Ch-04: ADMISSION OF PARTNER

A firm can be reconstituted on admission of a partner to a firm. Admission of a partner means a new member is admitted to the firm along with capital. The new partner brings

- ❖ Capital
- ❖ Premium for Goodwill

The new partner acquires right,

- ❖ Right to share the profits /losses
- ❖ Right to share the assets.

The old partners sacrifice their share of profits in favour of a new partner. Applicability of AS-26 Intangible asset

- ❖ Intangible assets should be recognised by fulfilling criteria as recognised.
- ❖ If an intangible asset doesn't satisfy recognition Criteria, it should be expensed
- ❖ Intangible assets should be written off as early as possible but not exceeding its estimated life, which normally should not be beyond two years
- ❖ Internally generated goodwill should not be recognised as an asset. AS 26 implies that

Purchased goodwill may be accounted for in the books and shown as an "asset, where it is accounted for in the books and shown as assets. It should be written off as early as possible but where it is to be written-off in more than one accounting year Goodwill appearing in the balance sheetis written off at the time of the firm's reconstitution.

Self-generated goodwill is not accounted for in the books and not shown as an asset. Thus if self generated goodwill be debited to a goodwill account it should be written off in the same financial year and should not be shown as an asset in the balance Sheet Alternative value of goodwill may be adjusted by deducting new partners current account and credited in their sacrificing partner's current account in sacrificing ratio

Accounting Steps:

Step1: Revaluation of Assets and Reassessment of Liabilities.
Step2: Treatment of Accumulated Profits or Losses. After welcome of New Partner
Step3: New Profit Sharing Ratio and Sacrificing Ratio.
Step4: Treatment of Goodwill.
Step5: Adjustment of Capital and New Balance Sheet.

Note: - First two steps are calculated on the basis of old balance sheet, Old Partners' Capital A/c's and Old Profit Sharing Ratio. If, firstly these two steps are completed by students then there will be no chance of mistake in accounting treatment.

Step1: Revaluation of Assets and Reassessment of Liabilities.

The Journal Entries recorded for revaluation of assets and reassessment of liabilities are as follows:-

(*a*) *For increase in the value of an asset:-*

Asset A/c Dr.
To Revaluation A/c (Gain)

(b) For reduction in the value of an asset:-

Revaluation A/c Dr.

To Asset A/c (Loss)

(c) Appreciation in the amount of a liability:-

Revaluation A/c Dr.

To Liability A/c (Loss)

(d) For reduction in the amount of a liability:-

Liability A/c Dr.

To Revaluation A/c (Gain)

(e) For an unrecorded asset:-

Asset A/c Dr.

To Revaluation A/c

(f) For an unrecorded liability (Gain):-

Revaluation A/c Dr.

To Liability A/c (Loss)

(g) For transfer of gain on Revaluation if credit balance:-

Revaluation A/c Dr.

To Old Partners Capital A/c's (Old ratio) (Individually)

(h) For transferring loss on revaluation:-

Old Partner's Capital A/c's Dr. (Individually) (Old ratio)

To Revaluation A/c

Step 2: Treatment of Accumulated Profits or Losses.

The journal entries recorded for Accumulated Profits or Losses are as follows:

1. *For Accumulated Profit:-*

   Profit & Loss A/c (Profit)

   Reserve A/c Dr

   Workmen's Compensation Fund A/c Dr.

   Investment Fluctuation Reserve A/c Dr.

   To Old Partners' Capital A/c (Individually) (In Old Profit Sharing Ratio)

2. *For Losses:-*

   Old Partners' Capital A/c Dr (Individually)

   To Profit & Loss A/c (Loss)

   To Deferred Revenue Expenses A/c (In Old Profit Sharing Ratio)

Step 3: New Profit sharing ratio and sacrificing ratio:-

New Profit Sharing Ratio

When new partner is admitted he acquires his share in profits from the old partners. In other words, on the admission of a new partner, the Old Partners Sacrifice a share of their profit in favour of the new partner. But, what will be the share of new partner and how he will acquire it from the existing partners is decided mutually among the old partners and the new partner. However, if nothing is specified as to how the new partner acquires his sharefrom the old partners; it may be assumed that he gets it from them in their profit sharing ratio.

