

PARTNERSHIP FINAL ACCOUNTS

1. R and K are partners sharing profits equally. From the following Trail Balance prepare Trading and Profit and Loss A/c for the year ended 31st December and the balance Sheet as at that date of M/s. RK after the adjustment given below:

Particulars	Dr. Rs.	Cr. Rs.	Particulars	Dr Rs.	Cr. Rs.
R's Capital		1,00,000	Rent and Taxes	2,000	
K's		1,00,000	Motor Car	3,000	
Land & Building	87,000		Carriage Outward	1,400	
Plant & Machinery	17,500		Sales		84,000
Goodwill	20,000		Salaries	3,100	
R's Drawings	10,000		Bank charges	105	
K's Drawings	12,600		Bad Debts Written off	2,100	
Deposits	1,000		Provision for Doubtful Debts		1,500
Stock (1-1-2003)	27,000		Printing and Stationery	2,000	
Wages	10,000		Debtors	19,800	
Purchases	69,000		Creditors		7,500
Carriage Expenses	600		Bank Current A/c	795	
General Expenses	4,000				
				2,93,000	2,93,000

- 1) Closing Stock was Rs. 46,000
- 2) It is discovered that credit sales effected on 21-12-2003 to the value of Rs. 200 have not been entered in the books.
- 3) Stock worth Rs. 3,000 uninsured has been destroyed by fire.

- 4) Plant and machinery worth Rs. 1,000 purchased on 31st December 2003 has been inadvertently included in purchases.
- 5) Wages include a sum of Rs. 500 spent at the time of installation of a new machinery valued at Rs. 4,000 on 30-6-2003.
- 6) The Motor Car was sold on 30-6-2003 for Rs. 2,000 the amount being wrongly included in the sales
- 7) Depreciate Plant and machinery at 10% p.a. and Motor Car 20% p.a. and Provision for Bad debts to be increased by Rs. 2,000.
- 8) rent and taxes prepaid were Rs. 800
- 9) No interest is to be allowed on partners capital and no interest is to be charged on drawings

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2. Sujata, Sarita and Suman are partners sharing profits and losses in the ratio 3:2:1 Suman is guaranteed a profit of Rs. 16,000 p.a. as her minimum share. Any deficiency will be borne by the other partner in their profit sharing ratio. Interest at the rate of 6% is to be allowed on partners fixed capital account. On 31st March, 2004 Trial balance was as under:

Debit	Rs.	Credit	Rs.
Building	64,000	Fixed Capital A/cs:	
Machinery	50,000	- Sujata	80,000
Vehicles	20,000	- Sarita	60,000
Purchases	2,90,000	- Suman	40,000
Stock	68,000	Current A/c :	
Wages	65,000	- Sujata	16,000
Trade Expenses	25,000	- Sarita	9,000
Salaries	30,000	Sales	6,72,000
Repairs	28,000	Creditors	48,000
Commission	2,500	Provision for doubtful debts	3,000
Office Expenses	33,200	Commission	4,000
Rates & Taxes	22,900	Discount	6,400
Bank Balance	1,42,400		
Debtors	84,000		
Suman's Current A/c	13,400		
	9,38,400		9,38,000

Additional Information:

- 1) Closing Stock Rs. 70,000
- 2) Sujata has taken worth Rs. 3,000 from stock for which no entry is made in the books
- 3) Sarita is to be paid Rs. 24,000 for traveling expenses for business trips.
- 4) Wages outstanding are Rs. 5,000 and commission received in advance Rs. 1,000.
- 5) Depreciation on machinery is to be provided @ 10% p.a. and on vehicle @ 15% p.a.

6) Provision for doubtful debts is to be increased to Rs. 6,000

7) Goods worth Rs. 10,000 were destroyed by fire, the same were not insured.

From the above Trial balance and additional information given, prepare Trading and profit & loss A/c for year ended 31st March, 2004 and Balance Sheet as on that date.

