

- I) Change in PSR
- II) Adjustment of A/c
- III) Revaluation of asset & liabilities

- Ch- Admission (Sec 31 of Indian Part Act 1932)
- IV) Adjustment of deferred Res. & expenditure
 - V) " " Reser. profits
 - VI) Capital adjustment - (2)

I) Change in PSR

Q1 A & B → 5:3, C admitted 1/4 share
NPSR = ?

→ Rem. share = $1 - \frac{1}{4} = \frac{3}{4}$
= 3/4

A's share = $\frac{3}{4} \times \frac{5}{8} = \frac{15}{32}$

B's new share = $\frac{3}{4} \times \frac{3}{8} = \frac{9}{32}$

C = $\frac{1}{4} \times \frac{8}{8} = \frac{2}{8} = \frac{8}{32}$

NPSR = $15:9:8$

Q4 A & B → 2:1, C → 2/5 share

(acquired) - $\frac{1}{4}$

NPSR = ?

in 3:2 ratio from both

→ A's new = $\frac{2}{3} - \frac{1}{4} \times \frac{3}{5} = \frac{2}{3} - \frac{3}{20} = \frac{40-9}{60} = \frac{31}{60}$

B's new = $\frac{1}{3} - \frac{1}{4} \times \frac{2}{5} = \frac{1}{3} - \frac{2}{20} = \frac{14}{60}$

C = $\frac{1}{4} \times \frac{16}{16} = \frac{15}{60}$

NPSR = $31:14:15$

Q2 A & B → partners, C admit 1/4
In future A & B shares 2:1

NPSR = ?

→ Remaining = $1 - \frac{1}{4} = \frac{3}{4}$

A's new share = $\frac{3}{4} \times \frac{2}{3} = \frac{6}{12}$ B = $\frac{3}{4} \times \frac{1}{3} = \frac{3}{12}$

C = $\frac{1}{4} \times \frac{3}{3} = \frac{3}{12}$

NPSR = $2:1:1$

Q5 A & B → 3:2, A surrenders 1/5 of his share in favour of C
B " 2/5 of his share " " C.

NPSR = ?

→ A's new = $\frac{3}{5} - \frac{1}{5} \times \frac{3}{5} = \frac{15-3}{25} = \frac{12}{25}$

B's new = $\frac{2}{5} - \frac{2}{5} \times \frac{2}{5} = \frac{10-4}{25} = \frac{6}{25}$

C = $\left(\frac{1}{5} \times \frac{3}{5} + \frac{2}{5} \times \frac{2}{5} \right) = \frac{3}{25} + \frac{4}{25} = \frac{7}{25}$

NPSR = $12:6:7$

Q3 A & B → 5:4, C → 1/10

acquires equally 1:1 from both

NPSR = ?

→ A surrendered = $\frac{5}{9} - \frac{1}{20} = \frac{100-9}{180} = \frac{91}{180}$

B surrendered = $\frac{4}{9} - \frac{1}{20} = \frac{80-9}{180} = \frac{71}{180}$ } new share of A & B

C = $\frac{1}{10} \times \frac{18}{18} = \frac{18}{180}$

NPSR = $91:71:18$

Q6 X & Y → 2:2:1, W (admit) → 1/6

Z will retain his shares.

NPSR = ?

→ Remaining = $1 - \frac{1}{5} - \frac{1}{6}$

= $\frac{30-6-5}{30} = \frac{19}{30}$

X's new = $\frac{19}{30} \times \frac{1}{2} = \frac{19}{60}$ Y = $\frac{19}{60}$ Z = $\frac{1}{5} \times \frac{12}{12}$

NPSR = $19:19:12:10$

Q7 A & B → 3:1, C (admit) → 1/8
 Sac = ?, NPSR = ?

→ Rem = $1 - \frac{1}{8}$
 $= \frac{7}{8}$

A's new = $\frac{7}{8} \times \frac{3}{4} \Rightarrow \frac{21}{32}$ B = $\frac{7}{8} \times \frac{1}{4} = \frac{7}{32}$

C = $\frac{1}{8} \times \frac{4}{4} = \frac{4}{32}$

NPSR = $21:7:4$

Sac = Old. | when only ~~new~~ share of new is given)

Sac = $3:1$

or (O-N)

Q8 A & B → 3:2, C (admit)
 NPSR = 5:3:2

Sac = ?

→ C ⇒ $2/10 = 1/5$

Old	3	:	2	
New	5	:	3	2

Sac $\frac{3}{5} - \frac{5}{10}$ $\frac{2}{5} - \frac{3}{10}$

$\frac{1}{10}$: $\frac{1}{10}$

$1:1$

Q9 X & Y → 7:5, Z → acquires.
 $\frac{1}{12}$ from X & $\frac{1}{6}$ from Y.
 NPSR, Sac = ?

→ Z = $\frac{1}{12} + \frac{1}{6} = \frac{3}{12} = \frac{1}{4}$

Rem = $1 - \frac{1}{4} = \frac{3}{4}$

X's new = $\frac{7}{12} - \frac{1}{12} = \frac{6}{12}$

Y = $\frac{5}{12} - \frac{1}{6} = \frac{3}{12}$

Z = $3/12$

NPSR = $6:3:3$

Sac = $1:2$

Q10 L & M → 5:3, N (admit).
 ratio of M & N = ratio L & M

NPSR = Sac = ?

