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Revaluation Account

Debit		Credit	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Partners' Capital A/cs (Gain on revaluation)		By Stock A/c	16,000
Gita	36,000	By Gain on Sale of Investments A/c	4,000
Radha	60,000	By Buildings A/c	1,00,000
Garv	24,000		
	120,000		
Total	1,20,000	Total	1,20,000

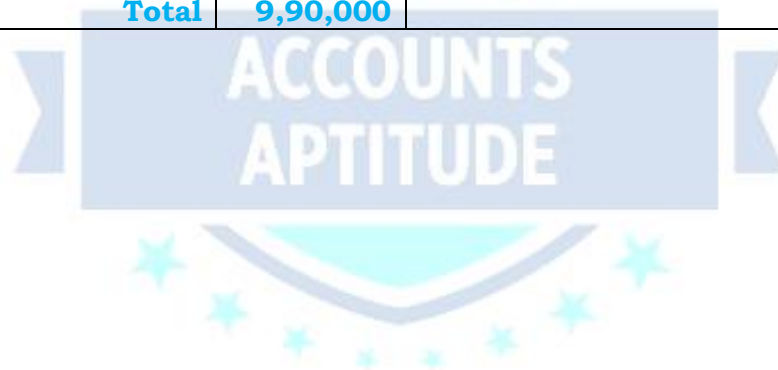
Partners' Capital Accounts

Debit				Credit			
Particulars	Gita	Radha	Garv	Particulars	Gita	Radha	Garv
To Radha's Capital A/c (Goodwill)	90,000		60,000	By Balance b/d	3,00,000	2,00,000	1,00,000
To Radha's Loan A/c		4,30,000		By Gita's Capital A/c (Goodwill)		90,000	
To Balance c/d	3,00,000		2,00,000	By Garv's Capital A/c (Goodwill)		60,000	
				By Revaluation A/c (Gain)	36,000	60,000	24,000
				By General Reserve A/c	12,000	20,000	8,000
				By Gita's Current A/c	42,000		
				By Garv's Current A/c			1,28,000
	3,90,000	4,30,000	2,60,000		3,90,000	4,30,000	2,60,000

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Balance Sheet
As at 31st March, 2019

Debit		Credit	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
<u>Capital Accounts:</u>		Buildings (5,00,000+1,00,000)	6,00,000
Gita 3,00,000		Cash (50,000+34,000)	84,000
Garv 2,00,000	5,00,000	Debtors	40,000
Radha's Loan A/c	4,30,000	Stock (80,000+16,000)	96,000
Sundry Creditors	60,000	Gita's Current Account	42,000
		Garv's Current Account	1,28,000
Total	9,90,000	Total	9,90,000



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Working Notes

Profit Sharing Ratio (Before Radha's retirement): Geeta : Radha : Garv = 3 : 5 : 2

Profit Sharing Ratio (Post Radha's retirement): Geeta : Garv = 3 : 2

Goodwill of the Firm = 3,00,000

Radha's Share of Goodwill = $3,00,000 \times \frac{5}{10} = 1,50,000$

Geeta's Contribution = $1,50,000 \times \frac{3}{5} = 90,000$

Garv's Contribution = $1,50,000 \times \frac{2}{5} = 60,000$

Capital Adjustment

New Capital of the Firm = 5,00,000

Geeta's New Capital = $5,00,000 \times \frac{3}{5} = 3,00,000$

Garv's New Capital = $5,00,000 \times \frac{2}{5} = 2,00,000$

