

1. From the following Balance Sheet of M/s Store with Sunil, Anil and Neel as partners sharing profits and losses in the ratio of 5:3:2. Their Balance sheet on the date of dissolution was as follows:

Liabilities	Rs.	Asset	Rs.
Partner's Capital:		Fixed Assets	80,000
- Sunil	38,800	Current Assets	60,000
- Anil	20,400	Cash in Hand s	9,600
- Neel	26,000		
General Reserve	19,200		
Sunil's Loan	21,200		
Sundry Creditor	24,000		
	1,49,600		1,49,600

(1) realization expenses were estimated at Rs. 4,000.

(2) The asset were realized as under:

First installment Rs. 61,280

Second installment Rs. 28,720

Third installment Rs. 20,000

(3) Actual realization expenses were Rs. 3,000 only.

Prepare a statement showing pie cement distribution of cash by adopting Excess Capital Method.

2. L, U and M were in partnership sharing profits and losses in the ratio of 1/2, 1/3, 1/6 respectively. Their firm dissolved as on 31st December, 2003 on which date the Balance Sheet of the firm was as under:

Balance Sheet as at 31st December, 20003

Liabilities	Rs.	Assets	Rs.
Capitals:		Cash	4,000
- L	17,000	Debtors	42,000
- U	8,000	Stock	16,000
- M	1,000		
General Reserve	6,000		
Loans			
- L	6,000		
- U	4,000		
Creditors	20,000		
	62,000		62,000

It was agreed that the realization should be distributed in their due date at the end of each fortnight. The realization and expenses were as under:

Particulars	Debtors Rs.	Stocks Rs.	Expenses Rs.
15 th January 2004	7,500	4,500	1,000
31 st January 2004	10,500	500	500
15 th February 2004	8,500	8,500	1,000
28 th February 2004	10,500	500	400
15 th March 2004	2,050	3,050	600

Stocks were completely disposed off and the remaining debtors were to be taken over by M at an agreed amount of Rs. 600.

Show the Statement of distribution of cash, following Relative Capitals Method.

3. A, B and C are partners sharing profits and losses in the ratio 4:2:1. They decided to dissolve the partnership as on March 31, 2004 when their Balance Sheet was as follows:

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Creditors	11,400	Cash in Hand	140
General Reserve	18,900	Investment	30,000
Bank Overdraft	32,500	Stock	1,28,300
Capital: A	80,000	Debtors	45,400
B	1,60,000	Machinery	32,600
C	1,30,000	Furniture	4,900
		Building	1,91,460
	4,32,800		4,32,800

All creditors have to be paid off Rs. 2,400 have to be provided for realization expenses. There after all cash received should be distributed among the partners.

The amounts were realized as follows:

1 st Installment:	Rs. 30,720
2 nd Installment:	Rs. 36,800
3 rd Installment:	Rs. 2,12,840
4 th Installment:	Rs. 92,600

The actual realizations expenses were Rs. 1,200 Prepare a statement showing distribution of cash as per Excess Capital Method.

4. The Balance Sheet of Mr. A and B as on 31st December, 2004 was as follows:

Liabilities	Rs.	Rs.	Assets	Rs.
Creditors		30,000	Cash Debtors	10,000
Bills payable		40,000	Debtors	50,000
Capital:			Building	1,00,000
A	60,000			
B	30,000	90,000		
		1,60,000		1,60,000

The firm was dissolved w. e. f. 1st Jan. 2005 Provide for Expenses Rs. 4,000 and the proceeds was distributed by Excess Capital Method.

The Assets realized as under:

January,	1 st Installment	Rs. 29,000
February	2 nd Installment	Rs. 40,000
March,	3 rd Installment	Rs. 60,000

Prepare a statement showing distribution of cash.

5. Madhuri, Tabu and Juhi carrying on business in partnership decided to dissolve it on and from 30th September, 2003. The following was their Balance Sheet on the date:

Balance Sheet

Liabilities	Rs.	Rs.	Assets	Rs.
Capital Account:			Fixed Assets	40,000
- Madhuri	20,000		Current Assets	22,000
- Tabu	5,000		Bank	13,000
- Juhi	10,000	35,000		
General Reserve		30,000		
Creditors		10,000		
		75,000		75,000

As per the arrangement with the bank, the partners were entitled to window Rs. 4,000 immediately and Rs. 9,000 after 1st December, 2003. It was decided that after keeping aside an amount of Rs. 1,000 for estimated realization expenses, the available funds should be distributed amongst the partners as and when realized.

