ECOLE GLOBALE
INTERNATIONAL GIRLS' SCHOOL
Dehradun

HOLIDAY HOMEWORK **SUMMER BREAK 2018-19**

CLASS XII CBSE **SUBJECT : ACCOUNTANCY**

CHAPTER 1: PARTNERSHIP – FUNDAMENTAL

TOPIC 1: INTEREST ON DRAWINGS

(1) Calculate Interest on Drawings @ 12% p.a.:
(a) X withdrew Rs. 2,000 per month
(b) Y withdrew Rs. 5,000 at beginning of every quarter
(c) Z withdrew Rs. 6,000 at the middle of every quarter from his share of profit
(d) K withdrew Rs. 3,000 at the end of every month from salary & commission
(e) M withdrew Rs. 20,000 from his capital

(2) A, B, C, D & E started partnership business on 1/8/2017. Calculate IOD @ 12% p.a. Year is closed on 31 March every year. A withdrew Rs. 4,000 at the end of every quarter & B withdrew Rs. 3,000 at the beginning of every month. C withdrew Rs. 50,000 out of capital on 1/6/18. D withdrew Rs. 10,000 on 1/1/18. E withdrew Rs. 2,000 on 1/9/17; Rs. 4,000 on 1/11/17 & Rs. 6,000 on 31/3/18

TOPIC 2: INTEREST ON CAPITAL & CURRENT A/C

(3) A, B & C are partners with capital of Rs. 3,00,000; Rs. 2,00,000; Rs. 1,00,000. A introduced Rs. 10,000 as capital on 1/8/17 & Rs. 5,000 on 1/1/18. He also withdrew out of capital Rs. 20,000 on 1/7/17 & 30,000 on 1/3/18. B withdrew Rs. 20,000 out of capital on 1/9/17 & introduced Rs. 10,000 on 1/2/18. C withdrew Rs. 5,000 out of capital on 1/8/17. A, B & C also withdrew Rs. 1,000; Rs. 2,000 & Rs. 3,000 at the beginning, middle & at end of every month. Calculate IOC @ 12% p.a. for the year ending as on 31/3/18

(4) A & B started a business on 1/7/17 with capital of Rs. 5,00,000 & Rs. 4,00,000. They further brought Rs. 50,000 & Rs. 40,000 on 1/11/17 & 1/1/18. They withdrew Rs. 20,000 & 30,000 out of capital on 1/5/17 & 1/12/18. Calculate IOC @ 12% p.a. for the year ending as on 31/3/18

(5) A, B & C are partners with capital of Rs. 2,00,000; Rs. 1,00,000; Rs. 50,000. Their current A/c balances are Rs. 5,000 (Cr.); Rs. 3,000 (Dr.) & Rs. 2,000. A introduced Rs. 20,000 as capital on 1/8/17. He also withdrew out of capital Rs. 20,000 on 1/7/17. B withdrew Rs. 20,000 out of capital on 1/9/17 & introduced Rs. 10,000 1/2/18. A, B & C also withdrew Rs. 2,000; Rs. 3,000 & Rs. 1,000 at the beginning, middle & at end of every month. Calculate IOC @ 12% p.a. for the year ending as on 31/3/18

(6) Same as Q. 5, but partners are allowed interest on current A/c @ 10% p.a. Each Partner is entitled to Salary of 10,000 p.a. Calculate IOC & interest on current A/c & also show how interest on current A/c & IOC will be shown in P/L Appropriation A/c & partner's current A/c

(7) Same as Q. 5, but partners are allowed & charged interest on current A/c @ 6% p.a. Each Partner is entitled to commission of 15,000 p.a. Calculate IOC & interest on current A/c & also show how interest on current A/c & IOC will be shown in P/L Appropriation A/c & partner's current A/c

(8) Same as Q. 5, but partners are charged interest on current A/c @ 5% p.a. Each Partner is entitled to bonus of 20,000 p.a. Calculate IOC & interest on current A/c & also show how interest on current A/c & IOC will be shown in P/L Appropriation A/c & partner's current A/c

TOPIC 3: Capital Ratio

(9) Calculate Capital Ratio in Q 3

(10) Calculate Capital Ratio in Q 4

TOPIC 4: Partner's Commission

(11) X & Y are partners sharing profits in the ratio of 7:3. X is entitled to salary of 10,000 & commission of 10% of NP after charging his salary & his commission. Y is entitled to salary of 5,000 & commission of 25% of NP after charging X's salary & his own salary & all commission. NP before salary & commission is 1,20,000 [Ans. Commission – X: 10,000 Y: 19,000]