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3. Ram and Shyam are partners. Their Trial Balance as on 31-12-2004 was as under:

Debit	Rs.	Credit	Rs.
Building	74,000	Ram's Capital	90,000
Machinery	40,000	Shyam's Capital	90,000
Furniture	20,000	Sales	6,80,000
Purchases	2,98,000	Creditor	52,000
Stock	60,000	R.D.D.	3,000
Wages	65,000	Discount	10,000
Carriage inward	25,000		
Salaries	40,000		
Repairs	18,000		
Commission	5,700		
General Expenses	30,000		
Rent and Taxes	21,000		
Bank Balance	95,000		
Cash Balance	49,300		
Debtors	84,000		
	9,25,000		9,25,000

Additional Information:

- 1) Closing Stock was Rs. 50,000
- 2) Shyam has taken goods worth Rs. 5,000 for his personal use for which no entry was made in the books.
- 3) Wages outstanding were Rs. 6,000 and taxes paid in advance Rs. 2,000
- 4) Depreciation was to be provided at 10% p.a. on machinery and 5% p.a. on Building and 15% p.a. on furniture.
- 5) Write off Rs. 2,000 as bad Debts and provision for doubtful debts is to be increased to Rs. 5,000
- 6) Goods costing Rs. 2,500 have been stolen but no entry was passed in the books for the same. Prepare a Trading and Profit and Loss Account for the year ended 31st December, 2004 and balance Sheet as on that date.

Admission Of Partner

4. Ram and Kirti were in partnership in a retail business sharing profits in proportion of 3:2 As from 1st January 2005 they admitted Vikram into partnership giving him one-fifth of the profit. Vikram brought in Rs. 20,000. in cash of which Rs. 6,000 were considered as being in payment for his share of goodwill and remainder as his capital.

The following Trial Balance was extracted from the books as on 31st December, 2005:

Particulars	Dr. (Rs.)	Cr. (Rs.)
Purchase and Sales	1,71,625	2,62,650
Return	5,250	4,125
Customers and Creditors	40,200	25,525
Bills Receivable and Bills payable	20,070	11,950
Carriage Inward	15,000	-
Carriage outward	2,175	-
Stock (01-01-2005)	39,725	-
Reserve for doubtful debts	-	5,200
Outstanding Carriage Inward	-	1,200
Bad debts	400	-
Salaries	9,795	-
Furniture	5,000	-
Shop	15,500	-
Postage and Insurance	3,240	-
Trade Expenses	2,690	-
Rent, Rate and Taxes	4,200	-
Loan to Vishnu (from 01-08-2005)	6,000	-
Prepaid Insurance	240	-
Rent accrued but not paid	-	900
Cash in hand	4,440	-
Current Accounts:		

Ram	5,000	-
Kirti	4,000	-
Vikram	2,000	-
Capital Accounts:		
Ram	-	15,000
Kirti	-	10,000
Cash paid by Vikram	-	20,000
Computer	30,000	-
Professional Charges	4,450	-
Loan from I.C.I.C.I Bank	-	34,450
	3,91,000	3,91,000

You are required to prepare the firms, Trading and Profit and Loss Account for the year ending 31st December, 2005 and Balance Sheet as on that date having regard to the following information.

- 1) Stock at the end was Rs. 20,000/-
- 2) Depreciation on computer and furniture is to be charged at 10% per annum.
- 3) One fifth of the shop are to be written off.
- 4) Goods worth Rs. 800 have been destroyed fire and the Insurance Co. has admitted the claim the Rs. 600 only
- 5) Bills receivable include as dishonoured bill for Rs. 1,100/- of Rs. 1,000/- due from customer on account of sales, who has become insolvent.
- 6) Reserve for Doubtful debts is to be maintained at 5% on debtors.
- 7) Kirti withdraw Rs. 300 that was included of.

5. Jaya and Bhaduri were in partnership sharing profit ratio of 3:2 From 1st Jan. 2003 they admitted Amit into partnership giving him 1/6th share in profit. He brought Rs. 10,000 cash of which Rs. 3,000 was considered as being in payment for his share of goodwill and the balance as his capital. You are given:

Trial Balance as on 31st December 2003

Particular	Rs.	Particulars	Rs.
Drawing:		Rent payable	928
- Jaya	4,000	Outstanding Wages	2,719
- Bhaduri	3,500	Sales	2,63,150
- Amit	2,500	Return Outward	3,120
Purchases	1,66,405	Reserve for Doubtful debts	1,200
Return Inward	4,250	Creditor	30,106
Debtor	40,200	Bills payable	8,950
Opening Stock	27,225	Dividend	825
Wages	20,137	Capital:	
Salaries	8,753	- Jaya	14,500
Building	6,750	- Bhaduri	8,300
Addition to building	500	Cash paid by Amit (on 1-4-2003)	10,000
Patents	7,300		
Postage /telegram	3,226		
Power/fuel	1,850		
General Expenses	3,314		
Rent, Rates , taxes	3,517		
Bad debts	525		
Loan to 'P' at 6% p.a. (Given on 1-9-2003)	5,000		
Investment	11,500		