* In any case, on admission of a new partner, the profit sharing ratio amongthe old partners will

change keeping in view their respective contribution tothe profit sharing ratio of the incoming partner. Hence, there is a need to ascertain the new profit sharing ratio among all the partners. This depends upon how does the new partner acquires his share from the old partners forwhich there are many possibilities. Let us understand it with the help of the following illustrations.

Illustration 1:-
Anil and Vishal are partners sharing profits in the ratio of 3:2. They admitted Sumit as a new partner for $1/5^{th}$ share in the future profits of the firm. Calculate new profit sharing ratio of Anil, Vishal and Sumit.
Solution: Sumit's Share = 1/5;
Remaining Share 1-1/5 = 4/5.
Anil's New Share = 4/5 x 3/5 = 12/25
Vishal's New Share = 4/5 x 2/5 = 8/25
Sumit's Share = 1 x 5/5 x 5 = 5/25
New profit sharing ratio of Anil, Vishal and Sumit will be 12:8:5.

Note: It has been assumed that the new partner acquired his share from old partners in old ratio.

Illustration 2:-
Akshay and Bharati are partners sharing profits in the ratio of 3:2. They admit Dinesh as a new partner for $1/5^{th}$ share in the future profits of the firm, which he gets equally from Akshay and Bharati. Calculate New Profit Sharing Ratio of Akshay, Bharati and Dinesh.
Solution: Dinesh's share = 1/5 or 2/10 ;
Akshay's share = 3/5 – 1/10 = 5/10
Bharti,s share = 2/5 – 1/10 = 3/10
So, New profit sharing ratio is 5:3:2.

Illustration 3:-
Ram and Shyam are partners in a firm sharing profits in the ratio of 3:2. They admit Ghanshyam as a new partner. Ram surrenders $1/4^{th}$ of his share and Shyam $1/3^{rd}$ of his share in favour of Ghanshyam. Calculate new profit sharing ratio of Ram, Shyam and Ghanshyam.
Solution: Ram sacrifice = 3/5 x 1/4 = 3/20; Shyam sacrifice = 2/5 x 1/3 =2/15;
Ram's new share= 3/5 – 3/20 = 9/20
Shyam's new share = 2/5 – 2/15 = 4/15
Ghanshyam's new share = 3/20 + 2/15 = 17/60.
So, New ratio is 27:16:17.

Sacrificing Ratio
The ratio in which the old partners agree to sacrifice their share of profit in favour of the incoming partner is called sacrificing ratio. The sacrifice by a partner is equal to:
Old Share of Profit – New Share of Profit.

Step4: Treatment of Goodwill.
There are different situations relating to the accounting treatment of goodwill at the time of admission of new partner. When a new partner is admitted, goodwill can be treated by –
1) Premium method and , 2) Revaluation method.
All these are given in detail under the following categories:

1) Premium method:
This method is followed when the new partner brings his share of goodwill in cash. Amount of

premium (share of goodwill) is shared by old partners in sacrificing ratio.

Journal:

a) Cash A/c Dr
    To Premium for Goodwill A/c
(Premium brought in by new partner)

b) Premium for Goodwill A/c Dr
    To Old Partner's Capital A/c
(Goodwill shared in sacrificing ratio)

(I) Goodwill paid by the New Partner to the Old Partners privately:

No entry will be passed in the books of the firm for premium paid privately. Entry for cash brought in by him as capital shall only be passed. However if there is any goodwill A/c existing in the balance sheet of old partners before admission, it should be immediately written off among the old partners in old ratio.

(II) Goodwill paid by new partner retained in business:

(a) Cash A/c Dr
    To Premium for Goodwill A/c
(Premium brought in by New Partner)

(b) Premium for Goodwill A/c Dr
    To Sacrificing Partner's Capital A/c
(Goodwill shared in Sacrificing Ratio)

(III) Goodwill withdrawn by old partners:

Entries (a) and (b) same as above.

For withdrawal:

c) Sacrificing Partner's Capital A/c Dr
    To Cash A/c

Treatment of existing Goodwill appearing in the Balance Sheet:

Existing goodwill to be written off by debiting Old partner's Capital Account in Old Ratio.

