

**Q71.** Gautam and Yashica are partners in a firm, sharing profits and losses in 3:1 respectively. The Balance Sheet of the firm as on 31<sup>st</sup> March, 2018 was as follows:

**Balance Sheet as on 31<sup>st</sup> March, 2018**

Liabilities		Amount	Assets		Amount
Sundry Creditors		50,000	Furniture		60,000
Bills Payable		30,000	Stock		1,40,000
Capital A/c:			Debtors		80,000
Gautam	4,00,000		Cash in Hand		90,000
Yashica	<u>1,00,000</u>	5,00,000	Machinery		2,10,000
		<u>5,80,000</u>			<u>5,80,000</u>

Asma is admitted as a partner for  $\frac{3}{8}$ <sup>th</sup> share in the profits with a capital of 2, 10,000 and 50,000 for her share of goodwill. It was decided that:

- I. New profit-sharing ratio will be 3:2:3.
- II. Machinery will depreciated by 10% and Furniture by 5,000.
- III. Stock was revalued at 2, 10,000.
- IV. Provision for Doubtful debts is to be created at 10% of debtors.
- V. The capitals of all the partners were to be in the new profit-sharing ratio on basis of capital of new partner. Any adjustment to be done through Current Accounts.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm.

**Solution –**

**Dr**

**Revaluation Account**

**Cr**

Particulars	Amount	Particulars	Amount
To Plant & Machinery a/c	21,000	By Stock a/c	70,000
To Furniture a/c	5,000		
To Provision for Doubtful debts	8,000		
To Profit:-	36,000		
Gautam's capital A/c			
27000			
Yashika's Capital A/c			
9000	70,000		70,000

Dr Partners' Capital Account				Cr			
Particulars	Gautam	Yashika	Asma	Particulars	Gautam	Yashika	Asma
Balance c/d	4,77,000	1,09,000	2,10,000	Balance b/d	4,00,000	1,00,000	
				By Cash			2,10,000
				By Premium	50,000		
				Revaluation	27,000	9,000	
	4,77,000	1,09,000	2,10,000		4,77,000	1,09,000	2,10,000
To G's Current a/c	2,67,000			Balance b/d	4,77,000	1,09,000	2,10,000
				By Y's Current a/c		31,000	
Balance c/d	2,10,000	1,40,000	2,10,000				
	4,77,000	1,40,000	2,10,000		4,77,000	1,40,000	2,10,000

**Balance Sheet As at April 1st, 2018**

Liabilities	Amount	Assets	Amount
Sundry Creditors	50,000	Furniture	55,000
Bills Payable	30,000	Stock	2,10,000
Capital Accounts:		Debtors	80,000
Gautam 2,10,000		Less: Provision for DD	8,000
Yashika 1,40,000		Cash	3,50,000
Ashma 2,10,000	5,60,000	Machinery	1,89,000
Gautam's Current a/c	2,67,000	Yashika's Current A/c	31,000
	9,07,000		9,07,000

### Working Notes:-

#### Calculation of old ratio & sacrificing ratio:-

Old ratio Gautam: Yashika = 3:1

New ratio Gautam: Yashika: Asma – 3:2:3

#### Sacrificing ratio = Old ratio – New ratio:-

Gautam =  $\frac{3}{4} - \frac{3}{8} = \frac{6-3}{8} = \frac{3}{8}$

Yashika =  $\frac{1}{4} - \frac{2}{8} = \frac{2-2}{8} = \frac{0}{8}$

Therefore sacrificing ratio of Gautam: Yashika = 3:0

#### Calculation of Capital:-

Total Capital of the new firm on the basis of new partner

Total capital new firm = 2, 10,000 x  $\frac{8}{3}$  – 5, 60,000

#### New capital of all partners:-

Gautam – 5, 60,000 x  $\frac{3}{8}$  – 2, 10,000

Yashika – 5, 60,000 x  $\frac{2}{8}$  – 1, 40,000

Asma – 5, 60,000 x  $\frac{3}{8}$  – 2, 10,000

**Q72.** Kalpana and Kanika were partners in a firm sharing profits in 3:1 ratio. They admitted Karuna as a partner for  $\frac{1}{4}$ <sup>th</sup> share in future profits. Karuna was to bring 60,000 for his capital. The Balance Sheet of Kalpana and Kanika as at 1<sup>st</sup> April, 2024, the date on which Karuna was admitted was:

Liabilities	Amount	Assets	Amount
Capital A/c:		Land and Building	40,000
Kalpana      50,000		Plant and Machinery	70,000
Kanika <u>80,000</u>	1,30,000	Stock	30,000
General Reserve	10,000	Debtors                      35,000	
Creditors	70,000	Less: Provision for DD      1,000	34,000
		Investment	<u>26,000</u>
		Cash	10,000
	<u>2,10,000</u>		<u>2,10,000</u>

The other terms agreed upon were:

- Goodwill of the firm was valued at 24,000.
- Land and Building were valued at 65,000 and Plant and Machinery at 60,000.
- Provision for Doubtful Debts was found in excess by 400.
- A liability of 1,200 included in Sundry Creditors was not payable.
- The capitals of the partners are adjusted on the basis of Karuna's contribution of capital to the firm.
- Excess or shortfall, if any, is transferred to Current Accounts.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet of the new firm.

**Solution –**

Dr		Revaluation Account		Cr	
Particulars	Amount	Particulars	Amount		
Plant & Machinery	10,000	Land and Building	25,000		
Profit Transferred to		Provision for Doubtful	400		
Kalpna's Capital	12,450	Debts			
Kanika's Capital	4,150	Creditors	1,200		
	26,600		26,600		

Dr				Partners' Capital Account				Cr			
Particulars	Kalpna	Kanika	Karuna	Particulars	Kalpna	Kanika	Karuna				
Balance c/d	74,450	88,150	60,000	Balance b/d	50,000	80,000					
				General Reserve	7,500	2,500					
				Revaluation (profit)	12,450	4,150					
				Cash							60,000
				Karuna's Current a/c	4,500	1,500					
	74,450	88,150	60,000		74,450	88,150	60,000				
Kanika's Current a/c		43,150		Balance b/d	74,450	88,150	60,000				
				Kalpna's current A/c	74,450	88,150	60,000				
					60,550						

Balance c/d	1,35,000	45,000	60,000				
	1,35,000	88,150	60,000		1,35,000	88,150	60,000

### Balance Sheet

As on March 31, 2024 after Z's admission

Liabilities	Amount	Assets	Amount
Creditors	68,800	Land and Building	65,000
Capital Accounts:		Plant and Machinery	60,000
Kalpana 1,35,000		Stock	30,000
Kanika 45,000		Debtors 35,000	
Karuna 60,000	2,40,000	Less: Prov. For DD 600	34,400
Kanika's Current A/c	43,150	Investments	26,000
		Cash	70,000
		Kalpana's current A/c	60,550

		Karuna's Current A/c	6,000
	3,51,950		3,51,950

### Working Notes:-

Old Ratio – Kalpana: Kanika – 3:1

Sacrificing Ratio – Kalpana: Karuna – 3:1

Karuna's of Goodwill –  $24,000 \times \frac{1}{4} = 6,000$

Kalpana –  $6,000 \times \frac{3}{4} = 4,500$

Kanika –  $6,000 \times \frac{1}{4} = 1,500$

### Distribution of Revaluation Profit:-

Kalpana –  $16,600 \times \frac{3}{4} = 12,450$

Kanika –  $16,600 \times \frac{1}{4} = 4,150$

### Adjustment of Capital

Total capital of the firm after Karuna's Admission –  $60,000 \times 4 = 2,40,000$

Less: - Karuna's Capital - 60,000

Combined Capital of Kalpana and Kanika = 1,80,000

Kalpana's Capital =  $1,80,000 \times \frac{3}{4} = 1,35,000$

Kanika's Capital =  $1,80,000 \times \frac{1}{4} = 45,000$

Dr		Cash Account		Cr	
Particulars	Amount	Particulars	Amount		
Balance b/d	10,000	Balance c/d	70,000		
Karuna's capital	60,000				
	70,000		70,000		

**Q73. A & B were partners sharing profits and losses in the ratio of 3:2. Their Balance Sheet as at 31<sup>st</sup> March, 2018, was as follows:**