Pre-paid Insurance	524		
Cash/Bank	5,752		
Bills Receivable	17,070		
	3,43,798		3,43,798

Adjustment:

- 1) closing stock was valued at Rs. 15,760
 - 2) Goods costing Rs. 1,000 have been stolen but not entered in the books.
 - 3) Write off $\frac{1}{5}^{\text{th}}$ of patents.
 - 4) Bills Receivable include dishonoured bill of Rs. 1,050
 - 5) Maintain reserve for doubtful debts @ 5%
 - 6) Depreciate building @ 10% p.a.
 - 7) Necessary adjustment in connection with admission is to be made through current accounts of the partners.
 - 8) Goodwill should not appear in the books
- Prepare final account.

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6. Mr. A was carrying on business as the proprietor. On 1st January 2003 he admitted Mr. B as a partner to the said business on the following conditions:

- 1) Mr. B should bring Rs. 30,000 as his capital
- 2) The goodwill of the entire business was determined at Rs. 25,000
- 3) Mr. B should be entitled to 40% profits of the business and that he should bring one half of his share of goodwill in cash and for the balance of his share of goodwill, a Goodwill Account may be raised in the Books.
- 4) Each year an amount of Rs. 1,000 be transferred from B's account to Goodwill Account so as to wipe off that account ultimately.
- 5) Interest on Capitals of partners was fixed at 10% per annum.
- 6) Salaries to partners:
 Mr. A Rs. 5,000 per annum
 Mr. B Rs. 3,000 per annum
- 7) In addition Mr. B was entitled to 10% net profits of the business after providing for item Nos. 5 and 6
- 8) Each year an amount equal to 25% of net profit as they remain after providing for item Nos. 5, 6 and 7 should be transferred to General reserve.

In addition to the balances if any arising from above. The following figures were extracted from the books of accounts of the partnership firm on 31st December 2003:

Particular	Rs.	Rs.
Trading Profit		1,84,000
Salaries to employee	10,000	
Rent, Rates & Taxes	4,000	
Discount	1,500	
General Expenses	2,500	
Fire Insurance Premium	2,000	
Amounts brought in by Mr. B at the time of his admission		35,000
A's Capital Account		40,000
Creditors		5,000
Depreciation Fixed Assets	8,000	
Current Assets	1,22,000	
A's drawing	93,000	
B's drawing	12,000	

	9,000	
	2,64,000	2,64,000

Prepare Profit & Loss Account Partner's Capital Account and the Balance Sheet of the firm as at 31st December, 2003

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7. The following is the Trial Balance of firm as on 31st December, 2005:

Debit	Rs.	Credit	Rs.
Cash	29,700	Creditor	40,500
Debtors	93,000	Sales	5,40,000
Rent and Rates	17,700	Capital:	
Salary	36,000	D	72,000
Sundry Expenses	15,600	E	36,000
Stock	75,000	F(including goodwill)	12,000
Purchases	3,30,000		
Sundry Assets	31,500		
Drawings:			
D	45,000		
E	22,500		
F	4,500		
	7,00,500		7,00,500

Adjustment:

- 1) D and E were partners sharing profits and losses equally.
- 2) Mr. F was admitted to the partnership on 1st July, 2005
- 3) On 31st December, 2005 stock was valued at Rs. 70,500
- 4) Rent and Rates paid in advance Rs. 700.
- 5) Sundry Expenses were outstanding Rs. 400.
- 6) Depreciate Sundry Assets by 20% p.a.
- 7) Goodwill of the firm was valued at Rs. 6,000 on 1st July 2005 and not to appear in the Balance Sheet.
- 8) Interest on capital to be charged at the rate of 10% p.a.

You are required to prepare Trading Profit and Loss Account for the year ended on 31st December 2005 and Balance sheet as on that date.

8. The following is the Trial balance of firm as on 31st December 2005

Debit	Rs.	Credit	Rs.
Drawing: A	15,000	Capitals: A	24,000
B	7,500	B	12,000
C	1,500	C(including goodwill)	5,000
Furniture	10,500	Sales	1,80,000
Purchases	1,10,000	Creditors	13,500
Stock	25,000		
General Expenses	5,200		
Salary	12,000		
Rent & Taxes	5,900		
Debtors	31,000		
Bank	10,900		
	2,34,500		2,34,500

Adjustment:

- 1) A and B were partners sharing profits and losses equally.
- 2) Mr. C was admitted to partnership on 1st July, 2005.
- 3) On 31st December 2005 stock was valued at Rs. 23,500.
- 4) Rent and Taxes paid in advance Rs. 900
- 5) General expenses were outstanding Rs. 800
- 6) Charge depreciation on furniture @ 10%. P.a.
- 7) Share of Goodwill of new partner was valued at Rs. 1,000 on 1st July, 2005 and yet to be adjusted

You are required to prepare Trading Profit and loss Account for the year ended on 31st December, 2005 and Balance Sheet as on that date.