The following were the realizations:

	Fixed Assets Rs.	Current Assets Rs.
31 st October 2003 (First)	10,000	5,000
15 th November 2003 (second)	26,000	12,000
30 th December, 2003 (Final)	10,000	12,000

Actual realization expenses amounted to Rs. 700. You are requested to submit a statement showing distribution of cash amongst the partners by Proportionate Capital Method.

6. L, S and B were in partnership sharing profits in the ratio $\frac{1}{2}$, $\frac{1}{4}$, $\frac{1}{4}$. Their Balance sheet as on 31st December 2003 was as under, the date on which they decided to dissolve the firm.

Balance Sheet as on 31st December

Liabilities	Rs.	Rs.	Assets	Rs.
Creditors		15,000	Cash	9,000
Income Tax Payable		4,000	Stock-in-Trade	40,000
Loan from Bank (Secured by pledge of stock-in-trade)		30,000	Debtors	60,000
Loan from S		11,000	Furniture	36,000
Capital			Motor Car	25,000
- L	40,000			
- S	40,000			
- B	30,000	1,10,000		
		1,70,000		1,70,000

- Bank could realize only Rs. 25,000 on disposal of stock-in-trade.
- A sum of Rs. 3,000 was spent on furniture for getting better price.
- Other assets were realized as follows: In January 2004 Rs. 12,000 in February 2004 Rs. 15,000, in March 2004 Rs. 10,000 in April 2004 Rs. 30,000 in May 2004 Rs. 35,000. The partners distribution the cash as and when available. Using Highest relative capital method. Show the distribution of cash.

7. The firm of Rich person presented you with the following Balance Sheet drawn as at 31st March, 2003.

The firm of Rich Person presented you with the following Balance Sheet drawn as at 31st March, 2003.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry Creditors		37,000	Cash on Hand		3,000
Capital Accounts of partners:			Sundry Debtors		34,000
- A	40,000		Stock-in-trade		39,000
- B	30,000		Plant & Machinery		51,000
- C	27,000	97,000	Current Account:		
		1,34,000	- B	4,000	
			- C	3,000	7,000
		1,34,000			1,34,000

Partners shared profit and losses in the ratio 4:3:3. Due to differences among the partners it was decided to wind up the firm, realize the assets and distribute cash among the partners at the end of each month.

The following realizations were made:-

- May 2003 Rs. 15,000 from debtors and Rs. 20,000 by sale of stock. Expenses on realization were Rs. 500.
- June 2003 Balance of debtors realized Rs. 10,000 Balance of stock fetch Rs.24,000.

iii) August 2003 part of machinery was sold for Rs. 18,000 Expenses incidental to sale were Rs. 600.

iv) September 2003 Part of machinery valued in the books at Rs. 5,000 was taken by A in part discharge at an agreed value of Rs. 10,000. Balance of machinery was sold for Rs. 30,000 (net). Partner decided to keep a minimum cash balance of Rs. 2,000 in the first 3 months and Rs. 1,000 thereafter.

Show how the amounts due to partners will be settled. All working should form part of your answer.

8. Jatin, Lalit and Vishal are in partnership sharing profits and losses in the ratio 3:2:1 respectively. They decide to dissolve the business on 31st December, 2003 on which date their Balance Sheet was as follows:

Liabilities	Rs.	Rs.	Assets	Rs.
Capital Accounts:			Land & Building	31,810
- Jatin	39,700		Motor Car	5,160
- Lalit	10,680		Investment	1,080
- Vishal	11,100	61,480	Stock	19,530
Loan Account:			Debtors	11,280
- Vishal		3,000	Cash	5,940
- Creditors		10,320		
		74,800		74,800

The assets were realized piecemeal as follows and it was agreed that cash should be distributed as and when realized:

	Rs.
15 th January, 2004	10,380
20 th February, 2004	27,900
23 rd March, 2004	3,600
27 th April, 2004 Vishal takes over investment at	1,360
27 th April, 2004	19,200

Dissolution expenses were originally provided for an estimated amount of Rs. 2,700 but actual amount spent on 20th March, 2004 was Rs. 1,920. The creditors were settled for Rs. 10,080. You are required to prepare a statement showing distribution of cash among the partners by Proportionate Capital Method.

