

41(1)	Chintan Capital A/c	Dr..	24000	
	Ayush Capital A/c	Dr..	16000	
		To Goodwill A/c		40000
	(Goodwill existing in books written off)			
	Bank A/c	Dr..	40000	
		To Premium for Goodwill A/c		40000
	(Being Goodwill share brought by new partner)			
	Premium for Goodwill A/c	Dr..	40000	
	Sudha Current A/c	Dr..	30000	
		To Chintan Capital A/c		42000
		To Ayush' Capital A/c		28000
	(Being Goodwill share adjusted to sacrificing partners)			

**Note :**

Sacrificing ratio is same as old ratio

41(2)	Bank A/c	Dr..	40000	
		To Premium for Goodwill A/c		40000
	(Being Goodwill share brought by new partner)			
	Premium for Goodwill A/c	Dr..	40000	
		To Chintan Capital A/c		24000
		To Ayush' Capital A/c		16000

Goodwill A/c	Dr..	300000	
	To Chintan Capital A/c		180000
	To Ayush' Capital A/c		120000

(Being Goodwill raised for share not brought in by new partner)

Chintan Capital A/c	Dr..	162000	
Ayush Capital A/c	Dr..	108000	
Sudha Current A/c	Dr..	30000	
	To Goodwill A/c		300000

**Note :**

**Calculation of New ratio**

Let the total profits be 1		1
Sudha's share		1/10
Remaining share		9/10
Chintan's new share	(9/10 X 3/5)	27/50
Ayush's new share	(9/10 X 2/5)	9/25

New Profit Sharing Ratio

A	B	C
27/50	9/25	1/10
27	18	5

or

- 42 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>43(i)</b>	Revaluation A/c	Dr..	16000	
	To Machinery A/c			16000
	Building A/c	Dr..	40000	
	To Revaluation A/c			40000
<b>43(ii)</b>	Revaluation A/c	Dr..	4000	
	To Prov for Doubtful Debts A/c			4000 (80000 X 5%)
<b>43(iii)</b>	Revaluation A/c	Dr..	12000	
	To Prov for warranty claims			12000
<b>43(iv)</b>	Revaluation A/c	Dr..	20000	
	To Furniture A/c			20000 (50000 X 40%)
<b>43(v)</b>	Revaluation A/c	Dr..	30000	
	To Furniture A/c			30000

<b>44</b>	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

45 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 old ratio
To Y's Capital A/c			2000

<b>46</b> 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>47</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>48</b>	Prov for Doubtful Debts A/c	Dr..	6000	
	To Debtors A/c			6000
	(Being bad Debts written off)			
	Revaluation A/c	Dr..	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>49</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

60000 Total

60000

50 Current rate of provision       $15000/150000 \times 100$       =      10%

	Provision	Debtors
Existing	15000	150000
Less - Bad Debts from Mohan	12000	12000
Remaining	3000	138000
Provision to be maintained @ 10%		13800
Additional Provision required to be created	10800	