9. A and B were in partnership in a retail business sharing profit in the proportion of 3:2 As from 1st July, 2003 they admitted C into partnership giving him one-fifth of the profits. C brought in Rs. 20,000 in cash of which Rs. 6,000 were considered as being payment for his share of goodwill and remainder as his capital.

The following Trial Balance was extracted from the books as on 31st December 2003:

Particulars	Dr. Rs.	Cr. Rs	Particulars	Dr. Rs.	Cr. Rs.
Purchase and sales	1,71,625	2,62,650	Bad debts	400	
Return	5,250	4,125	Loan at 5% to Dilip made on 1 st August 2003	6,000	
Reserve for Doubtful Debts		5,200	Prepaid Insurance	240	
Sundry Debtors and Creditor	40,200	25,525	Outstanding Wages		1,200
Bills Receivable and Bills payable	20,070	11,950	Rent accrued but not paid		900
Stock (1 st January 2003)	39,725		Capital Account (1 st January 2003)		
Wages	17,175		A		15,000
Salaries	9,795		B		10,000
Furniture	5,000		Cash paid by C on 1 st July, 2003		20,000
Alterations to shop	15,500		Current Account -		
Postage, Stationery and Insurance	3,240		- A	5,000	
Trade Expenses	2,690		- B	4,000	
Rent, Rates and Taxes	4,200		- C	2,000	
			Cash in hand	4,440	
			TOTAL	3,56,550	3,56,550

You are required to prepare the firm's Trading and Profit and Loss Account for the year ending 31st December 2003 and balance Sheet as on that date having regard to the following information:

- 1) Stock at the end was Rs. 20,000
- 2) Sundry Debtors include an item of Rs. 300 for goods supplied to B and an item of Rs. 1,000 due from customer on account of sales, who has become insolvent.
- 3) Depreciation on Furniture is to be charged at 10% per annum.
- 4) Reserve for Doubtful Debts is to be maintained at 5% on the sundry debtors
- 5) Goods to the value of Rs. 800 have been destroyed by fire and Insurance Co.
- 6) Bills receivable include a dishonoured bill for Rs. 1,100.
- 7) One-fifth of the alternations to the shop are to be written off.
- 8) The gross profits for the year are to be allocated in ratio of time between the period before the admission and the period after the admission.

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Retirement Of Partner

10. The Partnership deed of A, B and C trading in partnership as A, B & Co. provides for the following:

- 1) Interest at 5 percent on Capital Accounts.
- 2) B and C are to be entitled to a salary of Rs. 500 and Rs. 350 per month respectively.
- 3) Balance of profits to be shared equally.
- 4) On retirement of a partner, deferred revenue expenses are to be written off in proportions of partners capitals.

A retires from the partnerships as on 31st December 2003 and you are asked to prepare a balance sheet as at 31st December 2003, showing the amount payable to A on retirement from the following Trial Balance:

Particulars	(Dr)Rs.	(Cr.)Rs.	Particulars	(Dr)Rs.	(Cr.)Rs.
Capital Accounts:			Cash in hand	500	
A		50,000	Liabilities		17,000
B		10,000	Trading Account		52,000
C		5,000	Salaries of Staff	8,000	
Current Accounts:			Rent and other Office Expenses	7,000	
B	4,000		Depreciation	500	
C	3,000		Bad Debts	1,000	
Land and Building	37,500		Deferred Revenue Expenditure	6,500	
Furniture	6,000				
Stock	35,000				
Debtors	15,000				
Cash at Bank	10,000				
TOTAL					1,34,000

11. The Following is the Trial Balance of a firm as on 31st December, 2004:

Debit	Rs.	Credit	Rs.
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Purchases	1,56,000	Capital Account	
Return Inward	2,400	A	30,000
Stock	24,000	B	30,000
Drawings		C	30,000
A	12,000	Sales	2,94,000
B	12,000	Return outward	2,000
C	12,000	R.D.D.	8,800
Salary	27,000	Bank Loan	20,000
Office Expenses	16,500	Creditors	76,500
Bad Debts	2,100	Bills Payable	8,700
Carriage Inward	4,500		
Carriage Outward	6,750		
Debtors	1,00,000		
Bills Receivables	3,250		
Bank Balance	8,000		
Cash Balance	2,500		
Investments	25,000		
Premises	50,000		
Machinery	36,000		
	5,00,000		5,00,000

