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SUGGESTED SOLUTION

SYJC

SUBJECT- BOOK KEEPING & ACCOUNTANCY

Test Code - SYJ 6005 A

BRANCH - () (Date :)

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ANSWER : 1

- (A) (03)
1. A new partner is admitted to the existing partnership firm to increase the capital resources of the firm and to secure advantages of a new entrant's skill and business connections, i.e. goodwill.
 2. On admission of a new partner, the amount of general reserve is shared by old partners only.
 3. An account operated by any partnership firm for recording changes in the values of assets and liabilities and to ascertain profit or loss made on revaluation of assets and liabilities is called Profit and Loss Adjustment A/c or Revaluation A/c.
- (B) (02)
1. Loss on revaluation of assets and liabilities
 2. Goodwill
- (C) (03)
1. (b) sacrifice
 2. (c) Reserve fund
 3. (c) Capital
- (D) (02)
1. False
 2. True

ANSWER : 2

Dr.	Revaluation Account		Cr.
Particular	Amt. Rs.	Particular	Amt. Rs.
To Land & Building A/c.	3,500	By Partner's Capital A/c.	
To Plant & Machinery A/c.	2,450	(Loss transferred – Dhiraj	7,182
To stock A/c	2,870	Niraj	4,788
To R.D.D. A/c.	3,150		
	11,970		11,970

Partner's Capital Accounts

Dr.				Cr.			
Particulars	Dhiraj	Niraj	Suraj	Particular	Dhiraj	Niraj	Suraj
To Revlauation A/c. (Loss)	7,182	4,788	----	By Balance B/d	50,000	50,000	-
To Cash A/c	--	44,212	---	By General reserve A/c.	6,000	4,000	---
To Balance c/d	60,000	20,000	20,000	By Cash A/c.	---	---	20,000
				By Goodwill A/c	---	15,000	-
				By Cash A/c.	11,182	--	---
	67,182	69,000	20,000		67,182	69,000	20,000

Balance Sheet as on 1st April, 2012

Liabilities	Amt. Rs.	Amt. Rs.	Assets	Amt. Rs.	Amt. Rs.
Capital Accounts			Land and Building	35,000	
Dhiraj	60,000		Less : Depreciation	3,500	31,500
Niraj	20,000		Plant & Machinery	49,000	
Suraj	20,000	1,00,000	Less : Depreciation	2,450	46,550
Sundry Creditors		70,000	Furniture		2,100
Bills Payable		7,000	Stock	28,700	
			Less : Decrease in the value	2,870	25,830
			Sundry Debtors	63,000	
			Less : R.D.D.	3,150	59,850
			Cash (W. No. 3)		11,170
		1,77,000			1,77,000

Working Note : 1

Calculation of Sacrifice Ratio of old partners

Sacrifice Ratio = Old Ratio – New Ratio

$$\text{Dhiraj} = \frac{3}{5} - \frac{3}{5} = \text{Nil}$$

$$\text{Niraj} = \frac{2}{5} - \frac{1}{5} = \frac{1}{5}$$

Dhiraj does not make any sacrifice and hence goodwill should be given only to Niraj.

Working Note : 2

Adjustment of Capitals in New profit sharing ratio

Total Capital = For $\frac{1}{5}$ Share Suraj brought Rs. 20,000

For $\frac{4}{5}$ Capital will be as under

$$= \frac{4}{5} \times \frac{5}{1} \times 20,000 = \text{Rs. } 80,000$$

Total Capital = 20,000 + 80,000 = Rs. 1,00,000 to be adjusted in New PSR

$$\text{Dhiraj} = 1,00,000 \times \frac{3}{5} = \text{Rs. } 60,000 \quad \text{Suraj} = 1,00,000 \times \frac{1}{5} = \text{Rs. } 20,000$$

$$\text{Niraj} = 1,00,000 \times \frac{1}{5} = \text{Rs. } 20,000$$

Working Note : 3

Dr.		Cash Account		Cr.	
Particulars	Amt. Rs.	Particulars	Amt. Rs.		
To Balance b/d	9,200	By Niraj's Capital A/c.	44,212		
To Suraj's Capital A/c.	20,000	(Payment of excess capital)			
To Goodwill A/c.	15,000	By Balance c/d	11,170		
To Dhiraj's capital A/c.	11,182	(Receipt of deficit capital)			
	55,382				55,382