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### Revaluation Account

Debit		Credit	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock	3,000	By Building	20,000
To Provision for Doubtful Debts	400		
To Furniture	2,000		
To Profit Transferred to A's Capital A/c	8,760		
B's Capital A/c	5,840		
	14,600		
<b>Total</b>	<b>20,000</b>	<b>Total</b>	<b>20,000</b>

### Partners' Capital Account

Debit				Credit			
Particulars	A (Rs.)	B (Rs.)	C (Rs.)	Particulars	A (Rs.)	B (Rs.)	C (Rs.)
To Balance c/d	1,60,000	96,000	64,000	By Balance b/d	1,04,000	52,000	-
				By Workmen' Compensation Fund	6,000	4,000	-
				By Contingency Reserve	6,000	4,000	-

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Particulars	A (Rs.)	B (Rs.)	C (Rs.)	Particulars	A (Rs.)	B (Rs.)	C (Rs.)
				By Cash	-	-	64,000
				By Premium for Goodwill	7,500	7,500	-
				By Revaluation (Profit)	8,760	5,840	-
				By Cash A/c (Balancing figure)	27,740	22,660	-
	<b>1,60,000</b>	<b>96,000</b>	<b>64,000</b>		<b>1,60,000</b>	<b>96,000</b>	<b>64,000</b>

**Cash Account**

Debit		Credit	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	8,000	By Balance c/d	1,37,400
To C's Capital	64,000		
To Premium for Goodwill	15,000		
To A's Capital A/c	22,740		
To B's Capital A/c	22,660		
<b>Total</b>	<b>1,37,400</b>	<b>Total</b>	<b>1,37,400</b>

**Balance Sheet**  
as at 31<sup>st</sup> March, 2018

Debit		Credit	
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	1,54,000	Stock	57,000
Employees' Provident Fund	16,000	Debtors	37,600
Capital A/cs		Less:- Provision for Doubtful Debts	(2,000)
A	1,60,000	Furniture	18,000
B	96,000	Building	1,60,000
C	64,000	Prepaid Insurance	6,000
	3,20,000	Plant and Machinery	76,000
		Cash	1,37,400
<b>Total</b>	<b>4,90,000</b>	<b>Total</b>	<b>4,90,000</b>

**Working Notes**

**1. Calculation of Sacrificing Ratio**

$$A's \text{ sacrifice} = \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10};$$

$$B's \text{ sacrifice} = \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$$

Sacrificing ratio = 1:1



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2.  $\frac{2}{10}$ th share capital = Rs. 64,000

$$\text{Firm's capital} = 64,000 \times \frac{10}{2} = \text{Rs. } 3,20,000$$

$$\text{A's new capital} = 3,20,000 \times \frac{5}{10} = \text{Rs. } 1,60,000$$

$$\text{B's new capital} = 3,20,000 \times \frac{3}{10} = \text{Rs. } 96,000$$

