Q23. Amar and Samar were partners in a firm sharing profits and losses in 3:1 ratio. They admitted Kanwar for 1/4 share of profits. Kanwar could not bring his share of goodwill premium in cash. The Goodwill of the firm was valued at Rs.80,000 on Kanwar's admission. Record necessary journal entry for goodwill on Kanwar's admission.
Solution.

	Amar:	Samar
Old Ratio	3:	1

Kanwar admitted for 1/4 share of profit.

New Firm's Goodwill = Rs.80,000

Kanwar' s Share of Goodwill = 80,000 × 1/4 = 20,000

Journal Entries					
Date	Particulars		L.F.	Dr. **Rs.**	Cr. **Rs.**
	Kanwar's Capital A/c	Dr.		20,000	
	To Amar's Capital A/c				15,000
	To Samar's Capital A/c				5,000
	(Being Kanwar's share of goodwill charged from his capital account by old partners in sacrificing ratio)				

Note:

1.Sacrificing Ratio will be equal to old ratio because new and sacrificing ratio is not given, if sacrificing and new ratio is not given it is assumed that old partners sacrificed in their old ratio.

Q24. Mohan Lal and Sohan Lal were partners in a firm sharing profits and losses in 3:2 ratio. They admitted Ram Lal for 1/4 share on 1.1.2013. It was agreed that goodwill of the firm will be valued at 3 years purchase of the average profits of last 4 years which were Rs.50,000 for 2012. Rs.60,000 for 2011. Rs.90,000 for 2010 and Rs.70,000 for 2009. Ram Lal did not bring his share of goodwill premium in cash. Record the necessary journal entries in the books

of the firm on Ram Lal's admission when:
1.Goodwill already appears in the books at Rs.2,02,500
2.Goodwill appears in the books at Rs.2,500.
3.Goodwill appears in the books at Rs.2,05,000.
Solution.

Year	Profit
2012	50,000
2011	60,000
2010	90,000
2009	70,000
Sum of 4 years profit	2,70,000

Average Profit = 2,70,000/4 = Rs 67,500
Goodwill = Average Profit x No of Purchases = 67,500 x 3 = 2,02,500

Ram Lal entered into the firm for 1/4 share of Profit.
Ram Lal's share of goodwill = 2,02,500 × 1/4 =Rs.50,625
Sacrificing Ratio will be equal to old ratio because new and sacrificing ratio is not given, if sacrificing and new ratio is not given it is assumed that old partners sacrificed in their old ratio.
Mohan Lal will get = Ram Lal's Share of Goodwill × 3/5= 50,625 × 3/5= 10,125 ×3/5 =Rs.30,375
Sohan Lal will = Ram Lal's Share of Goodwill × 2/5 = 50,625 × 2/5 =10,125 × 2/5 = Rs.20,250

Case a

Journal Entries					
Date	Particulars		L.F.	Dr. Rs.	Cr. Rs.
	Mohan Lal's Capital A/c	Dr.		1,21,500	
	Sohan Lal's Capital A/c	Dr.		81,000	
	To Goodwil A/c				2,02,500
	(Being goodwill appeared in the old firm written off)				
	Ram Lal's Capital A/c	Dr.		50,625	
	To Mohan Lal's Capital A/c				30,375
	To Sohan Lal's Capital A/c				20,250
	(Being Ram Lal's share of goodwill charged from his account and distributed between old partners in sacrificing ratio)				

Case b

Journal Entries					
Date	Particulars		L.F.	Dr. Rs.	Cr. Rs.
	Mohan Lal's Capital A/c	Dr.		1,500	
	Sohan Lal's Capital A/c	Dr.		1,000	
	To Goodwil A/c				2,500
	(Being goodwill already in the books of firm written off in ratio)				
	Ram Lal's Capital A/c	Dr.		50,625	
	To Mohan Lal's Capital A/c				30,375
	To Sohan Lal's Capital A/c				20,250
	(Being Ram Lal's share of goodwill charged from his capital and distributed between old partners in sacrificing ratio)				

Case c

Journal Entries					
Date	Particulars		L.F.	Dr. Rs.	Cr. Rs.
	Mohan Lal's Capital A/c	Dr.		1,23,000	
	Sohan Lal's Capital A/c	Dr.		82,000	
	To Ram Lal's Capital A/c				2,05,000
	(Being goodwill already in the books of firm written off in old ratio)				
	Ramlal's Capital A/c	Dr.		50,625	
	To Mohan Lal's Capital A/c				30,375
	To Sohan Lal's Capital A/c				20,250
	(Being Ram Lal's share of Goodwill charged from his capital and distributed between old partners in sacrificing ratio)				

*********** END **********