Q1. X and Y were partners sharing profits in the ratio of 3 : 2. Z was admitted as a new partner for 1/5th share. X sacrificed $\frac{3}{20}$ from his share and Y sacrificed $\frac{1}{20}$ from his share in favour of Z, the new profit sharing ratio would be:
(a) 9 : 7 : 4
(b) 8 : 8 : 4
(c) 6 : 10 : 4
(d) 10 : 6 : 5.

Q2. Leela and Meeta were partners in a firm sharing profits and losses in the ratio of 7 : 3. Geeta was admitted as a new partner of a 3/13 share in the profits of the firm. The new profit sharing ratio will be:
(a) 7 : 3 : 7
(b) 7 : 3 : 3
(c) 3 : 7 : 7
(d) 1 : 1 : 1

Q3. Mountain Enterprises is a partnership firm with Manu, Mamta and Moti as partners. The firm is engaged in production and sales of electrical items and equipment. Their capital contributions were and ₹50,00,000; ₹50,00,000 and ₹80,00,000 respectively. They decided to share the profit in the ratio of 5 : 5 : 8. They are now looking forward to expand their business. It was decided that they would bring, in sufficient cash to double their respective capitals. This was duly followed by Manu and Mamta but due to unavoidable reasons Moti could not do so and ultimately, it was agreed that to bridge the shortfall in the required capital a new partner should be admitted who would bring in the amount that Moti could not bring and that the new partner would get share of profits equal to half of Moti's share which would be sacrificed by Moti Only. Consequent to this agreement, Malini was admitted and she brought in the required capital and ₹30,00,000 as premium for goodwill. What is the new profit sharing ratio of Manu, Mamta, Moti and Malini?
(a) 1 : 1 : 1 : 1
(b) 5 : 5 : 8 : 8
(c) 5 : 5 : 4 : 4
(d) 6 : 4 : 4 : 4

Q4. P, Q and R were partners in a firm sharing profits and losses in the ratio 2 : 2 : 1. They admitted L as a new partner for 1/5th share in the profits. L was given a guarantee that his share of profit shall be ₹1,00,000. Any deficiency arising on account of guarantee to L will be borne by Q. The profit of the firm during the year ended 31.3.2021 was ₹4,00,000. The amount of deficiency borne by Q was:
(a) ₹ 80,000
(b) ₹ 20,000
(c) ₹1,00,000
(d) ₹ 6,667

Q5. On 1.4.2018, A and B started business with capitals of ₹8,00,000 and ₹16,00,000 respectively. They decided to share the future profits in the ratio of their capitals. On 1.4.2019, they admitted C as a new partner. A surrendered 1/4th of his share in favour of C and B surrendered 1/9th from his share in favour of C. On 1.4.2020, D was admitted as a new partner for 1/6th share. On 1.4.2021, E was admitted for 1/5th share in the profits and it was decided that all partners will share the future profits equally. The profit sharing ratio of A, B and C was :
(a) 9: 20 : 7
(b) 8 : 21 : 7
(c) 10: 19 : 7
(d) 7 : 22 : 7

3/4 Mark Questions

Q6. Kabir and Farid are partners in a firm sharing profits in the ratio of 3 : 1. On 1-4-2019, they admitted Manik into partnership for 1/4th share in the profits of the firm. Manik brought his share of goodwill premium in cash. Goodwill of the firm was valued on the basis of 2 years purchase of last three years average profits. The profits of last three years were:

2016-17 ₹ 90,000

2017-18 ₹1,30,000

2018-19 ₹ 86,000

During the year 2018-19, there was a loss of ₹20,000 due to fire which was not accounted for while calculating the profit.

Calculate the value of goodwill and pass the necessary journal entries to the treatment of goodwill.

Q7. Nirupama and Anupama were partners in a firm sharing profits and losses in the ratio of 3 : 5. They admitted Kumar as a new partner for $\frac{1}{4}^{th}$ share in the profits. The new profit sharing ratio will be 3 : 3 : 2. Kumar brought ₹ 2,00,000 as his capital and the necessary amount of goodwill premium for his share of goodwill. The goodwill of the firm was valued at ₹ 1,20,000.

