**Q1) (A) Answers**

1) Realisation A/c

2) Cash / Bank A/c

3) Profit – Sharing Ratio

4) Debited

5) Realisation A/c

**(B) Answers**

(1) True

(2) False

(3) True

(4) True

(5) True

**(C) Answers**

1) Realisation Loss

2) Dissolution of Partnership

3) Realisation A/c

4) Capital Deficiency

5) Realisation Profit

**(D) Answers**

A) Average Profit *=*

,, =

,, =

,, = 60, 000

B) Normal Profit =

,, = 4,50,000 x

,, = ` 45,000

C) Super Profit = Average Profit - Normal Profit

,, = 60,000 - 45,000

,, = ` 15,000

D) Goodwill = Super Profit x No. of years purchase

,, = 15,000 x 2

,, = ` 30,000

**Q2) Answers**

**Journal Entries in the books of the firm**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Particulars** | **L.F.** | **Debit `** | **Credit `** |
| 2012  Apr. 1  Apr. 1  Apr. 1  Apr. 1  Apr. 1  Apr. 1  Apr. 1 | Reserve Fund A/c Dr.  To Paresh’s Capital A/c  To Naresh’s Capital A/c  (Being reserve fund distributed to  old partners in profit sharing ratio) |  | 10,000  36,000  22,500  22,500  2,500  2,200  180  120 | 6,000  4,000  36,000  22,500  13,500  9,000  500  2,000  2,200  300 |
| Cash / Bank A/c Dr.  To Dinesh’s Capital A/c  (Being capital brought by Dinesh) |
| Cash / Bank A/c Dr.  To Goodwill A/c  (Being goodwill brought by Dinesh) |
| Goodwill A/c Dr.  To Paresh’s Capital A/c  To Naresh’s Capital A/c  (Being goodwill retained and credited to old partners in sacrifice ratio) |
| Revaluation A/c Dr.  To R.D.D. A/c  To Stock A/c  (Being decrease in the value of stock and R.D.D. Created) |
| Building A/c Dr.  To Revaluation A/c  (Being appreciated building by 5%) |
| Paresh’s Capital A/c Dr.  Naresh’s Capital A/c Dr.  To Revaluation A/c  (Being loss on revaluation distributed to old partners in old profit sharing ratio) |
| **Total** |  | **96,000** | **96,000** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **Amt. `** | **Amt. `** | **Assets** | **Amt. `** | **Amt. `** |
| Sundry Creditors  Capitals A/c’s  Paresh  Naresh  Dinesh | 91,320  60,880  36,000 | 30,000  1,88,200 | Cash  Sundry Debtors  Less: R.D.D.  Stock  (-) Reduction  Investments  Plant  Building  (+) Appreciation | 45,000  1,000 | 59,000  44,000  15,000  24,000  30,000  46,200 |
| 17,000  2,000 |
|  | 44,000  2,200 |
| **2,18,200** |  | **2,18,200** |

**Working Note:-**

**1) Calculation of Goodwill -**

Average Profit = = ` 45,000

Goodwill = Average Profit x 2 year purchase

Goodwill = 45,000 x

Dinesh’s share in Goodwill = 1, 12,500 x = ` 22,500

**2) Balance of Cash -**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amt. `** | **Particulars** | **Amt. `** |
| To Balance b/d  To Dinesh Capital A/c  To Goodwill | 500  36,000  22,500 | By Balance | 59,000 |
| **59,000** | **59,000** |

**3) Loss on Revaluation:**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amt. `** | **Particulars** | **Amt. `** |
| To R.D.D. A/c  To Stock | 500  2,000 | By Building A/c  By Paresh’s Cap A/c (Loss)  By Naresh’s Cap A/c (Loss) | 2,200  180  120 |
| **2,500** | **2,500** |

**Q3) Answers**

**In the books of Ganga, Yamuna, Venna**

**Dr. Realisation Account Cr.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amt. `** | **Particulars** | **Amt. `** |
| To Machinery A/c  To Furniture A/c  To Fixtures A/c  To Investments A/c  To Stock  To Debtors A/c  To Ganga’s Capital A/c  (G’s Husband’s Loan taken over)  To Cash A/c  i)Yamuna’s Husband’s Loan8,000  ii) Realisation exp. 1,900  iii) Outstanding liability 2,200  To Cash A/c  (Creditors paid off) | 29,000  7,000  12,000  12,000  15,000  9,000  10,000  12,100  12,000 | By Creditors A/c  By Ganga’s Husband’s Loan A/c  By Yamuna’s Husband’s Loan A/c  By Cash A/c  Machinery 20,000  Investments 7,000  Debtors 7,000  By Yamuna’s Capital A/c  (Stock taken over)  By Venna’s Capital A/c  i) Furniture 6,300  ii) Fixtures 10,800  (Furniture and Fixtures taken over)  By Ganga’s Capital A/c  By Yamuna’s Capital A/c  By Venna’s Capital A/c  (Realisation loss transferred) | 14,000  10,000  8,000  34,000  14,000  17,100  3,500  7,000  10,500 |
| **1,18,100** | **1,18,100** |

**Dr. Workmen’s Compensation Account Cr.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amt. `** | **Particulars** | **Amt. `** |
| To Cash A/c  To Ganga’s Capital A/c  To Yamuna’s Capital A/c  To Venna’s Capital A/c | 2,000  250  500  750 | By Balance b/d | 3,500 |
| **3,500** | **3,500** |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **Ganga `** | **Yamuna `** | **Venna `** | **Particulars** | **Ganga`** | **Yamuna `** | **Venna`** |
| To Profit and Loss A/c  (Accumulated loss)  To Realisation A/c  (Stock taken over)  To Realisation A/c  (Furniture & Fixtures)  To Realisation A/c  (Realisation loss)  To Cash A/c  (Final payment) | 750  ------  -------  3,500  15,000 | 1,500  14,000  --------  7,500  -------- | 2,250  ------  17,100  10,500  ------ | By Balance b/d  By Contingency  Reserve A/c  By Realisation A/c  (Ganga’s Husband’s loan)  By Workmen’s  Compensation Fund A/c  By Cash A/c  (Cash brought in for final settlement) | 8,000  1,000  10,000  250  ------ | 16,000  2,000  --------  500  4,000 | 26,000  3,000  --------  750  100 |
| **19,250** | **22,500** | **29,850** | **19,250** | **22,500** | **29,850** |

**Dr. Cash Account Cr.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amt. `** | **Particulars** | **Amt. `** |
| To Balance b/d  To Realisation A/c  (Assets realisation)  To Yamuna’s Capital A/c  To Venna’s Capital A/c  (Cash received) | 3,000  34,000  4,000  100 | By Realisation A/c  By Realisation A/c  By Ganga’s Capital A/c  By Workmen’s Compensation  Fund A/c | 12,100  12,000  15,000  2,000 |
| **41,100** | **41,100** |