**Balance Sheet of A & B as on 31<sup>st</sup> March, 2018**

Liabilities		Amount	Assets		Amount
Capital A/c:			Cash		8,000
A	1,04,000		Sundry Debtors	37,600	
B	<u>52,000</u>	1,56,000	Less: Prov for DD	<u>1,600</u>	36,000
Creditors		1,54,000	Stock		60,000
Employees Provident Fund		16,000	Prepaid Insurance		6,000
Workmen Compensation Fund		10,000	Plant and Machinery		76,000
Contingency Reserve		10,000	Building		1,40,000
			Furniture		20,000
		<u>3,46,000</u>			<u>3,46,000</u>

C was admitted as a new partner and brought 64,000 as capital and 15,000 for his share of goodwill premium. The new profit-sharing ratio was 5:3:2. On C's admission the following was agreed upon:

- I. Stock was to be depreciated by 5%



- II. Provision for Doubtful debts was to be made at 2,000.
- III. Furniture was to be depreciated by 10%
- IV. Building was valued at 1, 60,000.
- V. Capitals of A & B were to be adjusted on the basis of C's capital by bringing or paying of cash as the case may be.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of reconstituted firm.

Solution –

Dr		Revaluation Account		Cr	
Particulars	Amount	Particulars	Amount		
To Stock	3,000	By Building	20,000		
To Provision for DD	400				
To Furniture	2,000				
To Profit Transferred to					
A	8,760				
B	5,840				
	14,600				
	20,000				20,000

Dr				Partners' Capital Account				Cr			
Particulars	A	B	C	Particulars	A	B	C				

Balance c/d	1,32,260	73,340	64,000	Balance b/d	1,04,000	52,000	
				Cash			64,000
				Premium for Goodwill	7,500	7,500	
				Revaluation (Profit)	8,760	5,840	
				Workers Compensation reserve	6,000	4,000	
				Contingency reserve			
					6,000	4,000	
	1,32,260	73,340	64,000	Balance b/d	1,32,260	73,340	64,000
Balance c/d	1,60,000	96,000	64,000	Cash A/c	1,32,260	73,340	64,000
					27,740	22,660	
	1,60,000	96,000	64,000		1,60,000	96,000	64,000

**Balance Sheet**  
**As on March 31, 2019**

Liabilities	Amount	Assets	Amount
Creditors	1,54,000	Cash	
Employees Provident Fund	16,000	8000+64000+15000+27740+22660	137400
Capital Accounts:		Debtors	37,600
Raghu      1,60,000		Less: Prov. For DD	<u>2,000</u>
Rishu        96,000		Stock	57,000
Rishabh    64,000	3,20,000	Prepaid Insurance	6,000

		Plant and Machinery	76,000
		Building	1,60,000
		Furniture	18,000
	4,90,000		4,90,000

### Working Note:-

Calculation of old and Sacrificing ratio:-

Old ratio – A: B – 3:2

New ratio – A: B: C – 5:3:2

$A - \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$

$B - \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$

Sacrificing ratio of A & B – 1:1

### WHEN THE NEW PARTNER IS REQUIRED TO BRING PROPORTIONATE CAPITAL:-

**Q74.** Raman and Rohit were partners in a firm sharing profits and losses in the ratio of 2:1. On 31<sup>st</sup> March, 2018, their Balance Sheet was as follows:

**Balance Sheet of Raman & Rohit as on 31<sup>st</sup> March, 2018**

Liabilities	Amount	Assets	Amount
<b>Capital A/c:</b>		<b>Plant and Machinery</b>	<b>1,75,000</b>
Raman   1,40,000		<b>Furniture and Fixtures</b>	<b>65,000</b>
Rohit <u>1,00,000</u>	<b>2,40,000</b>	<b>Stock</b>	<b>47,000</b>
<b>Workmen Compensation Fund</b>	<b>40,000</b>	<b>Debtors           1,10,000</b>	
<b>Creditors</b>	<b>1,60,000</b>	<b>Less: Prov for DD <u>7,000</u></b>	<b>1,03,000</b>
		<b>Bank Balance</b>	<b>50,000</b>
	<b>4,40,000</b>		<b>4,40,000</b>