On 1st July, 2004, 'A' retired and the following adjustments were agreed upon:

- Goodwill of Rs. 90,000 was brought into the books of accounts.
- Furniture worth Rs. 20,000 was purchased on 31-3-2004 but the invoice was not recorded into the books.
- Balance in A's account after making all adjustments was to be transferred to his loan account carrying interest @ 16%.
- Closing stock was valued at Rs. 42,000.
- Depreciate machinery by 10%, Premises by 5% and furniture by 5% p.a.

f) Provide interest on capital at 10%, prepare Trading and Profit and Loss Account for the year ended 31-12-2004 and a balance sheet as on that date.

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12. Following is the trial balance of M/s. PQR having partners P, Q and R (profit and losses in 2:1:2) as on 31st December 2003.

Debit Balances	Rs.	Credit Balances	Rs.
Plant and Machinery	45,000	Creditors	7,000
Stock (on 31-12-2002)	7,000	Bills Payable	4,000
Repairs	1,000	Gross Profit	62,000
Bills Receivables	4,000	Outstanding Expenses	5,000
Cash	4,000	Capitals:	
Bank	3,000	P	15,000
Debtors	16,000	Q	10,000
Bad Debts (upto 30 th Sept. Rs. 1,800)	2,000	R	18,000
Salaries & Wages	8,000		
Carriage Outward	7,000		
Prepaid Expenses	1,000		
Miscellaneous Expenses	12,000		
Drawings			
P	2,000		
Q	4,000		
R	5,000		

According to the partnership deed, interest at 10% p.a. should be provided on partners capitals. Partner Q and R should get salary of Rs. 200 p.m.

R retired on 30th September 2003, and his share was taken by other partners in old profit sharing ratio. The goodwill on the date of retirement was Rs. 6,000 and it was agreed by the new partners that it should not appear in the books of accounts. R will not get salary after his retirement but he is entitled for interest at 12% p.a. on the outstanding balance after retirement. Depreciation on the plant and machinery for the year was Rs. 4,000.

Prepare Profit and Loss Account and Balance Sheet for the year after considering above mentioned information. Interest on partners capitals should be calculated only on the balance on 1-1-2003 and 30-9-2003. All drawings are upto 30th September, 2003.

13. X and Y shared profits and losses equally. Their Trial Balance as on 31st December 2003 was as under:

Particulars	Rs.	Rs.
Capital		
X		75,000
Y		75,000
Current		
X	7,500	
Y	7,500	
Fixed Assets	75,000	
Debtors	25,000	
Bank	25,000	
Stock (Opening)	12,500	
Purchases	62,500	
Wages	6,250	
Office & Administrative Expenses	12,500	
Selling & Distribution Expenses	10,000	
Creditors		12,500
Sales		1,12,500
Advances	31,250	
	2,75,000	2,75,000

Additional Information:

1) Z retired on 30th June 2003. His capital is paid off the amounts due to him for i) Profit of the year ii) Share of Goodwill Rs. 10,000 iii) Interest on his capital Rs. 1,250 were to be paid.

2) X, Y and Z were sharing profits and losses 2:2:1.

3) Closing stock was valued at Rs. 6,250 on 30-6-2003 and Rs. 7,500 on 31-12-2003.

4) Item Upto 30-6-2003 After 1-7-2003

Purchases	37,500	25,000
Wages	3,750	2,500
Sales	75,000	37,500

Other expenses were to be equally distributed between the two periods.

5) Depreciate Fixed Assets by 10% p.a.

6) Allow interest at 10% p.a. on capital.

Show the final accounts.

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Death Of Partner:

14. The following figures were extracted from the accounts Books of Vimal & Co. a partnership firm having partners, Mr. A, Mr. B, & Mr. V (Sharing profits and losses in 2:2:1) as on 31st March, 2004.

