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Old Profit Sharing Ratio

X	Y	Z
3	2	1

New Partner Admitted

W

New Partners Share

1/6

New Partner share of Goodwill

15000

Total Goodwill for firm

90000

X's share in Goodwill

15000

Find Sacrificing Ratio :

Old Profit Sharing Ratio

X	Y	Z	Total
3	2	1	6

New Profit Sharing Ratio

X	Y	Z	W	Total
2	2	1	1	6

Sacrificing Ratio

X	Y	Z
1/6		

 or

Revaluation A/c

Particulars	Amount	Particulars	Amount
To Stock A/c	27400	By Land and Building	35000
To Furniture A/c	16000	By Plant and Machinery	6750
To Investments A/c	7300		
		By Loss on Revaluation :	
		By X's Capital A/c	4475
		By Y's Capital A/c	2983
		By Z's Capital A/c	1492
			8950
	<u>50700</u>		<u>50700</u>

Bills Receivable Dishonoured journal entry

Debtors A/c	Dr...	7004	
	To Creditors A/c		7004

Partners Current A/c

Particulars	X	Y	Z	W	Particulars	X	Y	Z	W
To Balance B/d		7000			By Balance B/d	4000		6000	
To Revaluation A/c-L	4475	2983	1492						

					By General Reserve	7500	5000	2500	
					By Profit and Loss A/c	3500	2333	1167	
					By Premium for Goodwill	15000			
					By Capital A/c	75000	50000	75000	
To Balance c/d	100525	47350	83175						
Total	105000	50333	84667	0	Total	105000	57333	84667	0

Partners Capital A/c

Particulars	X	Y	Z	W	Particulars	X	Y	Z	W
To Current A/c	75000	50000	75000		By Balance B/d	175000	150000	125000	
To Balance C/d	100000	100000	50000	50000	By Bank A/c				50000
	175000	150000	125000	50000		175000	150000	125000	50000

Calculation of New Capital

W's Capital			50000
W's profit share			1/6
Total Capital of the new firm			300000 (50000*6/1)
	X	Y	Z
Revised Capital of the partners	100000	100000	50000
Existing Capital	175000	150000	125000
Deficit/Surplus	-75000	-50000	-75000
Capital	Dr	Dr	Dr
Current	Cr	Cr	Cr

X Capital A/c	Dr..	75000	
	To X Current A/c		75000
Y Capital A/c	Dr..	50000	
	To Y Current A/c		50000
Z Capital A/c	Dr..	75000	
	To Z Current A/c		75000

Balance Sheet

Liabilities	Amount	Assets	Amount
Creditors	132004	Land and Building	210000
		Plant and Machinery	74250
Current A/c		Furniture	64000
X	100525	Investment	29200
Y	47350		
Z	83175	Sundry Debtors	67504
Capital A/c		Stock	109600
X	100000	Bank	108500
Y	100000		
Z	50000		
W	50000		
	<u>663054</u>		<u>663054</u>

Debtors A/c	Dr..	7004	
	To Creditpros A/c		7004
		(60500 + 7004)	67504

(43500+50000+15000)

0

**Note : Capital adjustment is made only on balances in capital account and any balance in current a/c are ignored
Though the adjustment for goodwill, reserves, revaluation etc. are made in current account only**

The entry for BR dishonoured will be : Debtors A/c Dr.. To Bank A/c

Cash/Bank A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	43500		
To W's Capital A/c	50000		
To Premium for Good	15000	By Balance C/d	108500

4/15	1/15
4	1

5

Raman's share in Goodwill 33600
Rohit's share in Goodwill 8400

Revaluation A/c

Particulars	Amount	Particulars	Amount
To P & M	35000	By Creditors	2500
To Furniture	6500		
To Prov for BD	3000		
		By Loss on Revaluation :	
		By Raman's Capital A/c	28000
		By Rohit's Capital A/c	14000
			42000
	<u>44500</u>		<u>44500</u>

