

Session 2020-21 Sample

Q-21*



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

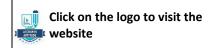
Dr. Cr.

Particulars	Krish	Vrish	Peter	Particulars	K	Krish	Vrish	Peter
To Vrish's Capital A/c	14,000		API	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	To	otal	61,000	54,000	25,000

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) 5,700
Vrish's Loan A/c	26,000	Doubtful debts	
Capitals			
Krish	47,000		
Peter	25,000		
Total	1,54,800	INTS -	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 = $42,000 \times 2/6 = 14,000$

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

