

- 12** Goodwill is adjusted in partners' accounts when there is a change in the profit sharing ratio.

How is this recorded?

	debit	credit
A	capital accounts in new profit sharing ratio	capital accounts in old profit sharing ratio
B	capital accounts in old profit sharing ratio	capital accounts in new profit sharing ratio
C	current accounts in new profit sharing ratio	current accounts in old profit sharing ratio
D	current accounts in old profit sharing ratio	current accounts in new profit sharing ratio

- 13** X, Y and Z were in partnership sharing profits and losses in the ratio 5 : 3 : 2 respectively.

The capital account balances before any adjustments were \$40 000, \$30 000 and \$20 000 respectively.

Z retired from the partnership. X and Y continued in partnership, sharing the profits and losses in the ratio 3 : 2 respectively.

Net assets were to be revalued upwards by \$10 000.

What was the capital account balance for partner X following Z's retirement?

- A** \$35 000 **B** \$39 000 **C** \$41 000 **D** \$45 000