Partners Capital A/c							
Particulars	Raman	Rohit	Saloni	Particulars	Raman	Rohit	Saloni
To Revaluation A/c-Loss	28000	14000		By Balance B/d	140000	100000	
				By Premium for Goodwill	33600	8400	
				By Bank A/c - Capital Introduced			132000

				By Workmen Compensation Res	16000	8000	
To Balance c/d	161600	102400	132000				
Total	189600	116400	132000	Total	189600	116400	132000

Calculation of New Capital

Raman New Capital	161600 (140000+33600+16000-28000)
Rohit New Capital	102400 (100000+8400+8000-14000)
Total Capital	264000

Profit share of old partners 2/3 (Old partner new share)

Total Capital of the new firm 396000 (264000 X 3/2)

Total Capital of the new partner 132000 396000-264000

Balance Sheet

Liabilities	Amount	Assets	Amount
Workmen Comp Lia	16000	Plant & Machinery	140000
Creditors	157500	Furniture & Fixture	58500
		Stock	47000
		Debtors	110000
		Less - Prov	10000
		Bank	224000
Raman's Capital A/c	161600		
Rohit's Capital A/c	102400		

Saloni's Capital A/c	132000		
	<u>569500</u>		<u>569500</u>

0

Cash/Bank A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	50000		
To Z's Capital A/c	132000		
To Premium for Goodwill	42000		
		By Balance C/d	224000
Total	<u>224000</u>	Total	<u>224000</u>

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Old Profit Sharing Ratio	L	M	N
	3	2	1

New Partner Admitted	O
New Partners Share	1/6
New Partner share of Goodwill	30000

Total Goodwill for firm 180000.00

L's Loss to O 30000

Find Sacrificing Ratio :
Old Profit Sharing Ratio

L	M	N
3	2	1

New Profit Sharing Ratio

L	M	N	O
2	2	1	1

Sacrificing Ratio

L	M	N	or
1/6	0	0	

Revaluation A/c

Particulars	Amount	Particulars	Amount
To Investmens	24000	By Creditor	6000
To Machinery	12000		
		By Loss on Revaluation :	
		By L's Capital A/c	15000
		By M's Capital A/c	10000
		By N's Capital A/c	5000
			30000
	36000		36000

Partners Capital A/c

Particulars	L	M	N	O	Particulars	L	M	N	O
To Revaluation A/c-L	15000	10000	5000		By Balance B/d	120000	80000	40000	
					By Premium for Goodwill	30000			
					By General Reserve	21000	14000	7000	
					By Bank A/c				56400
To Balance c/d	156000	84000	42000	56400					
Total	171000	94000	47000	56400	Total	171000	94000	47000	56400

Calculation of New Partner's Capital

	L	M	N	Total
Existing Capital of old partners (after all adj)	156000	84000	42000	282000
Share of Old Partners in new firm				5/6
Total Capital of the new firm				338400.00
New partner Share				1/6
New Partner Capital				56400

Balance Sheet

Liabilities	Amount	Assets	Amount
Creditors	162000	Bank	120400
		Debtors	46000
		Stock	220000

A's Capital A/c	156000	Investments	36000
B's Capital A/c	84000	Furniture	20000
C's Capital A/c	42000	Machinery	58000
D's Capital A/c	56400		
	<u>500400</u>		<u>500400</u>

0

Cash/Bank A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	34000		
To O's Capital A/c	56400		
To Premium for Goodwill	30000	By Balance C/d	120400
Total	<u>120400</u>	Total	<u>120400</u>

84 Old Profit Sharing Ratio

Leena	Rohit	Total
3	2	5

New Partner Admitted Manoj

New Partners Share 1/5

New Partner share of Goodwill 80000

New partner admitted

Manoj

New Profit sharing ratio

Leena	Rohit	Manoj	Total
			0
5	3	2	10

Sacrificing Ratio

Leena	Rohit	Total
- 1/10	- 1/10	
1	1	2
sacrifice	sacrifice	

Leena's share in Goodwill 40000

Rohit's share in Goodwill 40000

Revaluation A/c

Particulars	Amount	Particulars	Amount
To WCC	40000		
To Stock	16000		
		By Loss on Revaluation :	
		By Leena's Capital A/c	33600
		By Rohit's Capital A/c	22400
	56000		56000

