	Total
4	3	7

A Contribute

2400

C Contribute

1800

Revaluation A/c

Particulars	Amount	Particulars	Amount
To Plant & Machinery	2800	By Stock	2000
To Electronic Typewriter	800	By Land & Buildings	3600
To Prov for Legal Charges	2000	By Prov for Doubtful Debts	2000
To Profit on Revaluation :			
To A's Capital A/c	800		
To B's Capital A/c	600		
To C's Capital A/c	600		
			-2000
	<u>7600</u>		<u>7600</u>

Partners Capital A/c

Particulars	A	B	C	Particulars	A	B	C
				By Balance B/d	32000	24000	20000
				By Revaluation A/c-Profit	800	600	600
To B's Capital A/c	2400		1800	By A's Capital A/c		2400	
				By C's Capital A/c		1800	
				By Reserves	8000	6000	6000
To B's Loan A/c		34800					
To Balance c/d	38400		24800				
Total	<u>40800</u>	<u>34800</u>	<u>26600</u>	Total	<u>40800</u>	<u>34800</u>	<u>26600</u>

To Z's Capital A/c	3480	2320	
To Advertisement Exp	2625	1750	875
To Goodwill	3000	2000	1000
To Investments			17600
To Bank A/c			5067
To Bills Payable			2500
To Z's Loan A/c			2500
To Balance c/d	67120	31413	
Total	76625	37750	29675

By X's Capital A/c			3480
By Y's Capital A/c			2320
By Workmen Com Res	5625	3750	1875
By Investment Fluc Res	3000	2000	1000
Total	76625	37750	29675

Balance Sheet

Liabilities	Amount	Assets	Amount
Creditors	17000	Cash at Bank	683
Liability for Workmen Comp	750	Debtors	40000
Bills Payable	2500	Less - Prov	2400
Z's Loan A/c	2500	Stock	30000
X's Capital A/c	67120	Patents	8000
Y's Capital A/c	31413	Machinery	45000
	<u>121283</u>		<u>121283</u>

0

Working Note :

Amount due to Z

Total Amount due	10067
Less - Paid immediately	5067
Balance Due	5000
50% of Balance (Loan A/c)	2500
Bills Payable	2500

39		Bhaskar Loan A/c			
Date	Particulars	Amount	Date	Particulars	Amount
31-Mar-20	To Bank A/c	130000	1-Apr-19	By Bhaskar Capital A/c	300000
31-Mar-20	To Balance C/d	200000	31-Mar-20	By Interest (300000X10/100)	30000
Total		<u>330000</u>	Total		<u>330000</u>
31-Mar-21	To Bank A/c	120000	1-Apr-20	By Balance B/d	200000
31-Mar-21	To Balance C/d	100000	31-Mar-21	By Interest (200000X10/100)	20000
Total		<u>220000</u>	Total		<u>220000</u>
31-Mar-22	To Bank A/c	110000	1-Apr-21	By Balance B/d	100000
			31-Mar-22	By Interest (100000X10/100)	10000
Total		<u>110000</u>	Total		<u>110000</u>

40		Rakesh Loan A/c
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Date	Particulars	Amount	Date	Particulars	Amount
Yr 1 (End))	To Bank A/c	26000	Yr 1 (Begin))	By Rakesh Capital A/c	60000
Yr 1 (End))	To Balance C/d	40000	Yr 1 (End))	By Interest	6000
	Total	<u>66000</u>		Total	<u>66000</u>
Yr 2 (End))	To Bank A/c	26000	Yr 2 (Begin))	By Balance B/d	40000
Yr 2 (End))	To Balance C/d	18000	Yr 2 (End))	By Interest	4000
	Total	<u>44000</u>		Total	<u>44000</u>
Yr 3 (End))	To Bank A/c	19800	Yr 3 (Begin))	By Balance B/d	18000
			Yr 3 (End))	By Interest	1800
	Total	<u>19800</u>		Total	<u>19800</u>