**Q1) (A) Answers**

1) Revaluation

2) Cash / Bank

3) Deficit capital

4) Sacrifice

5) 3:2:1:1

 **(B) Answers**

1) True

2) False

3) True

4) True

5) True

**(C) Answers**

1) Revaluation or Profit and Loss Adjustment A/c

2) Profit on Revaluation

3) Ratio of Sacrifice

4) Surplus Capital

5) Goodwill

**(D) Answers**

**Step No. 1: Calculation of Average Profit**

 Average Profit = $\frac{Total Profit }{No. of years }$ = $\frac{45, 000+37, 750+47, 000}{3}$

 ,, = $\frac{1,29,750}{3}$ = ` 41, 250/-

**Step No. 2 Calculation of Normal Profit:**

 Normal Profit = Capital Employed x $\frac{NRR}{100}$

 ,, = 2,50,000 x $\frac{12}{100}$

 ,, = ` 30,000/-

**Step No. 3: Calculation of Super Profit**

 Super Profit = Average Profit - Normal Profit

 ,, = 41, 250 - 30, 000

 ,, = ` 11, 250/-

**Step No. 4: Calculation of Goodwill:**

 Goodwill = Super Profit x No. of year’s purchase

 ,, = 11, 250 x 3

 ,, = ` 33, 750/-

**Q2) Answer**

 **Dr. Revaluation A/c Cr.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars**  | **Amt. `** | **Amt. `** | **Particulars**  | **Amt. `** | **Amt. `** |
| To Furniture A/c To Profit on Revaluation transferred to Shekhar’s capital (3/5)Shridhar’s capital A/c (2/5)  | 4, 8003, 200 | 1, 0008, 000 | By Stock A/c By Creditors A/cBy Rent  |  | 6, 0002, 0001, 000 |
|  | **9, 000** | **9, 000** |

 **Dr. Partner’s Capital Accounts Cr.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars**  | **Shekhar (**`) | **Shridhar (**`) | **Murlidhar (**`) | **Particulars**  | **Shekhar** **(**`) | **Shridhar (**`) | **Murlidhar** **(**`) |
| To Profit and Loss A/c To Balance c/d  | 12, 00098, 000 | 8, 00072, 000  | \_\_\_\_\_\_24, 000 | By Balance b/dBy Cash / Bank A/c By Goodwill A/c By General Reserve By Revaluation A/c (Profit)  | 80, 000\_\_\_\_\_\_\_10, 80014, 4004, 800 | 60, 000\_\_\_\_\_\_\_7, 2009, 6003, 200 | \_\_\_\_\_\_24, 000\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | **1, 10,000** | **80, 000** | **24, 000** |  | **1, 10,000** | **80, 000** | **24, 000** |

**Balance sheet as on 1st April, 2012**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities**  | **Amt. `** | **Amt. `** | **Assets**  | **Amt. `** | **Amt. `** |
| Capital A/c’s  Shekhar  Shridhar  MurlidharCreditors (-) unclaimed 50% General Reserve  | 98, 00072, 00024, 000 | 1, 94,00030, 00024, 000 | BuildingFurniture Less: Depreciation Stock Add: Appreciation Debtors Rent Receivable Cash / Bank  | 20, 0001, 000 | 40, 00019, 00030, 00080, 000 1, 00078, 000 |
| 24, 0006, 000 |
| 32, 0002, 000 |
|  |
|  |
| **2, 48,000** | **2, 48,000** |

**Note:** General Reserve ` 24, 000 can be deducted from Debtor instead of showing on liability side of Balance Sheet.

**Working Note: 1) Balance of Cash A/c**

**Dr. Cash A/c Cr.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars**  | **Amt. `** | **Particulars**  | **Amt. `** |
| To Balance bIdTo Murlidhar Cap A/c To Goodwill A/c  | 36, 00024, 00018, 000 | By Balance c/d | 78, 000 |
| 78, 000 | 78, 000 |

**II) Treatment of Goodwill**

 **Dr. Goodwill A/c Cr.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars**  | **Amt. `** | **Particulars**  | **Amt. `** |
| To Shekhar’s Cap A/c To Shridhar’s Cap A/c  | 10, 8007, 200 | By Cash A/c  | 18, 000 |
| **18, 000** | **18, 000** |

