

Session 2020-21 Compartment

Q-21*



REVALUATION ACCOUNT

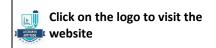
Dr. Cr.

Particulars		Amount (Rs.)	Particulars 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 Particulars	X (Rs.)	Y (Rs.)	Z (Rs.)
To Z's capital A/c	10,000	6,000	A	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	- A -	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



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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 = $80,000 \times 2/10 = 16,000$

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

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

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	7, Y		6,000	