56000

Partners Capital A/c							
Particulars	Leena	Rohit	Manoj	Particulars	Leena	Rohit	Manoj
To Revaluation A/c-Loss	33600	22400		By Balance B/d	160000	140000	
				By Premium for Goodwill	40000	40000	
				By Bank A/c - Capital Introduced			92250
				By General Reserve	27000	18000	
To Balance c/d	193400	175600	92250				
Total	227000	198000	92250	Total	227000	198000	92250

Calculation of New Capital

Leena New Capital	193400
Rohit New Capital	175600
Total Capital	369000

Profit share of old partners $4/5$ (Old partner new share)

Total Capital of the new firm 461250 ($369000 \times 5/4$)

Total Capital of the new partner 92250 ($461250 \times 1/5$)

Balance Sheet

Liabilities	Amount	Assets	Amount
Workmen Comp Lia	40000	Cash	214250

Creditors	80000	Stock	130000
Bills Payable	38000	Debtors	132000
		Less - Prov	7000
		Plant and Machinery	150000
Leena's Capital A/c	193400		
Rohit's Capital A/c	175600		
Manoj's Capital A/c	92250		
	<u>619250</u>		<u>619250</u>

0

Cash/Bank A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	42000		
To Manoj's Capital A/c	92250		
To Premium for Goodwill	80000		
		By Balance C/d	214250
Total	<u>214250</u>	Total	<u>214250</u>

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Old Profit Sharing Ratio

Ram	Shyam
3	2

New Partner Admitted

Mahesh

New Partners Share

1/5

New Partner share of Goodwill

25000

Ram's share in Goodwill
 Shyam's share in Goodwill 25000 (Fully sacrificed by Shyam)

Revaluation A/c

Particulars	Amount	Particulars	Amount
To Workmen Comp	12500	By Bank - B/D Recovered	5000
To Stock	7500	By Machinery	5000
		By Loss on Revaluation :	
		By Ram's Capital A/c	6000
		By Shyam's Capital A/c	4000
	20000		20000

10000

Note :

Revaluation of Stock

Calculate the Market Value

Book Value	Market Value
110	100
1	100/110
82500	100/110 X 82500
	75000

Revaluation Loss on Stock (82500-75000) **7500**

Ram's Capital A/c	159000		
Shyam's Capital A/c	131000		
Mahesh's Capital A/c	58000		
	<u>485500</u>		<u>485500</u>

0

Cash/Bank A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	25000		
To Mahesh's Capital A/c	58000		
To Premium for Goodwill	25000		
To Revaluation	5000	By Balance C/d	113000
Total	<u>113000</u>	Total	<u>113000</u>

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Old Profit Sharing Ratio

Aan	Shaan	Total
3	2	5

New Partner Admitted

Mohan

New Partners Share

1/4

New Partner share of Goodwill

100000

Total	883000	722000	401250	Total
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883000	722000	401250
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Ram's Capital A/c 883000
 Shyam's Capital A/c 722000

 Total Capital of old partners 1605000
 Mahesh share of Capital 25%
 Mahesh will bring Capital 401250

Balance Sheet

Liabilities	Amount	Assets	Amount
Creditors	200000	Cash at Bank	649250
Emp PF	30000	Debtors 205000	
O/s Legal Charges	18000	Less - Prov 10000	195000
Bank Overdraft	170000	Stock	140000
		Plant & Machinery	600000
		Building	840000
Aan's Capital A/c	883000		
Shaan's Capital A/c	722000		
Mohan's Capital A/c	401250		
	<u>2424250</u>		<u>2424250</u>

Cash/Bank A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	148000		
To Mohan's Capital A/c	401250		
To Premium for Goodwill	100000		
		By Balance C/d	649250
Total	649250	Total	649250