On the above date, Saloni was admitted in the partnership firm. Raman surrendered  $\frac{2}{5}$ <sup>th</sup> of his share and Rohit surrendered  $\frac{1}{5}$ <sup>th</sup> of his share in favour of Saloni. It was agreed that:

- Plant and Machinery will be reduced by 35,000 and furniture and fixtures will be reduced to 58,500.
- Provision for bad and doubtful debts will be increased by 3,000.
- A Claim for 16,000 for workmen's compensation was admitted.
- A liability of 2,500 included in creditors is not likely to arise.
- Saloni will bring 42,000 as her share of goodwill premium and proportionate capital.

Prepare Revaluation Account, Partners Capital Accounts and Balance Sheet of the reconstituted firm.

Solution –

Dr		Revaluation Account		Cr	
Particulars	Amount	Particulars		Amount	
Plant & Machinery	35,000	Creditors		2,500	
Furniture and Fixtures	6,500	Loss transferred to:			
Provision of Doubtful debts	3,000	Raman's Capital	28,000		
		Rohit's Capital	14,000	42,000	
	44,500				44,500

Dr				Partners' Capital Account				Cr			
Particulars	Abha	Binay	Chitra	Particulars	Abha	Binay	Chitra	Particulars	Abha	Binay	Chitra

Revaluation	28,000	14,000		Balance b/d	1,40,000	1,00,000	
Balance c/d	1,61,600	1,02,400		By Premium	33,600	8,400	
				By W.C.F	16,000	8,000	
	1,89,600	1,16,400			1,89,600	1,16,400	
Balance c/d	1,61,600	1,02,400	1,32,000	Balance c/d	39,500	14,500	
				Bank A/c		12,500	1,32,000
	1,61,600	1,02,400	1,32,000		1,61,600	1,02,400	1,32,000

**Balance Sheet**  
**As on April 31, 2019**

Liabilities	Amount	Assets	Amount
Creditors	1,57,500	Plant and Machinery	1,40,000
Workmen Compensation Liabilities	16,000	Furniture and fixture	58,500
Capital Accounts:		Stock	47,000
Raman 1,61,600		Debtors 1,10,000	
Rohit 1,02,400		Less: Prov. For DD 10,000	1,00,000
Saloni 1,32,000		Cash at Bank	2,24,000
	3,96,000		
	5,69,500		5,69,500

**Working Note:-**

Calculation of Old and Sacrificing ratio:-

Old ratio Raman: Rohit – 2:1

$$\text{Raman} - 2/3 \times 2/5 = 4/15$$

$$\text{Rohit} - 1/3 \times 1/5 = 1/15$$

New Ratio of:-

$$\text{Raman} - 2/3 - 4/15 = 10/15 - 4/15 = 6/15$$

$$\text{Rohit} - 1/3 - 1/15 = 5/15 - 1/15 = 4/15$$

$$\text{Saloni} - 4/15 + 1/15 = 5/15$$

Therefore new ratio of Raman, Rohit and Saloni – 6:4:5

Sacrificing ratio – Old Ratio – New ratio

$$\text{Raman} - 2/3 - 6/15 = 10/15 - 6/15 = 4/15$$

$$\text{Rohit} - 1/3 - 4/15 = 5/15 - 4/15 = 1/15$$

Calculation of Capital of Raman and Rohit – 1, 61,600 + 1, 02,400 = 2, 64,000

Share of Raman and Rohit = 6/15 + 4/15 = 10/15

Therefore capital Raman, Rohit and Saloni

$$\text{Saloni} - 2, 64,000 \times 5/10 = 1, 32,000$$

(reciprocal of share)

$$\text{Saloni's Capital} - 1, 32,000 \times 5/15 = 44,000$$

**Q75. L, M & N were partners in a firm sharing profit in the ratio of 3:2:1. Their Balance Sheet on 31<sup>st</sup> March, 2015 was as follows:**

Liabilities		Amount	Assets	Amount
Creditors		1,68,000	Bank	34,000
General Reserve		42,000	Debtors	46,000
Capital A/c:			Stock	2,20,000
L	1,20,000		Investments	60,000
M	80,000		Furniture	20,000
N	40,000	2,40,000	Machinery	70,000
		4,50,000		4,50,000