(12) Y & Z are partners sharing profits in the ratio of 3:2. Y is entitled to commission of 5% of NP after charging all commission. Z is entitled to commission of 10% after charging all commission. NP before salary & commission is 1,15,000 [Ans. Commission – Y: 5,000 Z: 10,000]

TOPIC 5: P/L Appropriation A/c, Partners Capital A/c & Partners Current A/c

(13) A, B & C are partners with capital of Rs. 4,00,000; Rs. 2,00,000; Rs. 1,00,000. They share profits in ratio of 7:2:1. Their current A/c balances are Rs. 10,000 (Cr.); Rs. 5,000 (Dr.) & Rs. 3,000. IOC is allowed @ 12% p.a. & Interest on current A/c balance is to be charged @ 6% p.a. & allowed @ 5% p.a. A introduced Rs. 10,000 as capital on 1/9/17. He also withdrew out of capital Rs. 5,000 on 1/6/17. B withdrew Rs. 20,000 out of capital on 1/2/18. C introduced Rs. 10,000 on 1/3/18. A, B & C also withdrew Rs. 1,000 at the beginning of every month; Rs. 10,000 at the middle of every quarter & Rs. 5,000 per quarter. A is entitled to salary of Rs. 10,000. IOD is chargeable @ 10% p.a. NP after A's salary was 4,90,000. Prepare P/L Appropriation A/c, Partner's capital A/c, Partners Current A/c. Also pass journal entries

(14) A, B & C are partners with capital of Rs. 2,00,000; Rs. 1,00,000 & Rs. 50,000. They share profits in ratio of 5:3:2. IOC is allowed @ 12% p.a. A introduced Rs. 5,000 as capital on 1/9/17. He also withdrew out of capital Rs. 10,000 on 1/7/17. B withdrew Rs. 20,000 out of capital on 1/1/18. C introduced Rs. 20,000 on 1/2/18. A, B & C also withdrew Rs. 10,000 at the beginning of every quarter; Rs. 2,000 at the middle of every month & Rs. 30,000 during the year. A is entitled to salary of Rs. 5,000 & B is entitled to commission of 10% after considering IOC, Salary, IOD & commission. IOD is chargeable @ 10% p.a. NP earned during the year was 3,00,000. Prepare P/L Appropriation A/c & Partner's capital A/c. Also pass journal entries

(15) X, Y & Z are in partnership with capitals of Rs. 1,20,000; Rs. 1,00,000 & Rs. 80,000 respectively on 1/4/15. Their partnership deed provides the following:

(a) Partners are to be allowed interest on capitals @ 5% pa and are to be charged interest on drawings @ 6% pa

(b) X is entitled to a commission of 10% of the divisible profit before charging such commission

(c) Y is also entitled to a commission of 10% of the divisible profit after charging his commission and clause (b) above

(d) Z is entitled to a rent of Rs. 1,000 pm for the use of his premises by the firm

(e) During the year, X withdrew Rs. 200 at the beginning of every month, Y Rs. 300 during the month and Z Rs. 400 at the end of every month

The net profit of the firm for the year ended 31/3/16 before providing for any of the above clauses was Rs. 1,47,682. Prepare P/L Appropriation A/c, Partner's Capital A/c & Current A/c & Rent Payable A/c for the year ended 31/3/16 [Ans. Profit Credited to P/L App A/c 1,35,682; Distributable Profit 99,000 Commission – X 12,100 Y 9,900]

(16) A, B & C are partners sharing profit & loss in the ratio of 3:2:1. A withdraws Rs. 2,000 at the beginning of every month, B withdraws Rs. 1,500 in the middle of every month whereas C withdraws Rs. 1,000 at the end of every month. Interest on capitals & drawings is to be charged @10% pa. C is also to be allowed a salary of Rs. 800 pm. After deducting salary but before allowing any type of interest, the profit for the year ending 31/3/16 was Rs. 1,22,150. Prepare P/L Appropriation A/c, Partner's Capital A/c & Current A/c & Partner's Loan A/c:

	A	B	C
Capital Accounts on 1/4/15	2,00,000	1,50,000	1,00,000
Additional Capitals introduced on 1/7/15	50,000	30,000	-
Capital withdrawn on 1/1/16	-	-	20,000
Current Accounts on 1/4/15	12,200	5,500	4,100 (Dr)
Loan Account on 1/4/15	40,000	-	-

[Ans. Profit Credited to P/L App A/c 1,19,750; Distributable Profit 72,000; IOC – A 23,750 B 17,250 C 9,500; PC A/c – A 2,50,000 B 1,80,000 C 80,000; P. Current A/c – A 46,650 B 27,850 C 14,450]

(17) Narendra, Kejri & Rahul are in partnership sharing profits two-fifths, two-fifths & one-fifth & throughout the half year ended 31/12/15 their capital accounts have remained unchanged at Rs. 60,000, Rs. 40,000 & Rs. 30,000. Their current account balances on 1/7/15 were: Kejri Rs. 8,550 (Dr); Rahul Rs. 6,550 (Dr.); Narendra Rs. 12,000 (Cr.). During 2015, Narendra withdrew Rs. 200 at the beginning of each month, Rahul withdrew Rs. 400 at the end of each month while Kejri withdrew Rs. 1,800 during the period of six months. Their partnership deed provides that:

(a) Partners are allowed interest on capital @ 5% pa

(b) Partners are allowed or charged interest on current account balances @ 4% pa

(c) Interest on drawings @ 6% pa

(d) Rahul is entitled to a salary of Rs. 500 pm

(e) Narendra is entitled to a commission of 5% of the correct net profit of the firm

(f) Kejri is entitled to a commission of 5% of the correct net profit of the firm after charging such commission

During the half year ended 2015, the net profit of the firm was Rs. 2,07,000 after charging Rahul's salary. Prepare P/L appropriation A/c, Partner's Capital A/c & Partner's Current A/c

[Ans. Profit Credited to P/L App A/c 2,10,000; Distributable Profit 1,83,390; Commission N 10,500 K 10,000]

(18) Swaraj, Viraj & Maharaj are equal partners, their balances in the fixed capital accounts for the year ended 31/3/16 were Rs. 1,80,000, Rs. 1,60,000 & Rs. 1,75,000. The balances in their current A/cs were: Swaraj Rs. 15,000 (Cr.) Viraj Rs. 13,000(Dr.); Maharaj Rs. 10,000(Dr.). Drawings during the year

2015-16 are: Swaraj - Rs. 600 at the end of each month; Viraj - Rs. 800 at the beginning of each month; Maharaj Rs. 400 per month during 2015-16. Partnership deed further provides that :

(a) Partners are to be allowed interest on Capital A/c balances @ 6% p.a. & that on Current A/c balances @ 5% p.a.
(b) Partners are charged interest on drawings @ 5% p.a.
(c) Maharaj is to be given a salary of Rs. 20,000 for the year
(d) Swaraj is entitled to a commission of 10% of the corrected net profit of the firm
(e) Viraj is entitled to a commission of 10% of the corrected net profit of the firm after charging such commission

During the year ended 31/3/16, NP was Rs. 2,00,000 after deducting Maharaj's salary. Prepare P/L appropriation A/c, Partner's Capital A/c & Partner's Current A/c

[Ans. Divisible Profits Rs. 1,28,045; IOD : Swaraj Rs. 165, Viraj Rs. 260, Maharaj Rs. 120; Commission: Swaraj Rs. 22,000 & Viraj Rs. 20,000]

TOPIC 6: INSUFFICIENT PROFITS

(19) A & B are partners sharing profits & losses in the ratio of 2:1. A is a non-working partner & has contributed Rs. 12,00,000 as his capital. B is a working partner. The partnership deed provides for interest on capital @ 10% pa & salary of Rs. 7,500 pm to the working partner. NP for the year ended 31/3/16 before providing for interest on capital & salary amounted to Rs. 70,000. Show the distribution of profit [IOC (A) 40,000; Salary (B) 30,000]

(20) Same as Q 19 but IOC & salary are to be treated as charge against profit

(21) A & B are partners sharing the profits & losses in the ratio of 3:2 with capitals of Rs. 2,00,000 & Rs. 1,00,000. Show the distribution of profits in each of the following alternative cases:

(a) If the partnership deed is silent as to the interest on Capital & the profits for the year are Rs. 50,000
(b) If the partnership deed provides for Interest on Capital @ 8% pa & the losses for the year are Rs. 50,000
(c) If the partnership deed provides for Interest on Capital @ 8% pa & the profits for the year are Rs. 50,000
(d) If the partnership deed provides for Interest on Capital @ 8% pa & the profits for the year are Rs. 15,000
(e) If the partnership deed provides for Interest on Capital @ 8% pa even if it involves the firm in loss & the profits for the year are Rs. 15,000

[Ans. (a) IOC – NIL; Profit 50,000 (b) IOC – NIL; Loss 50,000 (c) IOC – A 16,000 B 8,000 Profit 26,000 (d) IOC – A 10,000 B 5,000 Profit – NIL (e) IOC - A 16,000 B 8,000 Loss 9,000]

TOPIC 7: GUARNTEE OF PROFITS

(22) A, B & C are partners in a firm sharing profits in ratio of 9:6:5. B is guaranteed a minimum amount of Rs. 7,000 as share of profit every year. The profits for the years ending 31/3/16 Rs. 40,000. IOC of A, B & C is 5,000; 4,000; 3,000 & IOD is 1,000; 600 & 400. Prepare P/L Appropriation A/c, Partners Capital A/c & also pass Journal entries for distribution of profit for year ending as on 31/3/16 in following alternative cases: -

(a) A & C decided to share deficiency
(b) A & C decided to share deficiency in 3:2

(23) A, B & C are partners in a firm sharing profits in ratio of 7:2:1. B guaranteed that firm would earn minimum profits of 1,00,000. IOC of A, B & C is 10,000; 8,000; 6,000 & IOD is 2,000; 1,200 & 800. NP earned by the firm is 95,000. Prepare P/L Appropriation A/c, Partners Capital A/c & also pass Journal entries

(24) A, B & C are partners in a firm sharing profits in ratio of 5:3:2. B guaranteed that firm would earn minimum profits of 1,20,000. IOC of A, B & C is 10,000; 8,000; 6,000 & IOD is 2,000; 1,200 & 800. A is guaranteed a minimum share of profit of Rs. 60,000. Any deficiency arising in A's share of profit will be borne by B & C. NP earned by the firm is 1,10,000. Prepare P/L Appropriation A/c & Partners Capital A/c

TOPIC 8: PAST ADJUSTMENTS

(25) The net profit of a firm for the year ended 31/3/2011, was Rs. 30,000, which has been duly distributed amongst its three partners A, B and C in their agreed proportions of 3:1:1. It was discovered on 10/4/11 that the under mentioned transactions were not passed through the books of accounts of the firm for the year ended 31/3/11, which stood duly closed on that date:

(a) Interest on capital at 10% pa
(b) Interest on drawings: A Rs. 350; B Rs.250; C Rs.150
(c) Salary of Rs. 5,000 to A and Rs. 7,500 to B
(d) Commission due to A on a special transaction, Rs.3,000

The capital accounts of the partners on 1/4/10 were: A Rs. 25,000; B Rs. 20,000; C Rs. 15,000. Suggest a journal entry to be passed on 10/4/11 which will not affect the P/L Account of the firm for the year ended 31/3/11 and at the same time will rectify the position of the partners
[Ans. A 2,300 (Dr) B 5,100 (Cr) C 2,800 (Dr)]

(26) Ravi and Mohan were partners in a firm sharing profits in the ratio of 7:5. Their fixed capitals were Ravi Rs. 10,00,000 and Mohan Rs. 7,00,000. The partnership deed provided for the following :

(a) Interest on Capital @ 12% p.a.
(b) Ravi's salary Rs.6,000 per month and Mohan's salary Rs.60,000 per year

The profit for the year ended 31/3/07 was Rs. 5,04,000 which was distributed equally, without providing for the above. Pass an adjustment entry
[Ans. R 38,000 (Cr) M 38,000 (Dr)]

(27) P, Q and R are partners in a firm. Their capital accounts stood at Rs. 30,000, Rs. 15,000 and Rs. 15,000 on 1/4/13. As per the provisions of the deed:

(a) R was to be allowed a remuneration of Rs.3,000 pa
(b) Interest at 5% pa was to be provided on capital
(c) Profits were to be divided in the ratio of 2:2:1