L & M = 5:3

M & N = 5:3

Since M's share is 60% of L.

Thus N's share is 60% of 3(M) ⇒ $3 \times \frac{6}{10}$

NPSR = $5:3:1.8$ ⇒ $25:16:9$ $7:8$

Sac = O-N

= $\frac{5}{8} - \frac{25}{49} = \frac{45}{392}$ (L)

= $\frac{3}{8} - \frac{16}{49} = \frac{27}{392}$ (M)

Sac = $5:3$

II) Q10

(i) paid privately. ∴

→ No entry

(ii) brought by Cash or cheque by new partner.

(a) Q10 & Cap. brought

→ Bank

 P. Partner Cap Acc

 P. Prem. for Q10 Acc

(b) sharing prem of Q10

→ Prem for Q10

 P. Sacrificing partners.

Q10 written off

→ Old partners

 P. Q10 (purchased)

(iii) Withdrawal of prem:

→ Sacrificing partner

 P. Bank

(amt withdrawn)

(i) G/w brought in kind:

→ Asset
 ↳ Partner Cap Acc (New)
 ↳ Prov for G/w.

→ Prov
 ↳ Sac Partners Acc

(ii) G/w not brought in full or part in cash:

→ Bank
 ↳ Incoming Par. Cap Acc
 ↳ Prov G/w (G/w brought)

→ Prov G/w
 Current / Cap. Acc (not brought) (if Cap. Acc not exist) / exist
 ↳ Sac. Partn Cap Acc

Hidden G/w

Net worth of old partners

→ S. Assets - Liabilities (Outside) (Current)
 or

Cap. of all partners + Net Acc.
 Profits. - Fic. Assets - Non-trade Investment

Eq. Capital of Firm
 6,00,000

Capital of Partners
 1,60,000
 1,50,000
 1,20,000
 3,80,000

G/w = (2,20,000)

III) Revaluation

(i) ↑ in Assets

Assets
 ↳ Revaluation Acc

(ii) ↓ in Asset

Res. ↳ Asset Acc

(iii) ↑ in Liab

Res.
 ↳ Liab. Acc

(iv) ↓ in Liab.

Liab.
 ↳ Res. Acc

(v) Unrecorded Asset

Unrec. Asset
 ↳ Revaluation Acc

(vi) Unrecorded Liab.

Revaluation
 ↳ Unrec. Liab.

IV) Deferred Rev. Comp.

A. Cap. (Cur)
 B. Cap. (Cur)
 ↳ Ad. Suspens. Acc

* → Fixed Capitals

V) Reserves & Acc.

→ P&L (Cr)
 GR
 WER
 IFR
 ↳ Old Part Acc (Old Ratio)

(a) Work Comp. Res.

(i) No liability:

→ WER
 ↳ Old Part Acc

(ii) Liability < WER

→ WER
 ↳ We Claim
 ↳ Old Part Acc

(iii) Liab = WER

→ WER
 ↳ We Claim

(iv) Liab > WER

→ WER
 Revaluation
 ↳ We Claim Acc

→ Old part Acc
 ↳ Revaluation Acc

(b) Invest. Fluct. Reserve

(i) Book value = Mkt Value

→ IFR
 ↳ Old part Acc

(ii) Mkt value < Book value

• fall in value < IFR
 → IFR

↳ Investment (fall value)
 ↳ Old Part Acc

• fall value = IFR

→ IFR
 ↳ Investment

• fall value > IFR

→ IFR
 Revaluation
 ↳ Investment

→ Old part (old ratio)
 ↳ Res

(iii) Mkt value > Book value

→ IFR
 ↳ ~~Old~~ Part Cap Acc
 → Investment
 ↳ Res Acc

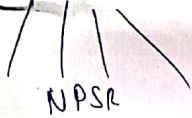
→ Revaluation
 ↳ Old Part Acc

VII) Capital Adjustment

(1) Adj of old partner's Cap on the basis of new partner's Capital :-

Step 1. Total Cap of firm = Capital of new partner \times reciprocal of his share

2. Total Capital divided into NPSR



3. Calculate present Capital of partners (old) [after adjustments]

4. Find surplus or deficit Capital by comparing.

\Rightarrow Present Capital $<$ New Capital

- Bank A/c
- Concerned Part Current A/c (If not brought)
- \rightarrow New Partner Cap A/c

Pror for old (Debit - Pror 10,000)
 Case 1 no bad debts
 [NO entry]
 Case 2 BD \rightarrow 10,000

\Rightarrow Present Capital $>$ New Capital

- Concerned Part Cap A/c
- \rightarrow Bank
- \rightarrow Con. Current A/c (if not brought)

Pror 10,000
 Case 3 BD \rightarrow 10,000
 \rightarrow Pror 10,000
 Res 4,000
 \rightarrow 14,000

(2) Calculating Cap. of new partner on the basis of old partner's Capital.

Step 1. Calculate Total adjusted Capital of old partners, (after adjustments)

2. Determine Total Capital of the firm.

(Total adj. Cap \times Reciprocal of total share of old partners)

3. Determining Capital of new partner.

(Total Capital \times share of new)

Memorandum Revaluation A/c