Trial Balance As on 31-3-2004

Particulars	Dr. Rs.	Cr. Rs.
Mr. A's Drawings and Capital	10,000	46,000
Mr. B's Drawings and Capital	3,000	6,000
Mr. V's Drawings and Capital	6,000	20,000
Gross Profit	-	40,600
Salaries	11,000	-
Rent and Taxes	8,000	-
Other Overheads	4,000	-
Commission Received	-	4,400
Fixed Assets	15,000	-
Furniture	5,000	-
Cash and Bank	55,000	-
	1,17,000	1,17,000

The partnership deed provides that:

- 1) Interest @ 5% p.a. (on the opening balance) is to be allowed on capitals, but no interest is to be charged on drawings.
- 2) The deceased partner shall be entitled to his share of Goodwill of the firm calculated at two and half years purchase of the average profits of the preceding three years. The profits of the preceding three years ended on 31-3-2001, 31-3-2002 and 31-3-2003 respectively were Rs. 30,000, Rs. 25,000 and rs. 35,000.

Mr. A died on 1-1-2004. It was agreed that A's executors should be paid such an amount, so as to leave balance of Rs. 40,000, which should be paid @ 12% p.a. interest after one year. Amount was paid to A's Executors but no entry was passed in the books.

Prepare the profit and loss Account for the year ended 31-3-2004 and the Balance sheet on that date after considering above mentioned partnership deed conditions.

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Minimum Guaranteed Share Of Profit

15. X, Y and Z are partners in manufacturing business sharing profit and losses X, $\frac{2}{5}$, Y $\frac{2}{5}$ and Z $\frac{1}{5}$ Z's annual share of profit is to be a minimum of Rs. 20,000 any deficiency being borne by the other two partners in their profit sharing ratio. No interest is allowed or charged on partners current accounts but fixed Capital Accounts carry interest at 6% per annum. The firm's Trial Balance as on 31st March 2004 was as follows:

Particulars	Rs.	Particulars	Rs.	Rs.
Freehold Premises Cost	90,000	Capital A/cs:		
Plant & machinery (at cost)	80,000	- X	80,000	
Purchases	3,80,000	- Y	60,000	
Stock (1-4-2003)	72,000	- Z	30,000	1,70,000
Motor Vehicles	24,000	Current Account (1-4-2003):		
Manufacturing Wages	82,000	- X	18,000	
Trade Expenses	6,000	- Y	6,000	24,000
Salaries	54,000	Sales		6,78,000
Repairs	12,000	Creditor		42,000
Cash Discount	2,400	Provision for Doubtful Debts (1-4-2003)		3,400
Office Expenses	36,000	Cash discount		4,200
Carriage Inward	6,200	Provision for Depreciation (1- 4-2003):		
Rates and insurance	14,000	- Plant & machinery		24,000
Professional Charges	4,000	- Motor Vehicles		12,000
Debtors	68,000			
Balance at Bank	8,000			
Current Account Z (1-4- 2003)	11,000			
Carriage Outward	8,000			
	9,57,600			9,57,600

You are given the following information:

1) Stock on hand on 31st March 2004 amounted to Rs. 64,800.

- 2) Sales included Rs. 24,000 for goods sent out on sale or return charged to customers at cost plus 20% & which remained in their hands unsold on 31st march 2004.
- 3) The following amounts included in salaries have been drawn each month by the partners:
X Rs. 500; Y Rs. 400; Z Rs. 250.
- 4) It was agreed that a charge of Rs. 2,500 should be made to Y for goods supplied to him from stock during the year.
- 5) X who acted as traveler is to be credited with an expenses allowance of Rs. 2,000
- 6) Repairs include an item of Rs. 7,500 for alternation to the Office which amount it is agreed should be capitalized.
- 7) Rates and Insurance paid in advance amounted to Rs. 5,000 and Office Expenses accrued amounted to Rs. 1,200
- 8) A motor vehicle costing Rs. 9,000 had been purchased during the year against which Rs. 6,000 had been allowed on the sale of an vehicle the net amount only being debited to Motor Vehicle Account. The vehicle sold had cost Rs. 7,500 and had been written down to Rs. 2,500. Any profit and loss on sale of the vehicles Is to be credited or charged in the written down to Rs. 2,500.
- Any profit or loss on sale of the vehicle is to be credited or charged in the profit and loss A/c
- 9) Depreciation on Plant & Machinery and Motor Vehicles is to be provided at the rate of 10% and 20% per annum respectively on the cost at the end of the year.
- 10) A debt of Rs.600 is to be written off and the provision for doubtful debts increased to Rs. 4,500 You are required to prepare:
- Trading and Profit and Loss Account for the year ended 31st March 2004
 - The Balance sheet as on the date, and
 - The partners current account