**On the above date, O was admitted as a new partner and it was decided that:**

- The new profit-sharing ratio between L, M, N and O will be 2:2:1:1.
- Goodwill of the firm was valued at 1, 80,000 and O brought his share of goodwill premium in cash.
- The market value of investments was 36,000.
- Machinery will be reduced to 58,000.
- A creditor of 6,000 was not likely to claim the amount and hence was to be written off.
- O will bring proportionate capital so as to give him  $\frac{1}{6}$ <sup>th</sup> share in the profits of the firm.

**Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm.**

### Solution –

Dr		Revaluation Account		Cr	
Particulars	Amount	Particulars		Amount	
Investments	24,000	Creditors		6,000	
Machinery	12,000	Loss on Revaluation:			
		L's Capital	28,000		
		M's Capital	14,000		
		N's Capital	5,000	30,000	
	36,000				36,000

<b>Dr</b>	<b>Partners' Capital Account</b>	<b>Cr</b>
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Particulars	L	M	N	O	Particular	L	M	N	O
Reval. a/c	15,000	10,000	5,000		Balance b/d	1,20,000	80,000	40,000	
To Balance c/d	1,56,000	84,000	42,000	56,400	General Reserve	21,000	14,000	7,000	
					Premium for Goodwill	30,000			
					Cash A/c				
									56,400
	1,71,000	94,000	47,000	56,400		1,71,000	94,000	47,000	56,400

**Balance Sheet**  
**As on March 31, 2015**

Liabilities	Amount	Assets	Amount
Creditors	1,62,000	Bank	1,20,400
Capital Accounts:		Debtors	46,000
L      1,56,000		Stock	2,20,000
M      84,000		Investments	36,000
N      42,000		Furniture	20,000
O <u>56,400</u>	3,38,400	Machinery	58,000
	<u>5,00,400</u>		<u>5,00,400</u>

**Working Note:-**

Calculation of Sacrificing Ratio

Sacrificing Ratio = Old Ratio – New Ratio

L –  $3/6 - 2/6 = 1/6$

M –  $2/6 - 2/6 = \text{Nil}$

N –  $1/6 - 1/6 = -\text{Nil}$

Adjustment of Goodwill:-



O's of Goodwill – 1, 80,000 x 1/6 = 30,000

Calculation of O's Proportionate Capital:-

O's proportion capital – Total adjusted capital x O's profit share x reciprocal  
combined new share share of old partners

= 2, 82,000 x 1/6 x 6/5 – 56,400

**Q76. Leena and Rohit are partners in a firm sharing profits in the ratio of 3:2.**

**On 31<sup>st</sup> March, 2018, their Balance Sheet was as follows:**

**Balance Sheet of Leena & Rohit as on 31<sup>st</sup> March, 2018**

Liabilities	Amount	Assets	Amount
Sundry Creditors	80,000	Cash	42,000
Bills Payable	38,000	Debtors	1,32,000
General Reserve	50,000	Less: Prov for DD	2,000
Capital A/c:		Stock	1,46,000
Leena	1,60,000	Plant and Machinery	1,50,000
Rohit	1,40,000		
	3,00,000		
	4,68,000		4,68,000

**On the above date Manoj was admitted as a new partner for 1/5<sup>th</sup> share in the profits of the firm on the following terms:**

- Manoj brought proportionate capital. He also brought his share of goodwill premium of 80,000 in cash.**
- 10% of the general reserve was to be transferred to provision for doubtful debts**

c) Claim on account of workmen's compensation amounted to 40,000

d) Stock was overvalued by 16,000.

e) Leena, Rohit and Manoj will share future profits in the ratio of 5:3:2

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the reconstituted firm.