Pass necessary journal entries for the above transactions in the books of the firm.

Q8. Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1 : 2. Their fixed capitals were ₹2,00,000 and ₹3,00,000 respectively. On 1st April, 2016 Kishor was admitted as a new partner for 1/4th share in the profits. Kishor brought ₹2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishor acquired his share of profit from Varun.

Calculate goodwill of the firm on Kishor's admission and the new profit sharing ratio of Karan, Varun and Kishor. Also, pass necessary Journal Entry for the treatment of Goodwill of Kishor's admission considering that Kishor did not bring his share of goodwill premium in cash.

Q9. State any three circumstances other than (i) admission of a new partner, (ii) retirement of a partner and (iii) death of a partner, when need for valuation of goodwill of a firm may arise.

Q10. Saloni and Shrishti were partners in a firm sharing profits in the ratio of 7 : 3. Their capitals were ₹2,00,000 and ₹1,50,000 respectively. They admitted Aditi on 1st April, 2013 as a new partner for 1/6th share in future profits. Aditi brought ₹1,00,000 as his capital. Calculate the value of goodwill of the firm and record necessary journal entries for the above transaction on Aditi's admission.

5/6 Mark Questions

Q11. Achla and Bobby were partners in a firm sharing profits and losses in the ratio of 3:1. On 31st March, 2019, their balance sheet was as follows:

Balance Sheet of Achla and Bobby as on 31st March, 2019

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		1,10,000	Cash at bank	60,000
General Reserve		40,000	Debtors	40,000
Workmen's compensation reserve		50,000	Stock	45,000
Capitals:			Furniture	1,55,000
Achla	4,00,000		Land & Building	5,00,000
Bobby	2,00,000	6,00,000		
		8,00,000		**8,00,000**

On 1st April, 2019, they admitted Vihaan as a new partner for 1/5th share in the profits of the firm on the following terms:

(a) Vihaan brought ₹ 1,00,000 as his capital and the capitals of Achla and Bobby were to be adjusted on the basis of Vihaan's capital; any surplus or deficiency was to be adjusted by opening current accounts.

(b) Goodwill of the firm was valued at ₹ 4,00,000. Vihaan brought the necessary amount in cash for his share of goodwill premium, half of which was withdrawn by the old partners.

(c) Liability on account of workmen's compensation amounted to ₹80,(d) Achla took over stock at ₹35,000.000.

(e) Land and building was to be appreciated by 20%.

Prepare revaluation account, partner's capital accounts and the balance sheet of the reconstituted firm on Vihaan's admission.

Q12. T and N were partners in a firm. On 31st March, 2018, they decided to admit M as a new partner. On 31st March, 2018 the Balance Sheet of T and N stood as follows:

Balance Sheet of T and N as at 31.3.2018

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		18,000	Cash at bank	1,000
General Reserve		2,000	Debtors	40,000
Capital:			Stock	6,000
T	30,000		Furniture	3,000
N	15,000	45,000	Freehold Property	15,000
		65,000		**65,000**

They agreed to admit M as a new partner subject to the following terms and conditions:

(i) M will bring in ₹ 20,000 of which ₹ 4,500 will be treated as his share of goodwill premium to be retained in the business.

(ii) M will be entitled to $\frac{1}{4}$th share of the profits in the firm.

(iii) A provision for doubtful debts was to be created at 5% on the debtors.

(iv) Furniture was to be depreciated by 5%.

(v) Stock was to be revalued at ₹ 5,000.

Prepare Revaluation Account, Partner's Capital Accounts and Opening Balance Sheet of the new firm.

Q13. Chander and Damini were partners in a firm sharing profits and losses equally. On 31st March, 2017 their Balance Sheet was as follows:

Balance Sheet of Chander and Damini as on 31.3.2017

Liabilities		Amount (₹)	Assets	Amount (₹)
Sundry Creditors		1,04,000	Cash at bank	30,000
Capital:			Bills Receivable	45,000
Chander	2,50,000		Debtors	75,000
Damini	2,16,000	4,66,000	Furniture	1,10,000
			Land and Building	3,10,000
		5,70,000		**5,70,000**

On 1.4.2017, they admitted Elina as a new partner for $\frac{1}{3}rd$ share in the profits on the following conditions:

(i) Elina will bring ₹3,00,000 as her capital and ₹50,000 as her share of goodwill premium, half of which will be withdrawn by Chander and Damini.

