

**DEPARTMENT OF ACCOUNTANCY – SYBCOM – ACCOUNTANCY & FIN. MGMT - III**

**Question Bank:**

**Question On Admission of Partner – Final Accounts**

Following is the trial balance of a partnership of AVS & Co. as on 31<sup>st</sup> March, 19.

Particulars	Amt.	Particulars	Amt.
<u>Drawing Account:-</u>		<u>Capital Accounts:-</u>	
Ajay 20,000		Ajay 2,00,000	
Vijay 10,000		Vijay 1,00,000	
Sanjay <u>5,000</u>	35,000	Sanjay <u>50,000</u>	3,50,000
Building	1,40,000	Creditors	2,80,000
Furniture	20,000	Sales	26,00,000
Debtors	2,40,000		
Cash & bank	2,47,000		
Stock	60,000		
Purchases	23,60,000		
Wages	36,000		
Carriage	12,000		
Office expenses	60,000		
Selling expenses	20,000		
Total	32,30,000	Total	32,30,000

Additional Information:-

1. On 1<sup>st</sup> July 2018 Sanjay has been admitted who has brought Rs.50,000 for capital for which the entry has been passed and Rs.40,000 as share of goodwill for which the entry is yet to be passed.
2. Before admission of Sanjay, Ajay & Vijay were sharing profit as 1:1. After admission also they share profit & losses equally.
3. Provide 10% p.a depreciation on building & furniture.
4. 10% RDD is to be provided.
5. 10% p.a interest on capital is to be allowed.
6. Stock on 31<sup>st</sup> Mar, 19 was valued at Rs.6,800.

Prepare: - 1. Trading, Profit & loss A/c for the year ended 31<sup>st</sup> Mar, 2019

2. Partners Capital A/c.

3. Balance sheet as at 31<sup>st</sup> Mar, 2019.

**Question On Retirement of Partner – Final Accounts**

Following is the trial balance of M/s. ABC & co. having partner A B & C (profit and loss in 2:1:2) as on 31<sup>st</sup> March, 2018.

Particulars	Amt	Particulars	Amt
<u>Drawings:-</u>		<u>Capital:-</u>	
A      6,000		A      45,000	
B      12,000		B      30,000	
C <u>15,000</u>	33,000	C <u>54,000</u>	1,29,000
Plants & Machinery	1,35,000	Creditors	57,000
Stock (31/03/18)	21,000	Gross Profit	1,86,000
Repair & Maint. (up to 31/12/17 Rs.1,800)	3,000	Outstanding exp	18,000
Bill Receivable	24,000		
Cash & Bank Balance	63,000		
Sundry Debtors	48,000		
Bad debts (up to 31/12/17 Rs.5,400)	6,000		
Salaries & Wages	24,000		
Carriage O/w	21,000		
Prepaid expenses	6,000		
Misc. Expenses	6,000		
<b>Total</b>	<b>3,90,000</b>	<b>Total</b>	<b>3,90,000</b>

Adjustments:

1. Partner C retired on 30<sup>th</sup> Dec, 2017.
2. Goodwill on the date of retirement was valued at Rs.18,000 & it was agreed by the partners that it should not appear in the books of accounts.
3. Interest on capital @ 10 % p.a should be provided.
4. Partner B & C should get salary of Rs.600 p.m. Partner C will not get salary after his retirement but he is entitled for interest at 12 % p.a. on the outstanding balance after retirement.
5. Depreciation on plant & machinery for the year was Rs.12,000.

Prepare: - 1. Profit & Loss A/c for the year ended 31<sup>st</sup> March, 2018

2. Balance Sheet as at 31/3/2018 & Partners Capital A/c.

**Question on Piecemeal Distribution of Cash:-**

Following is Balance Sheet of X, Y & Z who shared profit & losses in the ratio of 4:3:2 respectively.

Balance Sheet as at 31<sup>st</sup> March, 2018

Particulars	Amt	Particulars	Amt
<u>Capital Accounts:-</u>		Machinery	2,40,000
X	1,92,000	Debtors	2,19,000
Y	1,35,000	Stock	1,95,000
Z	1,26,000		
General Reserve	54,000		
Bills Payable	49,000		
Creditors	98,000		
Total	6,54,000	Total	6,54,000

The firm was dissolved on balance sheet date. It was decided to distribute the cash as & when the assets realised. The cash was received in instalments as follows.

Months	Amt
April, 2018	1,62,000
May, 2018	2,07,000
June, 2018	1,95,000

Prepare:-

1. Statement showing excess capital.
2. Statement showing piecemeal distribution of cash.

**Question on Piecemeal Distribution of Cash:-**

P, Q & R were partners sharing profits & losses in the proportion of 3:4:5. They decided to dissolve the partnership firm on 31<sup>st</sup> March, 2018. They further agreed to

distribute the money as & when received without waiting for final realisation of all assets.

Balance Sheet as at 31<sup>st</sup> March, 2018

Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
Capital Accounts:-		Sundry Assets	3,42,000
P	90,000		
Q	54,000		
R	18,000		
Loan Accounts:-			
P	54,000		
R	36,000		
Sundry Creditors	90,000		
Total	3,42,000	Total	3,42,000

The following amounts were gradually realised from the assets.

1. 1<sup>st</sup> instalment Rs.45,000.
2. 2<sup>nd</sup> Instalment Rs.81,000.
3. 3<sup>rd</sup> Instalment Rs.90,000.
4. 4<sup>th</sup> & final instalment Rs.1,14,000.

Prepare:-

1. Statement showing excess capital.
2. Statement showing piecemeal distribution of cash.

**Question of Amalgamation of Partnership Firm:-**

Following is the balance sheet of M/s MN & M/s OP as at 31<sup>st</sup> March, 2018.

Liabilities	M/s.MN	M/s.OP	Assets	M/s.MN	M/s.OP
Capital A/c:-			Building	1,80,000	----
M	2,00,000	----	Furniture	40,000	20,000
N	1,00,000	----	Stock	1,16,000	88,000
O	----	1,20,000	Debtors	60,000	1,00,000
P	----	80,000	Cash & Bank	24,000	32,000
Creditors	1,00,000	1,20,000	6% Investments	----	80,000

Bank Loan	20,000	----			
Total	4,20,000	3,20,000	Total	4,20,000	3,20,000

All the partners share profits & losses in their capital ratio. They decided to amalgamate their business with effect from 1<sup>st</sup> April, 2018 on the following terms & conditions.

1. Bank loan should be repaid by M/s MN.
2. 6% Investments not taken over by the new firm.
3. Goodwill of M/s. MN & M/s. OP is fixed at Rs.42000 & Rs.50000 respectively. Goodwill account in new firm should be written off.
4. Building is revalued at Rs.1,98,000.
5. Stock of M/s. MN be reduced by Rs.18,000 and that of M/s. OP be increase by Rs.10,000.
6. RDD should be created @ 5% on debtors of both firms.

Prepare:-

1. Realisation A/c, Partners Capital A/c in the books of old firms.
2. Balance Sheet of New firm after amalgamation.