9. The firm of PY Ra Mides present you with the following Balance Sheet drawn as on 31st March, 2003:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry Creditors		74,000	Cash		6,000
Capital Accounts:			Sundry Debtors		68,000
- P	80,000		Stock in Trade		78,000
- R	60,000		Machinery		1,02,000
- M	54,000	1,94,000	Current Accounts:		
			- R	8,000	
			- M	6,000	14,000
		2,68,000			2,68,000

Partners shared profits and losses in the ratio of 4:3:3 Due to differences among the partners it was decided to wind up the firm, realize the assets and distribute cash among the partners at the end of each month.

1) April, 2003 – Rs. 30,000 from Debtors and Rs. 40,000 by sale of stock. Expenses on realization Rs. 1,000.

2) May 2003 – Balance of Debtors realized Rs. 20,000 Balance of stock fetched Rs. 48,000.

3) June 2003 – part of Machinery was sold for Rs. 36,000 Expenses incidental to sale Rs. 1,200

4) July 2003 – Part of Machinery valued in the books at Rs. 20,000 Balance of Machinery was sold Rs. 60,000 (net)

Partners decided to keep a minimum cash balance of Rs. 4,000 in the first two months and Rs. 2,000 thereafter. Show how the amounts due to partners will be settled as per Highest Relative Capitals.

10. A, B and C were in partnership sharing profits and losses in the ratio 2:1:1. They decided to dissolve the partnership on the basis of the following Balance Sheet:

Liabilities	Rs.	Rs.	Assets	Rs.
Sundry Creditors		5,000	Premises	40,000
Loan (on Mortgage of Premises)		30,000	Sundry Debtors	60,000
Partner's Loan (A)		15,000	Stock	70,000
General Reserve		10,000	Cash	3,000
Partner's Capital:				
- A	50,000			
- B	40,000			
- C	23,000	1,13,000		
		1,73,000		1,73,000

The assets were realized piecemeal as follows:

June 2003 – Rs. 5,000 received after meeting in full the mortgage loan.

July 2003 – Debtors Rs. 20,000 Stock Rs. 25,000

September 2003 – Debtors Rs. 17,000 Stock Rs. 23,000 (Final)

The remaining stock was taken over by B at an agreed value of Rs. 3,000.

The sundry Creditors were settled for Rs. 4,000.

The partners decided to distribute cash as and when realized.

You are required to show the distribution of cash, applying the highest relative capitals method.

11. A, B and C carrying business in the partnership decided to dissolve it on and from 30th September 2003. The following was their balance sheet on the date.

Balance Sheet

Liabilities	Rs.	Rs.	Assets	Rs.
Capital Accounts			Fixed Assets	80,000
- A	40,000		Current Assets	44,000
- B	10,000		Bank	26,000
- C	20,000	70,000		
General Reserve		60,000		
Creditors		20,000		
		1,50,000		1,50,000

As per the arrangement with the partners were entitled to withdraw Rs. 8,000 immediately and Rs. 18,000 after 14th November 2003. It was decided that after keeping aside an amount of Rs. 2,000 for estimated realization expenses the available funds should be distributed amongst the partners as and when realized.

Following were the realizations:

Particulars	Fixed Assets	Current Assets
31 st October 2003 (first)	20,000	10,000
15 th November 2003 (second)	52,000	24,000
30 th December 2003 (final)	20,000	24,000

Actual realization expenses amounted to Rs. 1,400. You are requested to submit a statement showing distribution of cash amongst the partners.

(1) Use surplus method.

(2) Prepare cash account showing above transactions.

(3) Prepare Realization Account and Partners Capital Accounts.

12. Given below is the Balance Sheet of A, B and C as on December 31, 2003 on which date they dissolved their partnership. They shared profits and losses in the ratio of 4:3:3. Since the realization of assets was protracted they decided to distribute amounts as and when feasible and to appoint C for this purpose, who was to get as his remuneration 1% of the value of the assets (other than cash at bank) realized and 10% of the amount distributed to the partners.

