

 <p>Click on the logo to visit the website</p>	<p>Session 2020-21 Compartment</p>	<p>Q-21*</p>	 <p>Click on logo to visit our Channel</p>
---	--	--------------	---

REVALUATION ACCOUNT

Dr.			Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Furniture A/c	500	By Land A/c	30,000
To Provision for legal claims A/c	3,500		
To Profit transferred to:			
X's Capital A/c	13,000		
Y's Capital A/c	7,800		
Z's Capital A/c	5,200		
	26,000		
Total	30,000	Total	30,000

PARTNERS' CAPITAL ACCOUNT

Dr.							Cr.
Particulars	X (Rs.)	Y (Rs.)	Z (Rs.)	Particulars	X (Rs.)	Y (Rs.)	Z (Rs.)
To Z's capital A/c	10,000	6,000	-	By Balance b/d	1,20,000	97,000	71,000
To Z's loan A/c	-	-	90,000	By Profit and Loss A/c	11,250	6,750	4,500
To Bank A/c	-	-	6,700	By X's Capital A/c	-	-	10,000
To Balance c/d	1,34,250	1,05,550	-	By Y's Capital A/c	-	-	6,000
				By Revaluation A/c	13,000	7,800	5,200
Total	1,44,250	1,11,550	96,700	Total	1,44,250	1,11,550	96,700



Click on the logo to visit the website

Session 2020-21
Compartment

Q-21*



Click on logo to visit our Channel

Working Note

Existing Profit-Sharing ratio = 5:3:2

Gaining Ratio of X & Y = 5:3

Firm's Goodwill = 80,000

Z's (retiring partner's) goodwill compensation = $80,000 \times \frac{2}{10} = 16,000$

X's share in goodwill compensation = $16,000 \times \frac{5}{8} = 10,000$

Y's share in goodwill compensation = $16,000 \times \frac{3}{8} = 6,000$

Journal entry for goodwill

Particulars		Debit	Credit
X's Capital A/c	Dr.	10,000	
Y's Capital A/c	Dr.	6,000	
To Z's Capital A/c			10,000
To Z's Capital A/c			6,000