Ignoring the above terms, NP of Rs. 18,000 for the year ended 31/3/14 was divided among the three partners equally. Pass an adjustment entry to rectify the error.
[Ans. P 300 (Cr) Q 450 (Dr) R 150 (Cr)]

(28) A, B and C were partners. Their capitals were Rs. 30,000; Rs. 20,000 and Rs. 10,000 on 1/4/13. According to the partnership deed they were entitled to an interest on capital at 5% pa. In addition B was also entitled to draw a salary of Rs.500 pm. C was entitled to a commission of 5% on the profits after charging the interest on capital, but before charging the salary payable to B. The net profits for the year ended 31/3/14 were Rs. 30,000, distributed in the ratio of their capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 2:2:1. Pass the necessary adjustment entry showing the workings clearly

(29) [Ans. A 5,640 (Dr) B 4,860 (Cr) C 780 (Dr)]

(30) Ram, Shyam and Mohan are partners in a firm sharing profits and losses in the ratio of 2:1:2. Their fixed capitals were Rs. 3,00,000; Rs 1,00,000 and Rs. 2,00,000. Interest on capital for the year ended 31/3/14 was credited to them @ 9% pa instead of 10%pa. The profit for the year before charging interest was Rs. 2,50,000. Prepare necessary adjustment entry

[Ans. R 600 (Cr) S 200 (Dr) M 400 (Dr)]

(31) A, B and C are partners in a firm sharing profits and losses in the ratio of 2:3:5. Their capitals were Rs. 15,00,000; Rs. 30,00,000 and Rs. 60,00,000. For the year ended 31/3/14 interest on capital was credited to them @ 12% pa instead of 10% pa. Pass the necessary adjustment entry
[Ans. A 12,000 (Cr) B 3,000 (Cr) C 15,000 (Dr)]

(32) A, B, C and D are equal partners in a firm. Their capitals on 1/4/10 were Rs. 50,000; Rs. 30,000; Rs. 25,000 and Rs. 15,000. After closing the accounts for the year ended 31/3/11 it was discovered that according to the partnership deed interest @ 10% per annum on partners' Capitals was not provided before distribution of profits. It was agreed among the partners to make the adjusting entry at the beginning of the next year rather than to alter the Balance Sheet. Pass the necessary journal entry assuming that the capitals are not fixed
[Ans. A 2,000 (Cr) C 500 (Dr) D 1,500 (Dr)]

CHAPTER 2: PARTNERSHIP – DISSOLUTION

(1) Mrs. Rita Chowdhary & Miss Shobha are partners in a firm, 'Fancy Garments Exports' sharing profits & losses equally. On 1/1/14, the B/S of the firm was as follows :

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	75,000	Bank		36,000
Bills Payable	30,000	Stock		75,000
Mr. Chowdhary's Loan	15,000	Book Debts	66,000	
Reserve Fund	24,000	Less : PFDD	6,000	60,000
Capital:		Plant & Machinery		45,000
Mrs. Rita Chowdhary	90,000	Land & Buildings		48,000
Miss Shobha	30,000			
	2,64,000			2,64,000

The firm was dissolved on the date given above

(1) Mrs. Rita Chowdhary undertook to pay Mr. Chowdhary's Loan & took over 50% of stock at a discount of 20%

(2) Book-debts realised Rs. 54,000; balance of the stock was sold off at a profit of 30% on cost

(3) Sundry Creditors were paid out at a discount of 10%. B/P were paid in full

(4) Plant & Machinery realised Rs. 75,000 & Land & Buildings Rs. 1,20,000

(5) Mrs. Rita Chowdhary took over the goodwill of the firm at a valuation of Rs. 30,000

(6) Realisation expenses were Rs. 5,250

Prepare necessary ledger accounts & also pass journal entries

[Ans. Realisation Profit Rs. 1,32,000; Cash paid to: Rita Rs. 1,23,000 & Shobha Rs. 1,08,000, Bank A/c total Rs. 3,33,750]

(2) The following is the B/S of A & B as at 31/3/16:

Liabilities	Rs.	Assets		Rs.
Mrs. A's Loan	15,000	Cash		4,200
Mrs. B's Loan	10,000	Bank		3,400
Trade Creditors	30,000	Debtors	30,000	
Bills Payable	10,000	Less : Provision	2,000	28,000
Outstanding Expenses	5,000	Investments		10,000
Capital		Stock		40,000
A	1,00,000	Truck		75,000
B	80,000	Plant & Machinery		80,000
		B : Drawings		9,400
	2,50,000			2,50,000