**Q3) Answer**

**Journal Entries in the books of Umesh and Prakash**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date**  | **Particulars**  | **L.F.**  | **Debit Amt. `** | **Credit Amt. `** |
| 123456789101112 | Bank A/c Dr.  To Cash A/c (Being cash deposited into bank)  |  | 5001, 38,7507, 5006, 0003, 7509, 00094, 50020, 00015, 000 3, 0006, 0006, 0004, 2002, 80061, 20025, 800 | 50033, 75067, 50022, 50015, 00017, 2505, 4003, 60094, 50020, 00015, 0003, 000 6, 0006, 0007, 00087, 000 |
| Realisation A/c Dr. To Debtors A/c  To Stock A/c  To Machinery A/c  To Furniture A/c (Being assets transferred to realisation A/c) |
| Sundry Creditors A/c Dr.Umesh’s Wife Loan A/c Dr.R.D.D. A/c Dr. To Realisation A/c (Being third party liabilities and R.D.D. transferred to realisation account) |
| Profit and Loss A/c Dr. To Umesh’s Capital A/c  To Prakash Capital A/c (Being accumulated profits transferred to partners’ capital account) |
| Bank A/c Dr. To Realisation A/c (Being assets realised)  |
| Prakash’s Capital A/c Dr. To Realisation A/c (Being machinery taken over) |
| Umesh’s Capital A/c Dr. To Realisation A/c (Being furniture taken over)  |
| Realisation A/c Dr. To Bank A/c (Being dissolution expenses paid) |
| Realisation A/c Dr. To Umesh’s Capital A/c (Being wife’s loan taken over)  |
| Realisation A/c Dr. To Bank A/c(Being creditors paid off.)  |
| Umesh’s Capital A/c Dr.Prakash’s Capital A/c Dr. To Realisation A/c (Being loss on realisation transferred)  |
| Umesh’s Capital A/c Dr.Prakash’s Capital A/c Dr. To Bank A/c (Being amount paid on account for final settlement) |
| **Total** | **4, 04,000** | **4, 04,000** |

**Working Note:-**

**Ledger Accounts**

**Realisation Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date**  | **Particulars**  | **`** | **Date**  | **Particulars**  | **`** |
|  | To Debtors A/c To Stock A/c To Machinery A/c To Furniture A/c To Umesh’s Capital A/c (Wife’s loan taken over) To Bank A/c (Realisation exp.) To Bank A/c(Creditors Paid off.) | 33,75067,50022,50015,0006, 0003,0006,000 |  | By Sundry Creditors A/c By Umesh’s Wife’s loan A/c By R.D.D. A/c By Bank A/c  Goodwill 7,500 Stock 60,000 Debtors 27,000(Assets Realised) By Prakash Capital A/c (Machinery taken over) By Umesh Capital A/c (Furniture taken over) By Umesh Capital A/c (Loss) By Prakash Capital A/c (Loss) | 7,5006,0003,75094,50020,00015,0004,2002,800 |
| **1,53,750** | **1,53,750** |

 **Dr. Partner’s Capital Accounts Cr.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars**  | **Umesh `** | **Prakash `** | **Particulars**  | **Umesh `** | **Prakash `** |
| To Realisation A/c (assets taken over)To Realisation A/c (Loss on Realisation) To Bank A/c (Final Payments) | 15,0004,20061,200 | 20,0002,80025,800 | By Bal. b/dBy Profit & Loss A/cBy Realisation A/c  | 69,0005,4006,000 | 45,0003,600-------- |
| **80,400** | **48,600** | **80,400** | **48,600** |

 **Dr. Bank Account Cr.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date**  | **Particulars**  | **`** | **Date**  | **Particulars**  | **`** |
|  | To Balance b/dTo Cash A/c To Realisation A/c (Assets Realised)  | 1, 00050094, 500 |  | By Realisation A/c (Diss. Expenses)By Realisation A/c (Creditors paid off)By Umesh’s Capital A/c By Prakash’s Capital A/c  | 3, 0006, 00061, 20025, 800 |
| **96, 000** | **96, 000** |