

Solution-21

- (i) When General Reserve is not to be shown in the new Balance Sheet.

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Date	Particulars	L.F.	Dr Amount (₹)	Cr Amount (₹)
	General Reserve A/c Dr.		60,000	
	To Bootstrap's Capital A/c			40,000
	To Davy Jones's Capital A/c			20,000
	(Distribution of the balance in the General Reserve Account in the profit-sharing ratio of 2:1)			

- (ii) When General Reserve is to be shown in the new Balance Sheet.

Date	Particulars	L.F.	Dr Amount (₹)	Cr Amount (₹)
	Davy Jones's Capital A/c (60,000 x 1/15) Dr.		4,000	
	To Bootstrap's Capital A/c (60,000 x 1/15)			4,000
	(Adjustment made for General Reserve on change in the Profit-sharing ratio)			

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	<u>Old Share</u>	<u>New Share</u>	<u>Sacrifice/Gain</u>	
Bootstrap	$\frac{2}{3}$	$\frac{3}{5}$	$\frac{10-9}{15}$	= $\frac{1}{15}$ Gain
Davy Jones	$\frac{1}{3}$	$\frac{2}{5}$	$\frac{5-6}{10}$	= $-\frac{1}{15}$ Sacrifice