Balance Sheet of A, B, C as on December 31,2003

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Cash at Bank	275
- A	15,000	Sundry Assets	53,725
- B	7,500		
- C	15,000		
Sundry Creditors	16,500		
	54,000		54,000

Assets realized as follows:

	Rs.
First installment	16,250
Second Installment	12,750
Third Installment	10,000
Final Installment	7,500

Prepare a statement showing distribution of cash.

13. The firm of LMS was dissolved on 31-3-2004 at which date its Balance Sheet as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	2,00,000	Fixed Assets	45,00,000
Bank Loan	5,00,000	Cash and Bank	2,00,000
L's Loan	10,00,000		
Capitals:			
- L	15,00,000		
- M	10,00,000		
- S	5,00,000		
	47,00,000		47,00,000

Partners share profits equally. A firm of Chartered Accountants is retained to realize the assets and distribute the cash after discharge of liabilities. Their assets which are to include all expenses is fixed at Rs. 1,00,000. No loss is expected on realization since fixed assets include valuable land and building.

Realization are: 1st Rs. 5,00,000; 2nd Rs. 15,00,000 3rd Rs. 15,00,000; 4th Rs. 30,00,000; 5th Rs. 30,00,000. the Chartered Accountant firm decided to pay off the partners in Higher Relative Capital Method.

14. North, East and the West were in partnership till 30th June 2003 on which date the balance sheet of firm was under:

Liabilities	Rs.	Assets	Rs.
Capital Accounts		Plant and machinery	20,00,000
- North	15,40,000	Sundry Debtors	12,50,000
- West	5,00,000	Inventories	7,50,000
- East	5,00,000	Cash	50,000
General Reserve	1,50,000		
East's Loan	5,00,000		
Bank Overdraft (against pledge of stock)	7,00,000		
Sundry Creditors	1,60,000		
	40,50,000		40,50,000

Other information:-

- a. Profit sharing Ratio: North $\frac{1}{2}$, East $\frac{1}{3}$, East $\frac{1}{6}$.
 - b. Bankers could realized only Rs. 6,80,000 on sale of pledge stock.
 - c. during August 2003, Plant and machinery were disposed of at Rs. 18,00,000, expenses of sale Rs. 50,000, During September 2003, Debtors realized Rs. 7,50,000. during October 2003. Debtors realized Rs. 1,50,000. the remaining Debtors were taken over by West for Rs. 50,000.
Who contributed the said amount in cash.
 - d. An amount of Rs. 25,000 was kept reserved for meeting a contingent liability against which actual payment of Rs. 20,000 was made in full settlement on 1st September 2003.
 - e. A creditor for Rs. 80,000 to forgo Rs. 20,000 while a claim of an unrecorded creditors for Rs. 10,000 had to be admitted.
 - f. Partners decided to distribute cash as and when realized.
- Show statement of distribution of cash. Use Highest Relative Capital Method.

15. X, Y and Z were partners of Star Enterprises and they decided to dissolve the firm on 30th November 2003. the Balance Sheet as on that date was as follows:

Balance Sheet

Liabilities	Rs.	Rs.	Assets	Rs.
Capital Accounts			Cash Balances	11,000
- X	50,000		Sundry Debtors	1,10,000
- Y	70,000		Stock	39,000
- Z	10,000	1,30,000	Machinery	19,000
Sundry Creditors		79,000	Goodwill	30,000
		2,09,000		2,09,000

It was agreed that Y would take over the business paying for goodwill at book value and stock less an allowance of 10%. It was further arranged that Y was to collect the book debts and sell the machinery of behalf of the firm.

On 31st December, 2003 Y collected Rs. 24,000 out of book debts and paid cash for stock and goodwill.

On 31st January 2004, Y collected further sum of Rs. 75,000 out of the book debts.

On 31st March 2004, Y sold the machinery for Rs. 16,000 but it appeared that Rs. 10,000 worth of book debts still remained uncollected. Y agreed to take them over for Rs. 5,000 and paid cash immediately.

Show the piecemeal distribution of cash, with workings of realization on respective dates. Use Excess Capital method.