Journal entry:

Old Partners' Capital A/c………………Dr. (In Old Profit Sharing Ratio)
    To Goodwill A/c
(Being the existing goodwill written off)

Eg: A and B are partners sharing profits and losses in the ratio 3:2. They admitted C into partnership for $1/4^{th}$ share. Goodwill of the firm is valued at ₹ 20,000. At the time of C's admission goodwill already appears in the books at ₹ 10,000. C brings ₹ 5,000 as premium.

For writing off goodwill:

A's capital A/c Dr	6,000	
B's capital A/c Dr	4,000	
To Goodwill A/c		10,000

(Being goodwill written off in old ratio)

However, if partners decide to maintain goodwill account as it is, the new partner is required to bring in as his share of goodwill only in respect of the difference between its total value and the book value. So, in the above case C, the new partner will bring ₹ 2,500 only as premium. [1/4 of ₹ 10,000 (₹ 20,000 - ₹ 10,000)] which will be credited to old partner's A/c in sacrificing ratio.

2) Revaluation Method:
This method is followed when the new partner does not bring his share of goodwill in cash. Goodwill account is raised in the books by crediting old partners in old profit sharing ratio. At that time possibilities are:

(a) No goodwill appears in books at the time of admission.
Goodwill account must be raised at its full value:
Goodwill A/c Dr
To Old Partner's Capital A/c

When the Incoming or New Partner does not bring his share of Goodwill:
(i) Goodwill A/c…………………..Dr. (With Value of Goodwill)
To Old Partners' Capital/Current A/c (In old Profit Sharing Ratio)
(Being the Goodwill account raised)

(ii) All Partners Capital/ Current A/c Dr. (In New Profit Sharing Ratio)
To Goodwill A/c (With value of Goodwill) (Being the Goodwill account written off)

When the Incoming or New Partner brings a PART of his share of Goodwill:
(i) Premium for Goodwill A/c………………..Dr. (With Goodwill brought)
New Partner's Current A/c …………………..Dr. (With unpaid Value of Goodwill)
To Sacrificing Partners Capital/Current A/c (In Sacrificing Ratio)
(Being the Goodwill transferred in Sacrificing Ratio)

(b) Goodwill already appears in the books:
When goodwill appearing in books is less than the agreed value:
Goodwill A/c Dr
To Old Partner's Capital A/c
(Being goodwill raised to its agreed value)

When goodwill appearing in books is more than agreed value:
Old Partner's Capital A/c Dr
To Goodwill A/c
(Being goodwill brought down to its agreed value)

<u>When the Incoming or New Partner does not bring his share of Goodwill:</u>

1. Amar and Sachin are partners sharing profits of 3:2. Chetan is admitted as partner w.e.f. 1st April 2021 and their new profit sharing ratio is 3:2:1. Goodwill appeared in the books at ₹ 20,000. Goodwill as on the date of admission was valued at ₹1, 80,000. Pass the journal entries giving effect to the arrangement under both the methods.

First Method:

Date	***Particulars***	***L F***	***Debit (₹)***	***Credit (₹)***
(i)	Amar's Capital/ Current A/c Dr. Sachin's Capital/ Current A/c Dr. To Goodwill A/c (Being existing goodwill written off in their Old profit sharing ratio)		*12,000* *8,000*	 *20,000*

Date	***Particulars***	***L F***	***Debit (₹)***	***Credit (₹)***

(ii)	Chetan's Capital A/c …Dr. (1,80,000x1/6) To Amar's Capital/ Current A/c (30,000x3/5) To Sachin's Capital/ Current A/c (30,000x2/5) (Being the goodwill credited to sacrificing partners in their sacrificing ratio)		*30,000*	*18,000* *12,000*	

Working Note:
Calculation of sacrificing ratio Old ratio 3:2 ;
New ratio 3:2:1
Amar 3/5-3/6=3/30 (Sac);

Sachin 2/5-2/6=2/30 (Sac);

Sacrificing ratio is 3:2

Second Method:

Date	Particulars	LF	Debit (₹)	Credit (₹)
(i)	Amar's Capital/ Current A/c Dr. Sachin's Capital/ Current A/c Dr. To Goodwill A/c (Being existing goodwill written off in their Old profit sharing ratio)		*12,000* *8,000*	*20,000*
(ii)	Goodwill A/c ..Dr. To Amar's Capital/ Current A/c (1,80,000x3/5) To Sachin's Capital/ Current A/c (1,80,000x2/5) (Being the goodwill raised in old profit sharing Ratio)		*1,80,000*	*1,08,000* *72,000*
(iii)	Amar's Capital/ Current A/c Dr. Sachin's Capital/ Current A/c Dr. Chetan's Capital/ Current A/c Dr. To Goodwill A/c (Being goodwill written off in New profit sharing Ratio)		*90,000* *60,000,* *30,000*	*1,80,000*

