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REVALUATION A/C

Dr.			Cr.	
Particulars	Rs.	Particulars	Rs.	
To Stock	900	By Premises	16,000	
To Provision for legal damages	1,200	By Provision for Doubtful debts	100	
To Capital A/c (Profit)		By Furniture	4,000	
Krish	9,000			
Vrish	9,000			
Peter	9,000			
	18,000			
Total	20,100	Total	20,100	

PARTNERS' CAPITAL ACCOUNTS

Dr.					Cr.		
Particulars	Krish	Vrish	Peter	Particulars	Krish	Vrish	Peter
To Vrish's Capital A/c	14,000			By Balance b/d	46,000	30,000	20,000
To Vrish's Loan A/c		26,000		By General Reserve A/c	6,000	4,000	2,000
To Bank A/c		28,000		By Revaluation A/c	9,000	6,000	3,000
				By Krish's Capital A/c		14,000	
To Balance c/d	47,000		25,000				
Total	61,000	54,000	25,000	Total	61,000	54,000	25,000

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**BALANCE SHEET OF KRISH AND PETER
(AS AT 1ST APRIL 2020)**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	15,000	Furniture	45,000
Bank Loan	20,400	Stock	8,100
Bills Payable	12,000	Premises	96,000
Outstanding Salary	2,200	Debtors	6,000
Provision for Legal damages	7,200	Less: Provision for	(300)
Vrish's Loan A/c	26,000	Doubtful debts	5,700
Capitals			
Krish	47,000		
Peter	25,000		
Total	1,54,800	Total	1,54,800



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Working Note

Existing Profit-Sharing ratio = 3:2:1

Gaining Ratio = Only Krish Gains, no change in Peter's share

Firm's Goodwill = 42,000

Vrish's (retiring partner's) goodwill compensation = $42,000 \times \frac{2}{6} = 14,000$

Krish's share in goodwill compensation = 14,000

Journal entry for goodwill

Particulars		Debit	Credit
Krish's Capital A/c	Dr.	14,000	
To Vrish's Capital A/c			14,000

