2.9 (193)

In the book of ~~d~~ Firm

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Revaluation A/C

DR (P)		₹	(P)		CR ₹
To machinery		2800	By Building		4000
To furniture		120	By stock		3600
To R.D.D		1800			
~~To Debtors~~					
To capital A/C					
Narmada	1728				
godavari	1152	2880			
(Revaluation profit)					
		7600			7600

Partner's capital

DR (P)	Norm	Goda	Kave	(P)	Narm	Godav	CR Kaveri
				By Balance b/d	28000	28000	-
To loan A/C [Excess cap. ~~Roan~~-transfer to loan A/c]	10528	16352	-	By Bank A/C	-	-	12000
				By Goodwill	2400	1600	-
				By Revaluation (Revaluation profit)	1728	1152	-
To Balance b/d	21,600	14,400	12000				
	32,128	30,752	12000		32128	30752	12000

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Bank A/C.

DR Particulars		₹	Particulars		CR ₹
To Balance b/d		4000	By Balance c/d		20,000
To Kaveri Cap.		12000			
To Goodwill		4000			
		20,000			20,000

In the New balance sheet of Narmada & Godavari
After admission of Kaveri
As on 1-4-19

Liabilities		₹	Assets		₹
Capital A/C			Building	20,000	
Narmada	21600		(+) Appricated	(+) 4000	24000
Godavari	14400				
Kaveri	12,000	48000	Machinery	28,000	
			(-) Depreciation @ 10%.	(-) 2800	25,200
Creditor		49,600			
			Furniture	1,200	
Loan A/C			(-) Dep. @ 10%	(-) 120	1080
Narmada	10,528				
Godavari	16,352	26,880	Stock	16,400	
			(+) Apprication	(+) 3600	20000
			Debtors	36,000	
			(-) RDD @ 5%	(-) 1800	34,200
			Bank		20,000
		124,480			124,480

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Journal entries

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Date	Particulars		J F	DR	CR
1)	Bank A/C	DR		16000	
	To kaveri cap				12000
	To Goodwill A/c				4000
	(Being new partner bring his share of capital and goodwill)				
2)	Goodwill A/C	DR		4000	
	To Narmada cap				2400
	To Godavari cap				1600
	(Being goodwill distributed)				
3)	Revaluation A/C	DR		4720	
	To machinery				2800
	To Furniture				120
	To R.D.D				1800
	(Being asset revalued)				
4)	Building A/c	DR		4000	
	Stock A/C	DR		3600	
	To Revaluation A/c				7600
	(Being asset revalued)				
5)	Revaluation A/c	DR		2880	
	To Narmada cap				1728
	To godavari cap.				1152
	(Being revaluation profit distributed)				

· working note

· capital adjustment

1) Total cap. of New farm = New partner cap. × Reciprocal of his share

$= 12000 \times \frac{4}{1}$

$= 48000$/-

2) cal. of new ratio = ~~New partner's~~

combined ratio = 1 - New partner share,

$= 1 - \frac{1}{4}$

$= \frac{3}{4}$

∴ New ratio = old radio × combined ratio.

$N = \frac{3}{5} \times \frac{3}{4} = \frac{9}{20}$

$G = \frac{2}{5} \times \frac{3}{4} = \frac{6}{20}$

$K = \frac{1}{4} \times \frac{5}{5} = \frac{5}{20}$

∴ $\boxed{9 : 6 : 5}$

∴ $N = \cancel{48000}^{24} \times \frac{9}{\cancel{20}} = 21600$

∴ $G = \cancel{48000}^{24} \times \frac{6}{\cancel{20}} = 14,400$

∴ $K = \cancel{48000}^{24} \times \frac{5}{\cancel{20}} = 12000$

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In the book of X firm

Revaluation A/C

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DR. Particulars		₹	Particulars		CR. ₹
To Furniture		300	By land & Building		7500
To R.D.D		4350	By stock		7500
To capital A/C					
vikram	4140				
pradnya	6210	10,350			
(Revaluation profit)					
		15000			15000

Partner's Capital A/C

DR. Particulars	vikram	pradnya	Avani	Particulars	vikram	pradnya	CR. Avani
				By Balance b/d	75000	75000	-
To loan A/C	46,140	31,710	-	By Cash A/c	-	-	37,500
(Excess Cap. transfer to loan A/C)				By Goodwill	12000	18000	-
				By Revaluation (profit)	4140	6210	-
To Balance b/d	45000	67,500	37,500				
	91,140	99,210	37,500		9140	99,210	37,500

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Date: __/__/__

DR — Cash A/C — CR

Particulars		₹	Particulars		₹
To Balance b/d		7500			
To Avani Cap.		37,500			
To Goodwill		30,000			
			By Balance c/d		75000
		75000			75000

New Balance sheet of Vikram & Pradnya
After admission of Avani
As on 31-3-18

Liabilities		₹	Assets		₹
Capital A/C			Land & Building	37,500	
Vikram	45000		(+) Appreciation	(+) 7500	45000
Pradnya	67,500				
Avani	37,500	150,000	Plant		45000
			Furniture	3000	
Creditors	~~105000~~	105,000	(−) Dep. @ 10%	(−) 300	2700
Loan A/C			Stock	75000	
Vikram	46140		(+) Appreciation	(+) 7500	82,500
Pradnya	31,710	77,850			
			Debtors	87000	
			(−) R.D.D @ 5%	− 4350	82,650
			Cash A/C		75000
		332,850			332,850

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Date: / /

Journal entries

(P)

Date	Particulars		L F	DR	CR
1)	Cash A/C	DR		67,500	
	To Avani cap				37,500
	To Goodwill A/C				30,000
	(Being new partner bring his share of capital and goodwill)				
2)	Goodwill A/C	DR		30,000	
	To Vikram				12000
	To pradnya				18000
	(Being goodwill distributed)				
3)	Revaluation A/C	DR		4650	
	To furniture A/C				300
	To R.D.D A/c				4350
	(Being asset revalued)				
4)	Land & Building	DR		7500	₹
	Stock	DR		7500	
	To Revaluation				15000
	(Being asset revalued)				
5)	Revaluation A/C	DR		10350	
	To vikarm				4140
	To pradnya				6210
	(Being Revolution profit distributed)				

· working note.

· Capital adjustment

1) Total cap. of the firm = New partner Cap. x Reciporcal of his Share

$= 37,500 \times \frac{4}{1}$

$= 150,000$

2) Cal. of new ratio.

∴ combined ratio = 1 - New partner share

$= 1 - \frac{1}{4}$

$= \frac{3}{4}$

∴ New ratio = old ratio x Combined ratio.

Vikram $= \frac{2}{5} \times \frac{3}{4} = \frac{6}{20}$

Pradnya $= \frac{3}{5} \times \frac{3}{4} = \frac{9}{20}$

Avani. $= \frac{1}{4} \times \frac{5}{5} = \frac{5}{20}$

∴ $\boxed{6 : 9 : 5}$

∴ Vikram $= 150,000 \times \frac{6}{20} = 45000$

∴ Pradnya $= 150,000 \times \frac{9}{20} = 67,500$

∴ Avani $= 150,000 \times \frac{5}{20} = 37,500$