(ii) Debtors to the extent of ₹5,000 were unrecorded.

(iii) Furniture will be reduced by 10% and 5% provision for bad and doubtful debts will be created on bills receivables and debtors.

(iv) Value of land and building will be appreciated by 20%.

(v) There being a claim against the firm for damages, a liability to the extent of ₹ 8,000 will be created for the same.

Prepare 'Revaluation Account and Partners' Capital Accounts.

Q14. Charu and Harsha were partners in a firm sharing profits in the ratio of 3:2. On 1.4.2014, their Balance Sheet was as follows:

Balance Sheet of Charu and Harsha as on 1.4.2014

Liabilities	Amount (₹)	Assets	Amount (₹)

Creditors	17,000	Cash	6,000
General Reserve	4,000	Debtors	15,000
Workmen Compensation Fund	9,000	Investments	20,000
Investment Fluctuation Fund	11,000	Plant	14,000
Provision for bad debts	2,000	Land and Building	38,000
Capitals:			
Charu 30,000			
Harsha 20,000	50,000		
	93,000		93,000

On the above date, Vaishali was admitted for 1/4th share in the profits of the firm on the following terms:

(a) Vaishali will bring ₹20,000 for her capital and ₹4,000 for her share of goodwill premium.
(b) All debtors were considered good.
(c) The market value of investments was ₹15,000.
(d) There was a liability of ₹6,000 for workmen compensation.
(e) Capital accounts of Charu and Harsha are to be adjusted on the basis Vaishali's Capital by opening current accounts.

Prepare Revaluation Account and Partner's Capital Accounts.

Q15. Om, Ram and Shanti were partners in a firm sharing profits in the ratio of 3 : 2 : 1. On 1st April, 2014, their Balance Sheet was as follows:

Balance Sheet of Om, Ram and Shanti as on 1st April, 2024

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors		Land and Building	3,64,000
Om 3,58,000		Plant and Machinery	2,95,000
Ram 3,00,000		Furniture	2,33,000
Shanti 2,62,000	9,20,000	Bills Receivables	38,000
General Reserve	48,000	Sundry Debtors	90,000
Creditors	1,60,000	Stock	1,11,000
Bills Payable	90,000	Bank	87,000
	12,18,000		**12,18,000**

On the above date Hanuman was admitted on the following terms:

(i) He will bring ₹ 1,00,000 for his capital and will get 1/10th share in the profits.
(ii) He will bring necessary cash for his share of goodwill premium. The goodwill of the firm was valued at ₹3,00,000.
(iii) A liability of ₹ 18,000 will be credited against bills receivables discounted.
(iv) The value of stock and furniture will be reduced by 20%.
(v) The value of land and building will be increased by 10%.
(vi) Capital accounts of the partners will be adjusted on the basis of Hanuman's capital in their profit sharing ratio by opening current accounts.

Prepare Revaluation Account, Partner's Capital Accounts.

Solutions
S1. Ans. (a)
Sol.
Calculation of New Profit Sharing Ratio:

	X	Y
Old Share	$\frac{3}{5}$	$\frac{2}{5}$
Less : Sacrifice	$\frac{3}{20}$	$\frac{1}{20}$
New Share	$\frac{3}{5}-\frac{3}{20}=\frac{9}{20}$	$\frac{2}{5}-\frac{1}{20}=\frac{7}{20}$

Then, new profit-sharing ratio = $X : Y : Z$
$= \frac{9}{20} : \frac{7}{20} : \left(\frac{1\times4}{5\times4}\right) = \frac{4}{20} = 9 : 7 : 4$