**Solution –**

<b>Revaluation Account</b>			
<b>Dr</b>		<b>Cr</b>	
Particulars	Amount	Particulars	Amount
To Workers Compensation Liabilities	40,000	By Loss transferred to:	56,000
To Stock	16,000	Rohit 33,600	
		Leena 22,400	
	56,000		56,000

Dr				Partners' Capital Account				Cr							
Particulars		Leena		Rohit		Manoj		Particulars		Leena		Rohit		Manoj	
Revaluation		32,600		22,400				Balance b/d		1,60,000		1,40,000			
Balance c/d		1,93,400		1,75,600		92,250		By Premium		40,000		40,000			
								By General Reserve A/c		27,000		18,000			

				By Cash A/c			92,250
	2,27,000	1,98,000	92,250		2,27,000	1,98,000	92,250

### Balance Sheet

As on March 31, 2019 after Leander's admission

Liabilities	Amount	Assets	Amount
Creditors	80,000	Cash	2,14,250
Bills payables	38,000	Debtors	1,32,000
Workmen Compensation Liabilities	40,000	Less: Prov. For DD	7,000
Capital Accounts:		Stock	1,30,000
Leena	1,93,400	Plant and Machinery	1,50,000
Rohit	1,75,600		
Manoj	92,250		
	4,61,250		
	6,19,250		6,19,250

#### Working Note:-

##### Calculation of Old ratio and Sacrificing ratio:-

Old ratio – Leena: Rohit – 3:2

New Ratio – Leena: Rohit: Manoj – 5:3:2

Sacrificing ratio = Old ratio – New ratio

Leena –  $\frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$

Rohit –  $\frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$

Sacrificing ratio of Leena: Rohit = 1:1

##### Alculation of Manoj's Capital:-

Capital of Leena and Rohit – 1, 93,400 + 1, 75,600 = 3, 69,000

Share of Leena and Rohit =  $\frac{8}{10}$

Hence capital of Leena, Rohit and Manoj – 3, 69,000 x  $\frac{10}{8}$  = 4, 61,250

Accordingly capital of Manoj – 4, 61,250 – 3, 69,000 = 92,250

**WHEN NEW PARTNER HAS TO BRING CAPITAL ON THE BASIS OF COMBINED CAPITAL OF OLD PARTNERS:**

**Q77.** On 31<sup>st</sup> March, 2024 the Balance Sheet of Ram and Shyam who Share profits and losses in the ratio of 3:2 was as follows:

**Balance Sheet of Ram & Shyam as on 31<sup>st</sup> March, 2024**

Liabilities	Amount	Assets	Amount
Creditors	70,000	Cash at Bank	25,000
General Reserve	25,000	Debtors 1,62,500	
Employees Provident Fund	55,000	Less: Prov for DD 12,500	1,50,000
Capital A/c:		Stock	82,500
Ram 1,50,000		Plant and Machinery	1,42,500
Shyam 1,00,000	2,50,000		
	4,00,000		4,00,000

They decided to admit Mahesh on 1<sup>st</sup> April, 2024 for 1/5<sup>th</sup> share which Mahesh acquired wholly from Shyam on the following terms:

- Mahesh shall bring 25,000 as his of premium for Goodwill.
- A debtors whose dues of 7,500 were written off as bad debt paid 5,000 in settlement.
- A claim of 12,500 on account of Workmen's Compensation was to be provided for.
- Machinery was undervalued by 5,000. Stock was valued 10% more than its market value.
- Mahesh was to bring in capital equal to 20% of the combined capitals of Ram and Shyam after all adjustments.

Prepare Revaluation Account, Partners Capital Accounts and Balance Sheet of the new firm.

Solution –

Dr		Revaluation Account		Cr	
Particulars	Amount	Particulars	Amount		
To Workmen Compensation Liabilities	12,500	By Bad debts Recovered	5,000		
To Stock	7,500	By Machinery	5,000		
		By Loss Transferred to:	10,000		
		Ram's Capita	28,000		
		Shyam's Capital	14,000		
	20,000				20,000

Dr				Partners' Capital Account				Cr			
Particulars	Ram	Shyam	Mahesh	Particulars	Ram	Shyam	Mahesh				

Revaluation	6,000	4,000		Balance b/d	1,50,000	1,00,000	
Balance c/d	1,59,000	1,31,000		By Premium		25,000	
				By General Reserve A/c	15,000	10,000	
	1,65,000	1,35,000			1,65,000	1,35,000	
Balance c/d	1,59,000	1,31,000	58,000	Balance b/d	1,59,000	1,31,000	
				Bank A/c			58,000
	1,59,000	1,31,000	58,000		1,59,000	1,31,000	58,000