(1) Half the stock was sold at 10% less than the book value & the remaining half was taken over by A at 20% more than the book value

(2) During the course of dissolution a liability under action for damages was settled at Rs. 12,000 against Rs. 10,000 included in the creditors

(3) Assets realised as follows: Plant & Machinery Rs. 1,00,000; Truck Rs. 1,20,000; Goodwill was sold for Rs. 25,000; Bad Debts amounted to Rs. 5,000. Half the investments were sold at book value

(4) A promised to pay off Mrs. A's Loan & took away half the investments at 10% discount

(5) Trade Creditors & Bills/Payable were due on average basis of one month after 31st March, but were paid immediately on 31st March, at 12% discount pa

[Ans. Realisation Profit Rs. 86,800; Cash Paid to A Rs. 1,29,900 & B Rs. 1,14,000; Bank A/c total Rs. 3,00,600]

(3) The following is the B/S of A, B & C, as at 31/3/15 :

Liabilities	Rs.	Assets		Rs.
Creditors	30,000	Bank		15,000
Mrs. A's Loan	20,000	Bills Receivable		12,000
Outstanding Salary	8,000	Stock		40,000
Investment Fluctuation Fund	10,000	Sundry Debtors	40,000	
Reserves	12,000	Less: PFDD	4,000	36,000
Capital Accounts:		Land & Buildings		50,000
A 60,000		Furniture		10,000
B 40,000		Typewriters		7,000
C 20,000		Investments		30,000
	1,20,000			
	2,00,000			2,00,000

The profit & loss sharing ratios of the partners are 3:2:1. At the above date, partners decide to dissolve the firm. The assets realised were as follows:

(1) Bills Receivable were realised at a discount of 5%. Debtors were all good; Stock realised Rs. 32,000. Land & Buildings realised at 40% higher than the book value

(2) Furniture was sold for Rs. 6,000 by auction & auctioneer's commission amounted to Rs. 300

(3) Typewriters were taken over by A for an agreed valuation of Rs. 5,000

(4) Investments were sold in the open market at a price of Rs. 25,000, for which a commission of 2% was paid to the broker

(5) Creditors agreed to accept 10% less. All other liabilities were paid off at their book value

(6) The firm retrenched their employees three months before the dissolution of the firm & the firm had to pay Rs. 25,000 as compensation. This liability was not appearing in the above B/S

[Ans. Realisation Loss 8,400; Cash Paid to A 56,800 B 41,200 & C 20,600]

(4) A, B & C were in partnership sharing profits in the ratio of 2:1:1. Their B/S showed the following position at the date of dissolution :

Liabilities			Assets		
Creditors		40,000	Fixed Assets		50,000
Bills Payable		10,000	Stock		60,000
A's Loan		20,000	Debtors	30,000	
Mrs. A's Loan		16,000	Less : Provision	2,000	28,000
Capitals:	A	50,000	Furniture		20,000
	B	25,000	Goodwill		18,000
	C	25,000	Cash at Bank		10,000
		1,86,000			1,86,000

(a) A agreed to take over furniture at 20% less than the book value.

(b) Fixed assets realised Rs. 32,000 & stock Rs. 55,000

(c) Bad Debts amounted to Rs. 5,000

(d) Expenses of realisation were 33,000. Creditors were paid at a discount of 5%

(e) There was a claim of Rs. 6,400 for damages against the firm. It had to be paid

[Ans. Loss on Realisation Rs. 55,400; Final payments: A Rs. 6,300; B Rs. 11,150; C Rs. 11,150; Bank A/c Total Rs. 1,22,000]

(5) The following is the B/S of A & B as on 31/12/93

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	30,000	Cash in hand	500
Bills Payable	8,000	Cash at bank	8,000
Mrs. A's Loan	5,000	Stock in Trade	5,000
Mrs. B's Loan	10,000	Investments	10,000
General Reserve	10,000	Debtors	
Investment Fluctuation Fund	1,000	20,000	18,000
A's Capital	10,000	Less : Provisions 2,000	20,000
B's Capital	10,000	Plant	15,000
		Building	4,000
		Goodwill	3,500
		Advertisements Suspense A/c	
	84,000		84,000

