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Revaluation Account

Debit		Credit	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Machinery A/c	1,20,000	By Land & Buildings A/c	2,40,000
To Provision for doubtful debts	20,000		
To Profit transferred to:			
To Lisa's Capital A/c	40,000		
To Monika's Capital A/c	40,000		
To Nisha's Capital A/c	<u>20,000</u>		
	1,00,000		
Total	2,40,000	Total	2,40,000

Partners' Capital Accounts

Debit				Credit			
Particulars	Lisa	Monika	Nisha	Particulars	Lisa	Monika	Nisha
To Stock A/c	-	5,00,000	-	By Balance b/d	14,00,000	14,00,000	3,60,000
To Monika's Capital A/c	80,000	-	40,000	By Lisa's Capital A/c	-	80,000	-
To Monika Loan	-	10,60,000	-	By Monika's Capital A/c	-	40,000	-
To Balance c/d	18,00,000	-	9,00,000	By Revaluation A/c	40,000	40,000	20,000
				By Current A/c	4,40,000	-	5,60,000
	18,80,000	15,60,000	9,40,000		18,80,000	15,60,000	9,40,000


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Balance Sheet

Debit

Credit

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
<u>Capitals:</u>		Land & Building (10,00,000 + 2,40,000)	12,40,000
Lisa 18,00,000			
Nisha <u>9,00,000</u>	27,00,000	Machinery (12,00,000-1,20,000)	10,80,000
Trade Creditors	1,60,000		
Bills Payable	2,44,000	Stock (10,00,000-5,00,000)	5,00,000
Employees' Provident Fund	76,000	Sundry Debtors 4,00,000 Less: Provision <u>(20,000)</u>	3,80,000
Monika's Loan	10,60,000	Bank	40,000
		Lisa Current A/c	4,40,400
		Nisha Current A/c	5,60,000
Total	42,40,000	Total	42,40,000

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Working Notes

Profit Sharing Ratio (Before Monika's retirement): Lisa : Monika : Nisha = 2 : 2 : 1

Profit Sharing Ratio (Post Monika's retirement): Lisa : Nisha = 2 : 1

Goodwill of the firm: Rs. 3,00,000

Monika's share of Goodwill = Rs. $3,00,000 \times \frac{2}{5}$ = Rs. 1,20,000 Cr

Lisa's share of Goodwill = Rs. $1,20,000 \times \frac{2}{3}$ = Rs. 80,000 Dr

Nisha's share of Goodwill = Rs. $1,20,000 \times \frac{1}{3}$ = Rs. 40,000 Dr