When the Incoming or New Partner brings a PART of his share of Goodwill:
2. Bharat and Sunil were partners in a firm sharing profits and losses in the ratio of 1:2. On 1st April, 2021 Rajiv was admitted as a new partner for 1/4th share in the profits. Rajiv's share of goodwill is ₹ 2, 50,000 out of which he bought ₹ 1,00,000.

Pass the necessary Journal Entries when the Goodwill Account is raised for the amount not brought by the incoming partner and is also written off.

Journal Entries

(i) Goodwill A/c Dr. (2,50,000-1,00,000) 1,50,000
To Bharat's Capital/Current A/c 50,000
To Sunil's Capital/Current A/c 1,00,000
(Being the goodwill raised for the amount not brought by New Partner and distributed among Sacrificing Partners in Sacrificing Ratio 1:2)

(ii) Rajiv's Capital/ Current A/c Dr. 1,50,000
To Goodwill A/c 1,50,000
(Being goodwill written off by same amount)

When New Partner brings his share of goodwill in kind:
Ex: Supposed there are two partners A and B. C is admitted as new partner.

When new partner brings his share of goodwill in kind				
Date	***Particulars***	***LF***	***Debit (₹)***	***Credit (₹)***
	If there is any goodwill A/c in the balance sheet of old partners A's Capital A/c Dr B's Capital A/c Dr To Goodwill A/c (Being Old Goodwill written off in Old Ratio)		 xxx xxx	 xxxx
	Assets A/c Dr To Premium for Goodwill A/c To C's Capital A/c (Being Assets brought in by New Partner for Premium and Capital)		xxxx	 xxx xxx
	Premium for Goodwill A/c Dr To A's Capital A/c To B's Capital A/c (Being Premium amount transferred to Old Partners' Capital A/c's in Sacrificing Ratio)		xxxx	 xxx xxx
	If premium amount withdrawn by old partners A's Capital A/c Dr B's Capital A/c Dr To Cash/Bank A/c		xxx xxx	 xxxx

<u>Hidden Goodwill:</u>
Sometimes the value of Goodwill is not given. It is inferred or estimated from other related information given in question

Example:- A & B are two partners in 3:2 ratio. Their capitals are ₹ 1, 20,000 and ₹ 1, 00,000 respectively. C is admitted for 1/5th share and he is bringing ₹ 80,000 as his capital. Calculate the value of goodwill.

Solution:
Value of Goodwill = (C's Capital x 5/1) – (A's Capital+ B's Capital+ C's Capital)
= (₹ 80,000 x 5/1) – (₹ 1, 20,000 +₹ 1, 00,000+₹ 80,000)
= ₹ 4,00, 000 – ₹ 3,00,000
= ₹ 1, 00,000

So C's share of Goodwill = ₹ 1,00,000 x 1/5 = ₹ 20,000

*Note: It means new partner C doesn’t bring his share of goodwill in cash. So, In this case journal entries will be same as given in table of (II) situation

Step 5: Adjustment of capital and New Balance Sheet.
After the admission of a partner, the capitals of all partners may be adjusted as per agreement. The adjustment may take any of the following forms:

I-Adjustment of the capitals of the old partners on the basis of new partner's capital

Steps:
(i) Calculate the total capital of the firm on the basis of new partner's capital and his share in profits.
Total Capital/New Capital= New partner's capital x Reciprocal of the proportion of his share in profit.

(ii) Calculate the new capitals of all partners by dividing total capital in new ratio.

(iii) Prepare old partners' capital A/c’s (after all adjustments regarding Revaluation, General Reserve, Goodwill etc) and find out the actual balances of their capitals.

(iv) Compare the new capitals as in (ii) with old capital balances as in (iii) and work outsurplus or deficiency.

