



Click on the logo to visit the website

Session 2018-19  
Main  
Series-04

Q-17\*



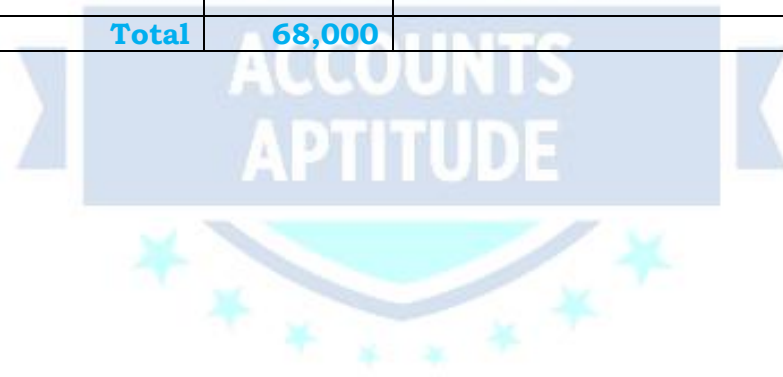
Click on logo to visit our Channel

### Revaluation Account

Debit

Credit

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Machinery A/c	4,000	By Land and Building A/c	68,000
To Stock A/c	4,000		
To Provision for doubtful debts	600		
To Gain (profit) transferred to:			
G's Capital A/c	41,580		
E's Capital A/c	11,880		
F's Capital A/c	<u>5,940</u>		
	59,400		
<b>Total</b>	<b>68,000</b>	<b>Total</b>	<b>68,000</b>





### Partners' Capital Accounts

Debit				Credit			
Particulars	G	E	F	Particulars	G	E	F
To E's Capital A/c (WN 2)	15,750	-	2,250	By Balance b/d	1,40,000	40,000	20,000
To E's Loan A/c	-	1,37,880	-	By Revaluation A/c	41,580	11,880	5,940
To Balance c/d (WN 3)	2,10,000	-	30,000	By G's Capital A/c	-	15,750	-
				By F's Capital A/c	-	2,250	-
				By General Reserve A/c	28,000	8,000	4,000
				By E's Loan A/c	-	60,000	-
				By G' Current A/c	16,170	-	-
				By F' Current A/c	-	-	2,310
	<b>2,25,750</b>	<b>1,37,880</b>	<b>32,250</b>		<b>2,25,750</b>	<b>1,37,880</b>	<b>32,250</b>

**Balance Sheet of the Reconstituted firm  
as at 1<sup>st</sup> April, 2018**

Debit		Credit	
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals:		Cash	90,000
G	2,10,000	Sundry Debtors	24,000
F	<u>30,000</u>	Less: Provision for Doubtful Debts	<u>(600)</u>
E's Loan A/c	1,37,880	Stock	10,000
Creditors	28,000	Machinery	76,000
		Land and Building	1,88,000
		G's Current A/c	16,170
		F's Current A/c	2,310
<b>Total</b>	<b>4,05,880</b>	<b>Total</b>	<b>4,05,880</b>

 <b>Click on the logo to visit the website</b>	<b>Session 2018-19 Main Series-04</b>	<b>Q-17*</b>	 <b>Click on logo to visit our Channel</b>
---	---	--------------	---

### Working Notes

1. Unless agreed otherwise, gaining ratio of continuing partners will be same as old profit sharing ratio.

#### **2. Adjustment of Goodwill:**

E's share of Goodwill = Rs. 90,000 x  $\frac{2}{10}$  = Rs. 18,000 which will be contributed by G and F in their gaining ratio i.e. 7:1. Thus,

G's Contribution = Rs. 18,000 x  $\frac{7}{8}$  = Rs. 15,750

F's Contribution = Rs. 18,000 x  $\frac{1}{8}$  = Rs. 2,250

#### **3. Calculation of G's Capital and F's Capital in new firm:**

New firm's Capital = Rs. 2,40,000 which will be in the profit –sharing ratio of G and F i.e. 7:1. Thus,

G's Capital in new firm = Rs 2,40,000 x  $\frac{7}{8}$  = Rs. 2,10,000

F's Capital in new firm = Rs 2,40,000 x  $\frac{1}{8}$  = Rs. 30,000