The firm was dissolved on 31st December 1993 on the following terms:

(a) A promised to pay Mrs. A's loan & took away stock in-trade at Rs. 4,000
(b) B took away half of the investments at 10% discount
(c) Debtors realized Rs. 19,000 (including bad debts recovered Rs. 6,000)
(d) Creditors & bills payable were due on an average basis of one month after 31st December, but they were paid immediately on 31st December at 6% discount, pa
(e) Plant realized Rs. 25,000, building Rs. 40,000, GW Rs. 6,000 & remaining investments at Rs. 4,500
(f) There was an old typewriter in the firm which had been Written off completely from the books, it was estimated to realize Rs. 300, it was taken away by B at this estimated price
[Ans. Realisation Profit 32,490; Cash Paid to: A 30,495 B 24,695; Bank A/c total 1,03,000]

(6) Following is the Balance Sheet of X & Y, who share profits in the ratio of 4:1, as at 31/3/09:

Liabilities		Assets	
Sundry Creditors	8,000	Bank	20,000
Bank Overdraft	6,000	Debtors	
X's Brother's Loan	8,000	17,000	15,000
X's Loan	3,000	Less : Provisions 2,000	15,000
Investments Fluctuation Fund	5,000	Stock	25,000
Capital:		Investments	25,000
X	50,000	Buildings	10,000
Y	40,000	Goodwill	10,000
		Profit & Loss A/c	
	1,20,000		1,20,000

The firm was dissolved on the above date:

(a) X agreed to pay off his brother's Loan
(b) Debtors of Rs. 5,000 proved bad
(c) Other assets realised - Investments 20% less; & Goodwill at 60%
(d) One of the creditors of Rs. 5,000 was paid only Rs. 3,000
(e) Buildings were auctioned for Rs. 30,000 & the auctioneer's commission amounted to Rs. 1,000
(f) Y took over part of stock at Rs. 4,000 (being 20% less than the book value)
(g) Balance stock realised 50%
(h) Realisation expenses amounted to Rs. 2,000
[Ans. Revaluation Loss 9,000; Paid to X 42,800 Y 32,200; Bank A/c Total 92,000]

(7) A, B & C were in partnership sharing profits in the ratio of 2 : 1 : 1. Their balance sheet showed the followings position at the due of dissolution:

Liabilities		Assets	
Creditors	40,000	Fixed Assets	50,000
Bills Payable	10,000	Stock	60,000
A's Loan	20,000	Debtor 30,000	
Capitals: A	16,000	Less : provision 2,000	28,000
B	50,000	Furniture	20,000
C	25,000	GW	18,000
	25,000	Cash at Bank	10,000
	1,86,000		1,86,000

(a) A agreed to take over furniture at 20% less than the book value.

(b) Fixed assets realized Rs. 32,000 & stock Rs. 55,000

(c) Bad debts amounted to Rs. 5,000

(d) Expenses of realization were Rs. 3,000. Creditors were paid at a discount of 5%

(e) There was a claim of Rs. 6,400 for damages against the firm. It had to be paid

[Ans. Realisation Loss 55,400; Cash Paid to: A 6,300 B 11,150 C 11,150, Bank A/c total 1,22,000]

(8) A, B and C sharing profits equally, dissolved their firm on 30/6/16, on which date their B/S was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	31,000	Bank	6,300
Reserve for contingency	18,000	Debtors	55,000
Profit & Loss A/c	12,000	Stock	81,000
A's Wife Loan	12,000	Furniture	20,000
Bank Loan at 12%	20,000	Plant	53,700
Capital Accounts: A	60,000	Current Account : C	22,000
B	50,000		
C	20,000		
Current Accounts: A	10,000		
B	5,000		
	2,38,000		2,38,000

(a) There is a bill for Rs. 5,000 under discount. This bill was received from 'R'. R proved insolvent and 60% were received from his estate

(b) It was found that an investment not recorded in the books is worth Rs. 8,000. This is taken over by one of the creditors at this value.

(c) A agreed to accept furniture in full settlement of his wife's loan

(d) Bank Loan was repaid along with interest for nine months.