S2. Ans. (b)
Sol. Leela: Meeta = 7 : 3 (Old Ratio)
Geeta's Share of Profit $= \frac{3}{13}$
Remaining Profits = 1 – Geeta's Share
$= 1 - \frac{3}{13} = \frac{13-3}{13} = \frac{10}{13}$
Leela's New Share $= \left(\frac{10}{13} \times \frac{7}{10}\right) = \frac{7}{13}$
Meeta's new Share $= \left(\frac{10}{13} \times \frac{3}{10}\right) = \frac{3}{13}$
New profit sharing ratio = Leela: Meeta: Geeta
$= \frac{7}{13} : \frac{3}{13} : \frac{3}{13} = 7 : 3 : 3$

S3. Ans.(c)
Sol. Malini's share $= \frac{1}{2} \times$ Moti's share $= \frac{1}{2} \times \frac{8}{18} = \frac{8}{36}$
Moti's New share = Old share – share given to Malini
$= \frac{8}{18} - \frac{8}{36} = \frac{16-8}{36} = \frac{8}{36}$
New share of Manu and Mamta is same as the old share.
New profit – sharing ratio = Manu : Mamta : Moti : Malini
$= \frac{5\times2}{18\times2} : \frac{5\times2}{18\times2} : \frac{8}{36} : \frac{8}{36}$
= 10 : 10 : 8 : 8 or
= 5 : 5 : 4 : 4

S4. Ans. (b)
Sol. P : Q : R = 2 : 2 : 1 (Old Ratio)
L's Share of Profit $= \frac{1}{5}$
Remaining Profits $= \left(1 - \frac{1}{5}\right) = \frac{4}{5}$
P's New Share of Profits $= \left(\frac{4}{5} \times \frac{2}{5}\right) = \frac{8}{25}$
Q's New Share of Profits $= \left(\frac{4}{5} \times \frac{2}{5}\right) = \frac{8}{25}$
R's New Share of Profits $= \left(\frac{4}{5} \times \frac{1}{5}\right) = \frac{4}{25}$
New Profit-Sharing Ratio among the partners:
P : Q : R : L = $\frac{8}{25} : \frac{8}{25} : \frac{4}{25} : \frac{1\times5}{5\times5} = 8 : 8 : 4 : 5$
Share of Profit of L $= 4,00,000 \times \frac{5}{25} =$ ₹ 80,000
Q will bear ₹ 20,000 deficiency (*i.e.,* 1,00,000 – 80,000)

S5. Ans. (a)
Sol. A : B = 8,00,000 : 16,00,000

= 1 : 2 (Old Ratio)
C's share of profits
= Share given by A + Shares given by B
$= \left(\frac{1}{4} \times \frac{1}{3}\right) + \left(\frac{1}{9}\right) = \frac{1}{12} + \frac{1}{9} + \frac{3+4}{36} = \frac{7}{36}$
A's New share = Old Share – Share given to C
$= \left(\frac{1}{3} - \frac{1}{12}\right) = \frac{4-1}{12} = \frac{3}{12}$
B's New share = Old Share – Share given to C
$= \left(\frac{2}{3} - \frac{1}{9}\right) = \frac{6-1}{9} = \frac{5}{9}$
New Profit sharing ratio = A : B : C
$= \frac{3\times3}{12\times3} : \frac{5\times4}{9\times4} : \frac{7}{36}$

S6. **In the books of Kabir and Farid**
Sol.

Journal

Date	Particular	L.F	Dr. (₹)	Cr. (₹)
2019 April 01	Premium for Goodwill Capital A/c Dr.		51,000	
	To Kabir's Capital A/c			38,250
	To Farid's Capital A/c			12,750
	(Being share of goodwill credited to the existing partners in 3 : 1)			

Working Notes:
Average Profit for the last three years = (90,000 + 1,30,000 + 86,000)/3 = ₹ 1,02,000
Goodwill of the firm = Average Profits of the last three years × Number of Years' Purchase = ₹ (1,02,000 × 2) = ₹ 2,04,000
Manik's share of goodwill = ₹ (2,04,000 × 1/4) = ₹ 51,000
Sacrificing Ratio among the partners will be same as old ration = 3 : 1
Note : Loss due to fire has not been accounted for thus; the profits for the year 2018-19 are normal profits only.

S7.
Sol.