**Balance Sheet**  
**As on April 1, 2024**

Liabilities		Amount	Assets		Amount
Workmen Compensation Reserve		12,500	Bank		1,13,000
Employees Provident Fund		5,500	Machinery		1,47,500
Creditors		70,000	Stock		75,000
Capital Accounts:			Debtors	1,62,500	
Ram	1,59,000		Less: Provision for DD	12,500	1,50,000
Shyam	1,31,000				
Mahesh	58,000				
		3,48,000			
		4,85,500			4,85,500

**Working Note:-**

**Calculation of Old and Sacrificing ratio:-**

Old ratio of Ram and Shyam – 3:2

New ratio of:-

Ram –  $\frac{3}{5}$

Shyam –  $\frac{2}{5} - \frac{1}{5} = \frac{2-1}{5} = \frac{1}{5}$

Mahesh –  $\frac{1}{5}$

New ratio – 3:1:1

**Sacrificing ratio of –**

Ram –  $\frac{3}{5} - \frac{3}{5} = \frac{3-3}{5} = \frac{0}{5}$

Shyam –  $\frac{2}{5} - \frac{1}{5} = \frac{2-1}{5} = \frac{1}{5}$

Sacrificing ratio of Ram and Shyam – 0:1

Adjusted capital of Ram and Shyam – 1, 59,000 + 1, 31,000 – 2, 90,000

Mahesh's Capital – 2, 90,000 x  $\frac{20}{100}$  = 58,000

**78. Aan and Shaan were partners sharing profit in the ratio of 3:2 the balance sheet as at 31<sup>st</sup> march 2024 was as under.**

Particulars	Amount	particulars	amount
Creditors	200,000	Cash	1,48,000
Employer provident fund	30,000	Debtors 205000	
Bank overdraft		Less	
Reserve	170000	Provision <u>3000</u>	202,000
Capital a/c	150,000	for DD	
Aan 700,000		stock	200,000
Shan 800,000		plant and machinery	600,000

	13,00,000	building	700,000
	18,50,000		18,50,000

They agreed to admit mohan for 1/4 share on the above date subject to the following term

- i. Mohan to bring in capital equal to 1/4<sup>th</sup> of the total capital of Aan and Shaan after all adjustment including premium of goodwill
  - ii. Building to be appreciated by 20% and stock to be depreciated to 70%
  - iii. Provision for doubtful debts on debtors to be raised 10,000
  - iv. A provision be made for 18000 for outstanding legal charges
  - v. Mohan share a goodwill premium was calculated as 100,000
- Prepare the revaluation account partners capital account and balance sheet of new firm

#### REVALUATION A/C

Particulars	amount	Particulars	amount
To Stock a/c	60,000	By building a/c	140,000
To Provision for DD	7000		
To outstanding legal charges a/c	18000		



<b>To profit on revaluation transfer to</b>			
<b>Aan 33000</b>	<b>55000</b>		
<b>Shaan <u>22000</u></b>			
	<b>140,000</b>		<b>140,000</b>

Particulars	Aan	Shaan	Mohan	particulars	Aan	Shaan	Mohan
To balance c/d	883000	722000		Balance b/d	700,000	600,000	
				Revolution a/c	33000	22000	
				General reserve			
				Premium of	90,000	60,000	
				goodwill	60,000	40,000	
	883000	722000			883000	722000	
	0	0		By balance b/d	883000	722000	
				By cash			401250

### Balance sheet

Particulars	amount	Particulars	amount
Creditors	200,000	Cash	649250
Employee provident fund	30,000	148000+401250+100,000	

Bank o/d	170,000	Debtors 205000	195000
Outstanding legal charges a/c	18000	-Provision 10,000	
	200,000		
Capital		Stock	140,000
Aan 883000		Plant and machinery	600,000
Shaan 722000	2006250	building	840,000
Mohan 401250			
	2424250		2424250

**Calculation of mohan capital in new firm**

**Total adjusted capital + aan and shaan capital**

**883000+722000**

**=1605000**

**Mohan capital in new firm=1605000 x 1/4**

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