(e) Assets realised as follows: Debtors Rs. 24,500; Stock Rs. 60,000; Plant Rs. 28,000
[Ans. Realisation Loss 81,000; Paid to A & B 53,000 & 38,000, Brought by C 19,000; Bank A/c total 1,40,800]

(9) B, V & M are in partnership sharing in 3:3:4. They decided to dissolve the partnership firm. At the date of dissolution their creditors amounted to Rs. 16,000 and in the course of dissolution a contingent liability of Rs. 52,650 not brought into the accounts matured and had to be met. Their capitals stood at Rs. 12,000; Rs. 10,000 and Rs. 8,000 respectively. Vishnu had lent to the firm, in addition to capital Rs. 14,000. The assets realised Rs. 40,150
[Ans. Sundry Assets on date of dissolution 60,000; Realisation Loss 22,500; Cash paid to B & V 5,250 V 3,250 Cash brought by M 1,000; Bank A/c total 41,150]

(10) A, B & C are in partnership sharing in 4:3:3. On 1/4/15, they decided to dissolve the firm. On that date, Capital of A; B & C was Rs. 1,25,000; Rs. 45,000 Rs. 15,000 (Dr). The creditors amounted to Rs. 23,150 & cash in hand was Rs. 3,920. The assets realised Rs. 1,44,910 & expenses of dissolution were Rs. 1,860
[Ans. Sundry Assets Rs. 1,74,230; Realisation Loss Rs. 31,180]

(11) A & B, who were sharing profits & losses in the ratio of 60% & 40% respectively, decided to dissolve the firm on 31/3/15 on which date some of the balances were as follows:

A's Capital	2,40,000
B's Capital (Debit Balance)	25,000
Profit & Loss A/c (Debit Balance)	30,000
Trade Creditors	40,000
Loan from Mrs. A	20,000
Cash at Bank	15,000

The assets (other than cash at bank) realised Rs. 1,90,000 & all creditors were paid off less 5% discount. Realisation expenses amounted to Rs. 4,000
[Ans. Sundry Assets on date of dissolution 2,30,000; Realisation Loss 41,000; Cash paid to A 1,97,400 Cash brought by B 53,400; Bank A/c total 2,58,400]

(12) What JEs would be passed for the following transactions on the dissolution of a firm, after various assets (other than cash) & third party Liabilities have been transferred to Realisation A/c
(a) Stock worth Rs. 15,000 is taken over by partner A
(b) Compensation to employees paid by the firm amounted to Rs. 20,000
(c) Sundry Creditors amounted to Rs. 8,000. These were paid at a discount of 5%
(d) There was an unrecorded asset of Rs. 2,000 which was taken over by B at Rs. 1,500
(e) Profit on Realisation Rs. 21,000 was to be distributed between A & B in the ratio of 4:3

(13) P & Q were partners in the firm. Pass JEs for the following transactions on dissolution of the firm after various assets & external liabilities have been transferred to Realisation A/c.
(a) X, an unrecorded creditor of Rs. 10,000 was paid by partner P at a discount of 20%
(b) Y, an unrecorded creditor of Rs. 25,000, took over Computer at Rs. 30,000. Balance was paid by him in cash
(c) There was an unrecorded liability of Rs. 20,000 half of which was handed over to settle half of the unrecorded liability of Rs. 28,000 & the balance of the unrecorded liability was paid at 80% in full settlement. The remaining half of the unrecorded asset was sold in the market at a discount of 10%
(d) There was a contingent liability in respect of bill discounted but not matured of Rs. 75,000. An acceptor of one bill of Rs. 25,000 became insolvent & sixty paise in a rupee were recovered. This liability for bill discounted has not been recorded so far
(e) Computer of Rs. 25,000 & a vehicle of Rs. 10,000 were appearing in the B/S but no other additional information was given regarding these items

(14) Parul, Payal & Priyanka are partners. They decided to dissolve their firm. Pass necessary journal entries for the following after various assets (other than cash & bank) & the third party liabilities have been transferred to Realisation A/c :
(a) There were total debtors of Rs. 76,000. A provision of bad & doubtful debts also stood in the books at Rs. 6,000. Rs. 12,000 debtors proved bad & rest paid the amount due
(b) Parul agreed to pay off her husband's loan of Rs. 7,000 at a discount of 5%
(c) A machine which was not recorded in the books was taken over by Payal at Rs. 3,000, whereas its expected value was Rs. 5,000
(d) A contingent liability (not provided for) of Rs. 4,000 was also discharged
(e) The firm had a debit balance of Rs. 27,000 in the P/L A/c on the date of dissolution