Date	Particular	Dr. (₹)	Cr. (₹)
	Bank A/c Dr.	2,30,000	
	To Kumar's Capital A/c		2,00,000
	To Premium for Goodwill A/c		30,000
	(Being Kumar admitted and brought his share of Capital and Goodwill)		
	Premium for Goodwill A/c Dr.	30,000	
	To Anupama's Capital A/c		30,000
	(*Being goodwill adjusted*)		

Working notes:
Nirupama → $\frac{3}{8} - \frac{3}{8} = 0$; Anupama → $\frac{5}{8} - \frac{3}{8} = \frac{2}{8}$
Sacrificing Ratio → 0 : 2
Kumar's share of Goodwill = 1,20,000 × $\frac{1}{4}$ = ₹ 30,000

S8.
Sol. Old profit sharing ratio of Karan and Varun = 1 : 2.
Kishor admitted as a new partner on $= \frac{1}{4}^{th}$ share.
New profit sharing of Karan, Varun and Kishor:
Varun's New share $= \frac{2}{3} - \frac{1}{4} = \frac{8-3}{12} = \frac{5}{12}$
Karan's New share $= \frac{1}{3} \times \frac{4}{4} = \frac{4}{12}$

Kishor's New share = $\frac{1}{4} \times \frac{3}{3} = \frac{3}{12}$

New ratio among Karan, Varun, Kishor = 5 : 4 : 3.

Goodwill of the firm

Fixed capital of the firm = Karan's Capital + Varun's Capital + Kishor's Capital
= 2,00,000 + 3,00,000 + 2,00,000 = ₹ 7,00,000

Journal Entry

	Particulars	Dr. (₹)	Cr. (₹)
(i)	Cash A/c Dr. To Kishor's Capital A/c (*Capital brought in cash*)	2,00,000	 2,00,000
(ii)	Kishor Current A/c Dr. To Varun's Current A/c (*Being the value of goodwill give to Varun because he is sacrificing on admission of Kishor*)	25,000	 25,0000

Working Note: Kishor's share in goodwill = Total goodwill of the firm × Share of Kishor

Kishor's Goodwill should be: -

Total capital of firm should be = $\left(2,00,000 \times \frac{4}{1}\right) = 8,00,000$

Total capital of firm = 7,00,000

Goodwill of the firm = 1,00,000

Goodwill of Kishor = 1,00,000 × $\frac{1}{4}$ = ₹ 25,000

S9.

Sol. (i) When there is a change in profit sharing ratio.
(ii) When partnership is sold as a going concern.
(iii) When two firms amalgamate.

S10.

Sol. Based on Aditi's share, the total capital of the new firm ought to be:

₹ 1,00,000 × $\frac{6}{1}$	= ₹ 6,00,000
Less : Capital of Saloni	₹ 2,00,000
Capital of Shrishti	₹ 1,50,000
Capital of Aditi	₹ 1,00,000
	(4,50,000)
Value of Goodwill of firm	₹ 1,50,000

Aditi's share of goodwill = ₹ 1,50,000 × $\frac{1}{6}$ = ₹ 25,000.

Journal

₹	Particulars	L.F	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr To Aditi's Capital A/c (*Being Cash brought in by Aditi as her Capital*)		1,00,000	 1,00,000
(ii)	Aditi's Capital A/c Dr To Saloni's Capital A/c To Shrishti's Capital A/c (*Being the amount of premium distributed in sacrificing partners in their sacrificing ratio i.e. 7 : 3*)		25,000	 17,500 7,500

S11. **In the books of Achla, Bobby and Vihaan**
Sol.

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

Particulars		Amount (₹)	Particulars	Amount (₹)
To Liability on workmen compensation		30,000	By Land & Building	1,00,000
To Stock A/c		10,000		
To Profit on revaluation trsnf. to:				
Achla's Capital A/c	45,000			
Bobby's Capital A/c	15,000	60,000		
		1,00,000		1,00,000