(v) Surplus will be paid back to the old partners and if there is deficiency the same will be contributed in cash by the old partners.
(If it is specifically required under agreement, the surplus can be Cr. to their current A/c’s and deficiency can be Dr. to their current A/c’s)

(vi) If goodwill is not brought in cash, it can be adjusted either (i) through new partner's capital A/c – this will reduce his original capital contributed by him or (ii) if it is adjusted through new partner's current A/c – this will not affect the original capital contributed by him.

II. Finding the new partner's sufficient capital on the basis of the old partners' capital or the total capital of the firm
Steps:
(i) Prepare Old Partners' Capital A/c’s (after all adjustments regarding Revaluation, General Reserve, Goodwill etc.)

(ii) Calculate the total Capital of the new firm as follows:
Total Capital of the firm =Combined adjusted x Capital of old partners Reciprocal of the Combined
Proportion of their share of profit

(iii) New partner's capital will be equal to his share of the Total Capital.

(iv) If goodwill is not brought in cash by the new partner, it should be better Dr. to his Current Account. This will make the calculation of his sufficient capital more accurate and simple.

MULTIPLE CHOICE QUESTIONS:-

1. When goodwill is not recorded in the books at all on admission of a partners
   (a) If paid privately (b) If brought in cash
   (c) If not brought in cash (d)If brought in Kind [a]

2. There is a need of revaluation of assets and liabilities on admission of a partner because
(a) Assets and Liabilities should appears at revised values
(b) Any profit and loss an account of change in values belong to old partners
(c) All unrecorded assets and liabilities get recorded
(d) None of Above [b]

3. On admission of a partner, which of the following items in the Balance Sheet is transferred to the credit of Capital Accounts of old partners in the old Profit-sharing Ratio, if Capital Accountsare maintained following Fluctuating Capital Accounts Method
(a) Deferred Revenue Expenditure; (b) Profit and Loss Account (Debit Balance);
(c) Profit and Loss Account (Credit Balance); (d) Balance in Drawings Account of partners. [c]

4. If the new partner brings his share of goodwill in cash , it will shared by old partner in :
(a) Sacrificing ratio (b) Old profit sharing Ratio
(c) New Ratio (d) Capital ratio [a]

5. Revaluation Account is a :
(a) Real Account (b) Nominal Account
(c) Personal Account (d) None of the Above [b]

6. When new partner brings cash for goodwill , the amount is credited to :
(a) Realisation Account (b) Cash account
(c) Premium for Goodwill Account (d) Revaluation Account [c]

7. The Credit Balance of Profits and Loss appears in the books at the time of admission of partner will be transferred to :
(a) Profit and Loss Appropriation Account
(b) All Partners Capital Account
(c) Old Partners Capital Account
(d) Revaluation Account [c]

8. Goodwill of the firm is valued at ₹1, 00,000. Goodwill also appears in the books at ₹50,000. C is admitted for1/4th Share. The amount of goodwill to be brought in by C will be :
(a) ₹ 20,000 (b) ₹ 25,000
(c) ₹ 30,000 (d) ₹ 40,000 [b]

9. If the new partner brings any additional amount of cash other than his capital contributionsthen it is termed as :
(a) Capital (b) Reserves (c) Profits (d) Premium for Goodwill [d]

10. X and Y are partners sharing profits and losses in the ratio of 3:2. Z is admitted for 1/5th share in profits which he gets from X. New profit sharing ratio will be
(a)12 :8 :5 (b) 8 :12 :5 (c) 2:2:1 (d) 2:2:2 [c]

11. A and B are partners sharing profits in the ratio of 7:3. C is admitted as a new partner. A gave 1/7th of his share and B gave 1/3rd of his share to C. New Profit-sharing Ratio
will be:
(a) 6:2:2 (b) 4:1:1 (c) 3:2:2 (d) None [a]

12. X and Y share profits and losses in the ratio of 4: 3. The admit Z in the firm for 3/7th sharewhich he gets 2/7th from X and 1/7th from Y. New Profit-sharing Ratio will be :
(a) 7:3:3 (b) 2:2:3 (c) 5:2:3 (d) 2:3:3 [b]

13. A and B are partners, sharing profits in the ratio of 5: 3. They admit C for $1/5^{th}$ share in profits, which he acquires equally from both A and B. New profit sharing ratio will be:
(a) 21 : 11 : 8 (b) 20 : 10 : 4 (c) 15 : 10 : 5 (d) 10 : 5 : 4 [a]

