# **JOURNAL**

Date	Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
2016				
Mar 31	Cash A/c Dr		40,000	
	To C's Capital A/c			30,000
	To Premium for Goodwill A/c			10,000
	(Being cash and premium for goodwill brought in by C)			
	Premium for Goodwill A/c Dr		10,000	
	To W's Capital A/c		10,000	6,000
	To R's Capital A/c			4,000
	(Being premium for goodwill shared by old partners in			1,000
	sacrificing ratio)			
	W's Capital A/c Dr		3,000	
	R's Capital A/c Dr		2,000	
	To Cash A/c			5,000
	(Being half goodwill withdrawn by W and R in old ratio)			
	ADTITUDE			
	General Reserve A/c  Dr		5,000	2 2 2 2
	To W's Capital A/c			3,000
	To R's Capital A/c			2,000
	(Being general reserve distributed among old partners in			
	old ratio)			
	Outstanding Salary A/c Dr		3,000	
	To Cash A/c		3,000	3,000
	(Being outstanding salary paid)			3,300
L	(Long octoballand salary para)			

Date	Particulars	L.F	P. Debit (Rs.)	Credit (Rs.)
	Revaluation A/c	r	8,125	
	To Provision for Doubtful Debts A/c			325
	To Stock A/c			2,000
	To Furniture A/c			500
	To Plant and Machinery A/c			3,200
	To Creditors A/c			2,100
	(Being the decrease in the value of assets and increase in			
	value of liabilities and unrecorded liability recorded)			
	Investment A/c	Or	2,500	
	To Revaluation A/c			2,500
	(Being increase in the value of asset recorded)			
		7		
	5 Capital 11/5 (5,525 11 5/5)	r	3,375	
	110 0441144 11/0 (0,020 11 2/0)	r	2,250	
	To Revaluation A/c	,		5,625
	(Being loss on revaluation transferred to partners' capita			
	accounts)			

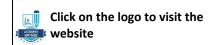
## **Working Notes**

## 1. Distribution of Goodwill in Sacrificing Ratio

W's share =  $10,000 \times \frac{3}{5}$  = Rs. 6,000

R's share =  $10,000 \times \frac{2}{5}$  = Rs. 4,000

**NOTE** It has been assumed that W and R sacrifice in ratio 3:2 [equal to old profit sharing ratio].



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#### 2. Provision for Bad and Doubtful Debts

Debtors Less:- Bad debts, to be adjusted against provision for bad debts		Amt (Rs.) 18,000 (1,500) 16,500
Provision for doubtful debts @ 5% on 16,500		825
Less:- Existing provision after adjusting bad debts (2,000 –	-1,500)	(500)
Amount to be debited to revaluation account		325

#### 3. Loss on Revaluation

Loss on revaluation can be ascertained by preparing revaluation account in the following manner

### **Revaluation Account**

Debit			Credit
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Provision for Doubtful Debts A/c To Stock A/c	325	IINTC '	2,500
To Furniture A/c	500	Transferred to	5,625
To Plant and Machinery A/c  To Creditors A/c	3,200 2,100	X.	-
10 01001011 0	Total 8,125		8,125