Dr. **Partner's Capital A/c** **Cr.**

Particulars	Achla (₹)	Bobby (₹)	Vihaan (₹)	Particulars	Achla (₹)	Bobby (₹)	Vihaan (₹)
To Bank A/c (withdrawn)	30,000	10,000	–	By balance b/d	4,00,000	2,00,000	–
To Stock A/c	35,000	–	–	By Bank A/c	–	–	1,00,000
To Current A/c	1,70,000	1,35,000	–	By Premium for Goodwill A/c	60,000	20,000	–
To balance c/d	3,00,000	1,00,000	1,00,000				–
				By General Reserve A/c	30,000	10,000	–
				By Revaluation A/c	45,000	15,000	–
	5,35,000	2,45,000	1,00,000		5,35,000	2,45,000	1,00,000

Working Notes:

(1) Calculation of New Profit –Sharing Ratio

Old Profit-sharing ratio = 3 : 1
Vihaan's Share = 1/5
Remaining Profits of the firm = (1 – 1/5) = 4/5
Achla's New Share = (4/5 × 3/4) = 3/5
Bobby's New Share = (4/5 × 1/4) = 1/5
New Profit-sharing ratio = 3 : 1 : 1
Sacrificing ratio is same as old ratio = 3 : 1

(2) Calculation of Vihaan's Share of Goodwill

Vihaan's Share of Goodwill = ₹ (4,00,000 × 1/5) = ₹ 80,000

(3) Adjustment of Capital:

Vihaan's Capital for 1/5th share = ₹ 1,00,000
For 1 whole share capital of the firm = ₹ (1,00,000 × 5) = ₹ 5,00,000
New Capital of Achla = ₹ (5,00,000 × 3/5) = ₹ 3,00,000
New Capital of Bobby = ₹ (5,00,000 × 1/5) = ₹ 1,00,000
Existing Capital of Achla and Bobby is ₹ 4,70,000 and ₹ 2,35,000
Amount to be credited to Achla's Current A/c = Old Capital – New Capital
= ₹ (4,70,000 – 3,00,000) = ₹1,70,000
Amount to be credited to Bobby's Current A/c = Old Capital – New Capital
= ₹ (2,35,000 – 1,00,000) = ₹ 1,35,000

Balance Sheet as at 31st March, 2019

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		1,10,000	Land and Building	6,00,000
Liability for workmen compensation		80,000	Debtors	40,000
Capitals:			Furniture	1,55,000
Achla	3,00,000		Cash at Bank	2,00,000
Bobby	1,00,000		(60,000 + 1,00,000 + 80,000 – 40,000)	

Vihaan	1,00,000	5,00,000		
Current A/cs:				
Achla	1,70,000			
Bobby	1,35,000	3,05,000		
		9,95,000		**9,95,000**

S12.

Sol.

Revaluation A/c

Particulars	Amount (₹)	Particulars	Amount (₹)
To Provision for Doubtful debt A/c	2,000	By Partner's Capital A/c	
To Furniture A/c	150	T – 1,575	
To Stock A/c	1,000	N – 1,575	3,150
	3,150		**3,150**

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

Particulars	T (₹)	N (₹)	M (₹)	Particulars	T (₹)	N (₹)	M (₹)
To Revaluation A/c	1,575	1,575		By bal. b/d	30,000	15,000	–
To balance c/d	31,675	16,675	15,500	By General Reserve	1,000	1,000	–
				By Bank A/c	–	–	15,500
				By Premium for Goodwill A/c	2,250	2,250	–
	33,250	**18,250**	**15,500**		**33,250**	**18,250**	**15,500**

Balance Sheet of T, N, M as at 31st Mar. 2018

Liabilities	Amount (₹)	Assets		Amount (₹)
Creditors	18,000	Cash at bank		21,000
Capitals:		Debtors	40,000	
T – 31,675		Less:	(2000)	38,000
N – 16,675		Stock		5,000
M – 15,500	63,850	Furniture		2,850
		Freehold Property		15,000
	81,850			**81,850**

S59.

Sol.

