

14. A, B and C were partners in a firm. Their Balance Sheet as at 31st March, 2019 was as follows :

Liabilities		Amount	Assets	Amount
Bills Payable		20,000	Bank	20,000
Creditors		40,000	Furniture	28,000
General Reserve		30,000	Stock	20,000
Workmen Compensation Reserve		6,000	Sundry Debtors	45,000
Capitals :			Less: Provision for	
A	60,000		Doubtful Debts	5,000
B	40,000	1,32,000	Land and Building	1,20,000
C	<u>32,000</u>			
		2,28,000		2,28,000

B retired on 1st April, 2019. A and C decided to share profits in the ratio of 2 : 1. The following terms were agreed upon :

- Goodwill of the firm was valued at ₹30,000.
- Bad-debts ₹ 4,000 were written off. The provision for doubtful debts was to be maintained @ 10% on debtors.
- Land and Building was to be increased to ₹1,32,000.
- Furniture was sold for ₹20,000 and the payment was received by cheque.
- Liability towards Workmen Compensation was estimated at ₹ 1,500.
- B was to be paid ₹ 20,000 through a cheque and the balance was transferred to his loan account.

Prepare Revaluation Account, Partners' Capital Accounts and Bank Account.

Solution.

Revaluation Account