

A's CAPITAL ACCOUNT

Dr.		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To A's Executors A/c	1,02,300	By Balance b/d	60,000
		By General Reserve	12,000
		By Interest on Capital	1,800
		By P&L Suspense A/c	7,500
		By B's Capital A/c	9,000
		By C's Capital A/c	12,000
Total	1,02,300	Total	1,02,300

Working Notes:

1. Profit Sharing Ratio of A, B & C = 3 : 3 : 4
2. Gaining Ratio of B & C = 3 : 4
3. A's Share in estimated profits
 - a. Firm's Average profit = Rs. 50,000
 - b. Firm's Estimated Profit till date of A's death = $50,000 \times \frac{6}{12} = \text{Rs. } 25,000$
 - c. A's share in Firm's estimated profits = $25,000 \times \frac{3}{10} = \text{Rs. } 7,500$



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Session 2019-20
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Q-17



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4. A's share of Goodwill

- a. Firm's goodwill = Rs. 35,000 x 2 = Rs. 70,000
- b. A's share in goodwill = 70,000 X 3/10 = Rs. 21,000
- c. B's Contribution = 21,000 X 3/7 = Rs. 9,000
- d. C's Contribution = 21,000 X 4/7 = Rs. 12,000

