ANSWERS

1. (c)

2. (a)

Working Note:

	X	Z
A. Their Existing Share	$\frac{4}{9}$	$\frac{2}{9}$
B. Share Surrendered by Y	$\frac{1}{9}\times\frac{1}{3}=\frac{1}{27}$	$\frac{8}{9}\times\frac{1}{3}=\frac{8}{27}$
C. New Share of X and Z **(A + B)**	$\frac{4}{9}+\frac{1}{27}=\frac{13}{27}$	$\frac{2}{9}+\frac{8}{27}=\frac{14}{27}$

New Profit-sharing Ratio of X and Z = 13 : 14.

3. (c)

Working Note:

Gain of a Partner = New Profit Share – Old Profit Share

$$Y\text{'s Gain} = \frac{1}{2}-\frac{3}{7}=\frac{7-6}{14}=\frac{1}{14}$$

$$Z\text{'s Gain} = \frac{1}{2}-\frac{2}{7}=\frac{7-4}{14}=\frac{3}{14}$$

Gaining Ratio of Y & Z = 1 : 3

X's Share of Goodwill = ₹ 7,00,000 × $\frac{2}{7}$ = ₹ 2,00,000 shall be contributed by Y and Z in their gaining ratio.

Y's contribution = ₹ 2,00,000 × $\frac{1}{4}$ = ₹ 50,000,

Z's contribution = ₹ 2,00,000 × $\frac{3}{4}$ = ₹ 1,50,000.

4. (c)

5. (d)

6. (b)

Working Note:

Balance of Workmen Compensation Reserve	=	₹ 1,50,000
Less: Liability	=	₹ 37,500
Surplus available = ₹ 1,50,000 – ₹ 37,500	=	₹ 1,12,500

Akash's Share in surplus of Workmen Compensation Reserve = ₹ 1,12,500 × $\frac{1}{3}$ = ₹ 37,500.

7. (a)

8. JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bad Debts A/c	...Dr.		7,500	
	To Debtors A/c				7,500
	(Bad Debts written-off)				
	Provision for Doubtful Debts A/c	...Dr.		7,500	
	To Bad Debts A/c				7,500
	(Bad Debts transferred to Provision for Doubtful Debts Account)				
	Revaluation A/c	...Dr.		1,875	
	To Provision for Doubtful Debts A/c				1,875
	[5% (₹ 95,000 – ₹ 7,500) – (₹ 10,000 – ₹ 7,500)]				
	(Short Provision for Doubtful Debts Created)				
	X's Capital A/c	...Dr.		750	
	Y's Capital A/c	...Dr.		750	
	Z's Capital A/c	...Dr.		375	
	To Revaluation A/c				1,875
	(Loss on revaluation transferred to Partners' Capital Accounts in their old profit-sharing ratio)				

9. JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(a) (i)	Goodwill A/c	...Dr.		10,800	
	To Aditi's Capital A/c				5,400
	To Bhavya's Capital A/c				3,600
	To Cris's Capital A/c				1,800
	(Goodwill raised at full value)				
(ii)	Aditi's Capital A/c	...Dr.		5,400	
	Cris's Capital A/c	...Dr.		5,400	
	To Goodwill A/c				10,800
	(Goodwill written off in new profit-sharing ratio)				
(b) (i)	Goodwill A/c	...Dr.		3,600	
	To Bhavya's Capital A/c				3,600
	(Goodwill raised with retiring partner's share)				
(ii)	Cris's Capital A/c	...Dr.		3,600	
	To Goodwill A/c				3,600
	(Goodwill written-off in gaining ratio)				
(c)	Cris's Capital A/c	...Dr.		3,600	
	To Bhavya's Capital A/c				3,600
	(1/3rd share of firm's goodwill credited to Bhavya's Capital and debited to Cris's Account as he is sole beneficiary of the goodwill)				

Note: *Calculation of Gaining Ratio:*

Gain of a Partner = New Profit Share – Old Profit Share

$$\text{Aditi's Gain} = \frac{1}{2} - \frac{3}{6} = 0$$

$$\text{Cris's Gain} = \frac{1}{2} - \frac{1}{6} = \frac{3-1}{6} = \frac{2}{6} \text{ or } \frac{1}{3}$$

Hence Cris alone gains 1/3rd share of Bhavya's share of Goodwill.

10.

Dr. REVALUATION ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Fixed Assets A/c	2,500	By Creditors A/c	2,000
To Provision for Doubtful Debts A/c	5,000	By Loss transferred to:	
		Lisa's Capital A/c (₹ 5,500 × 5/10)	2,750
		Monika's Capital A/c (₹ 5,500 × 3/10)	1,650
		Nisha's Capital A/c (₹ 5,500 × 2/10)	1,100
	7,500		7,500

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	Lisa ₹	Monika ₹	Nisha ₹	Particulars	Lisa ₹	Monika ₹	Nisha ₹
To Goodwill A/c	25,000	15,000	10,000	By Balance *b/d*	1,07,500	1,02,500	60,000
To Revaluation A/c (Loss)	2,750	1,650	1,100	By Monika's Capital A/c (Goodwill)	8,000	...	...
To Lisa's Capital A/c (Adjustment of Goodwill)	...	8,000	32,000	By Nisha's Capital A/c (Goodwill)	32,000	...	...
To Bank A/c (Bal. Fig.)	1,19,750	...	...				
To Balance *c/d* (WN 3 and 4)	...	79,000	1,18,500	By Bank A/c (Bal. Fig.)	...	1,150	1,01,600
	1,47,500	1,03,650	1,61,600		1,47,500	1,03,650	1,61,600

Working Notes:

1. Gain/(Sacrifice) = New Profit Share – Old Profit Share
   Monika's Gain = 2/5 – 3/10 = 1/10; Nisha's Gain = 3/5 – 2/10 = 4/10; Gaining Ratio = 1 : 4.
2. Lisa's share of goodwill = ₹ 80,000 × 5/10 = ₹ 40,000 to be contributed by gaining partners in the gaining ratio, *i.e.*, 1 : 4. Monika's contribution = ₹ 40,000 × 1/5 = ₹ 8,000 and Nisha's contribution = ₹ 40,000 × 4/5 = ₹ 32,000.
3. *Calculation of Total Capital of New Firm after Lisa's retirement:*

	₹
Amount payable to Lisa	1,19,750
Adjusted old capital of Monika (₹ 1,02,500 – ₹ 15,000 – ₹ 1,650 – ₹ 8,000)	77,850
Adjusted old capital of Nisha (60,000 – 10,000 – 1,100 – 32,000)	16,900
Bank balance required in new firm	15,000
Existing bank balance [₹ 40,000 – ₹ 8,000 (claim of creditors settled)]	(32,000)
Total capital of new firm	1,97,500

4. Monika's capital in new firm = ₹ 1,97,500 × 2/5 = ₹ 79,000
   Nisha's capital in new firm = ₹ 1,97,500 × 3/5 = ₹ 1,18,500.