**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 *=* $ \frac{Total Profits-Loss }{No of years }$

 ,, = $\frac{75,000+60, 000+1,00,000+90, 000-25, 000 (loss)}{5}$

 ,, = $\frac{3,00,000}{5}$

 ,, = 60, 000

B) Normal Profit = $\frac{Capital employed x NRR }{ 100}$

 ,, = 4,50,000 x $\frac{10}{100}$

 ,, = ` 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 `** |
| 2012Apr. 1 Apr. 1Apr. 1Apr. 1Apr. 1Apr. 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) |  | 10,00036,00022,50022,5002,5002,200180120 | 6,0004,00036,00022,50013,5009,0005002,0002,200300 |
| 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  | 91,32060,88036,000 | 30,0001,88,200 | Cash Sundry Debtors Less: R.D.D.Stock (-) Reduction InvestmentsPlant Building (+) Appreciation  | 45,0001,000 | 59,00044,00015,00024,00030,00046,200 |
| 17,0002,000 |
|  | 44,0002,200 |
| **2,18,200** |  | **2,18,200** |

**Working Note:-**

**1) Calculation of Goodwill -**

Average Profit = $\frac{32,000+54,000+49,000}{3}$ = ` 45,000

 Goodwill = Average Profit x 2$\frac{1}{2}$ year purchase

 Goodwill = 45,000 x $\frac{5}{2}$

 Dinesh’s share in Goodwill = 1, 12,500 x $ \frac{1}{5}$ = ` 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  | 50036,00022,500 | 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  | 5002,000 | By Building A/c By Paresh’s Cap A/c (Loss)By Naresh’s Cap A/c (Loss)  | 2,200180120 |
| **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/cTo Ganga’s Capital A/c (G’s Husband’s Loan taken over)To Cash A/c i)Yamuna’s Husband’s Loan8,000ii) Realisation exp. 1,900iii) Outstanding liability 2,200To Cash A/c (Creditors paid off) | 29,0007,00012,00012,00015,0009,00010,00012,10012,000 | By Creditors A/cBy Ganga’s Husband’s Loan A/cBy Yamuna’s Husband’s Loan A/c By Cash A/c  Machinery 20,000 Investments 7,000 Debtors 7,000By 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)  | 14,00010,0008,00034,00014,00017,1003,5007,00010,500 |
| **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  | 2,000250500750 | 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-------------3,50015,000 | 1,50014,000--------7,500-------- | 2,250------17,10010,500------ | By Balance b/dBy Contingency Reserve A/c By Realisation A/c(Ganga’s Husband’s loan)By Workmen’s Compensation Fund A/cBy Cash A/c (Cash brought in for final settlement) | 8,0001,00010,000250------ | 16,0002,000--------5004,000 | 26,0003,000--------750100 |
| **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)  | 3,00034,0004,000100 | By Realisation A/cBy Realisation A/c By Ganga’s Capital A/c By Workmen’s Compensation Fund A/c  | 12,10012,00015,0002,000 |
| **41,100** | **41,100** |