14. A, B and C share profits and Losses in the ratio, of 3 : 2 : 1. D is admitted for $1/6^{th}$ share which he gets from A. New ratio will be:
(a) 2:2:1:1 (b) 3:1:1:1 (c) 2:2:2:1 (d) 1:1:2:2 [a]

15. A and B are partners sharing profits in the ratio of 3:2. On admission of C for 1/5th share, Land is appreciated by 10% (Book Value ₹ 80,000), Building is decreased by 20% (₹ 2, 00,000), Unrecorded Debtors of ₹ 1,250 are bought in the books and Creditors of ₹ 2,750 need not be paid. The Gain (profit) /loss on revaluation will be:
(a) Loss ₹ 28,000 (b) Loss ₹ 40,000 (c) Profit ₹ 28,000 (d) Profit ₹ 40,000 [a]

16. X and Y are partners sharing profits in the ratio of 3:1. They admit Z as a partner who pays ₹ 4,000 as Goodwill .New Profit-sharing Ratio being 2:1:1 among X, Y& Z. Goodwill will be credited to:
(a) X and Y as ₹ 3,000 and ₹ 1,000
(b) X only
(c) Y Only
(d) None [b]

17. R and S are partners sharing profits in the ratio of 5:3. T joins the firm and R gives him $1/4^{th}$ of his share and S gives $1/5^{th}$ of his share to him. New Profit-sharing Ratio will be:
(a) 75 :48 : 37 (b) 45 :32 : 27 (c) 13 :7 : 4 (d) 35 :30 : 25 [a]

18. A, B and C are partners haring profits in ratio of 3:2:1. They admit D as partner in the firm. A, B and C give $1/3^{rd}$, $1/6^{th}$ & $1/9^{th}$ share of their respective profits. The share of profit of D will be:
(a) 1/10 (b) 13/54 (c) 12/54 (d) 10/55 [b]

19. A and B are partners sharing profits in ratio of 3:2. A's Capital is ₹ 30,000 and B's Capitalis ₹ 15,000. They admit C for $1/5^{th}$ share of profits. C will bring as his capital:-
(a) ₹ 9,000 (b) ₹ 12,000 (c) ₹ 14,500 (d) ₹ 11,250 [d]

20. X and Y are partners Z is admitted as partner for $1/7^{th}$ share. New Profit sharing Ratio will be
(a) 2:3:1 (b) 3:3:1 (c) 6:5:2 (d) 1:1:1 [b]

21. A and B share profits equally. They admit C for $1/7^{th}$ share. New Profit sharing Ratio of Aand B is: (a) 4/7, 1/7 (b) 3/7, 3/7 (c) 2/7, 2/7 (d) 2/7, 4/7. [b]

22. A and B are partners C is admitted for $1/5^{th}$ share. C brings ₹ 1, 20,000 as his share in Capital. Net worth of the firm is:
(a) ₹ 1,00,000 (b) ₹ 4,00,000 (c) ₹ 1,20,000 (d) ₹ 6,00,000 [d]

23. A and B share profits in the ratio of 3:4. C is admitted for 1/5th share. New Profit-sharing ratio will be
(a) 3:4:1 (b) 12:16:7 (c) 16:12:7 (d) 12:6 :7 [b]

Practical Questions:-

1. A and B were partners in a firm sharing profits and losses in the ratio of 3:2.They admits C into the partnership with $1/6^{th}$ share in the profits. Calculate the new profit sharing ratio? (Ans- 3:2:1)

2. P and Q are partners sharing profits in 2:1 ratio. They admitted R into partnership giving him 1/5th share which he acquired from P and Q in 1:2 ratio. Calculate new profit sharingratio. (Ans- 3:1:1)

3. Sandeep and Navdeep are partners in a firm sharing profits in 5:3 ratios. They admit C into the firm and the new profit sharing ratio was agreed at 4:2:1. Calculate the sacrificing ratio? (Ans- 1:1)

Goodwill

4. 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 premiumin cash. The Goodwill of the firm was valued at ₹ 80, 000 on Kanwar's admission. Record necessary journal entry for goodwill on Kanwar's admission.

Revaluation A/c, Accumulated Profit or Losses, Partners' Capital A/c's & their adjustment, Balance Sheet of New Firm