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

Particulars		Amount (₹)	Particulars	Amount (₹)
To Furniture		11,000	By Debtors	5,000
To Provision for bad & doubtful debts		6,250	By Land & Building	62,000
To Claim for damages		8,000		
To profit t/f to				
Chander's Capital A/c	20,875			
Damini's Capital A/c	20,875	41,750		
		67,000		**67,000**

Dr. **Partner's Capital A/c** **Cr.**

Particulars	Chander	Damini	Elina	Particulars	Chander	Damini	Elina
To Bank A/c	12,500	12,500	–	By Balance b/d	2,50,000	2,16,000	
To Balance c/d	2,83,375	2,49,375	3,00,000	By Bank A/c			3,00,000
				By Premium for Goodwill A/c	25,000	25,000	
				By Revaluation A/c	20,875	20,875	
	295875	**261875**	**3,00,000**		**2,95,875**	**2,61,875**	**3,00,000**

S60.

Sol. **Revaluation Account**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Profit transferred to partner's Capital A/c		By Provision for bad debts A/c	2,000
Charu 1,200			
Harsha 800	2,000		
	2,000		**2,000**

Partner's Capital Account

Particulars	Charu (₹)	Harsha (₹)	Vaishali (₹)	Particulars	Charu (₹)	Harsha (₹)	Vaishali (₹)
To Current A/cs (Balancing (Fig.)	5,400	3,600	–	By Balance b/d	30,000	20,000	–
				By General Reserve	2,400	1,600	–
To Balance c/d (Note 1 & 2)	36,000	24,000	20,000	By Cash A/c	–	–	20,000
				By Premium for Goodwill A/c	2,400	1,600	–
				By Revaluation A/c	1,200	800	–
				By Workmen Compensation Fund	1,800	1,200	–
				By Investment Fluctuation Fund	3,600	2,400	–
	41,400	**27,600**	**20,000**		**41,400**	**27,600**	**20,000**

Working Notes:

1. Calculation of New Profits Sharing Ratio:
   Let the total share of the firm = 1
   Vaishali's share = 1/4
   Remaining share = 1 – 1/4 = 3/4
   Distribute the remaining share of 3/4 in the ratio of 3 : 2 between Charu and Harsha.
   Charu's share = 3/4 × 3/5 = 9/20; Harsha's share = 3/4 × 2/5 = 6/20
   New profit sharing ratio of Charu, Harsha and Vaishali = 9/20 : 6/20 : 1/4 = 9: 6: 5
2. Calculation of Capital and Harsha on the basis of Vaishali's Capital:
   Total Capital of the new firm on the basis of Vaishali Capital = ₹ 20,000 × 4/1 = ₹ 80,000
   Charu's Capital = ₹ 80,000 × 9/20 = ₹ 36,000
   Harsha's Capital = ₹ 80,000 × 6/20 = ₹ 24,000

S61.

Sol. **Revaluation Account**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Liabilities for Bills Receivable Discounted	18,000	By Land and Building	36,400
To Stock	22,200	By Loss transferred to partner's Capital A/c	62,000
To Furniture	46,600	Om 25,200	
		Ram 16,800	
		Shanti 8,400	
			50,400
	86,800		**86,800**

Partner's Capital AccountWorking Notes:

Particulars	Om (₹)	Ram (₹)	Shanti (₹)	Particulars	Om (₹)	Ram (₹)	Shanti (₹)
To Revaluation A/c	25,200	16,800	8,400	By Balance b/d	3,58,000	3,00,000	2,62,000
To Current A/c	–	9,200	1,16,600	By General Reserve	24,000	16,000	8,000
To Balance c/d	4,50,000	3,00,000	1,50,000	By Premium for goodwill A/c	15,000	10,000	5,000
				By Current A/c	78,200	–	–
	4,75,200	3,26,000	2,75,000		4,75,200	3,26,000	2,75,000

Hanuman's Capital	= ₹ 1,00,000
Hanuman's Share	= 1/10
Capital of the Firm	= ₹ 1,00,000 × 10 = ₹ 10,00,000
Less: Hanuman's Capital	= ₹ 1,00,000
	₹ 9,00,000
Om's Capital	= ₹ 9,00,000 × 3/6 = ₹ 4,50,000
Ram's Capital	= ₹ 9,00,000 × 2/6 = ₹ 3,00,000
Shanti's Capital	= ₹ 9,00,000 × 1/6 = ₹ 1,50,000
Hanuman's Capital	= ₹ 1,00,000