**Q1)**

A, B and C are three partners sharing profits and losses in the ratio of 3:2:1. Their capital balances are Rs. 60,000, Rs. 48,000 and Rs. 30,000 respectively. Determine excess capital.

**Q2)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Liabilities | Rs. |  | Assets | Rs. |
| Capital  P 30,000  Q 40,000  R 50,000  General Reserve  Profit &Loss A/c | 1,20,000  30,000  24,000 |  | Deterred Advertisement  Expenditure | 6,000 |

Following are some of the items of Balance Sheet of P, Q and R, whose firm was dissolved:

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Profit Sharing Ratio – P: Q: R – 5:3:2.

Prepare a Statement Showing Excess Capital.

**Q3)**

Madhav, Anup, Parag are partners sharing profit and losses in the proportion of 1/2, 1/3, and 1/6 respectively. Their partnership was dissolved on 30th June 2012, on which date their balance sheet was as under:

**Balance Sheet**

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Capitals:  Madhav 40,000  Anup 20,000  Parag 4,000  Liabilities:  Madhav 12,000  Anup 8,000  Creditors | 64,000  20,000  \_40,000  1,24,000 | Cash  Debtors  Stock | 8,000  84,000  32,000  \_\_\_\_\_\_\_\_  1,24,000 |

It was agreed that cash should be immediately utilized and their after the net realization should be distributed in their due order at the end of each month for the following Excess Capital Method:

The net realization was as under:

Rs.

15th July 2012 22,000

20th August 2012 21,000

6th September 2012 32,000

17th October 2012 21,200

30th November 2012 9,000

Prepare necessary statement of distribution. All your working should form part of your answer:

**Q4)**

Lock, Stock and Barrel were in Partnership sharing profit in the ratio 1/2, 1/4, 1/4. Their Balance Sheet as on under 31st December 2011; was has under, the date on which they decided to dissolve the firm.

**Balance Sheet**

**As on 31st December, 2011**

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Creditors  Income Tax Payable  Loan from Stock  Loan from Bank(Secured by pledged of Stock)  Capital:  Lock  Stock  Barrel | 15,000  4,000  11,000  30,000  40,000  40,000  30,000  1,70,000 | Cash  Stock  Debtors  Furniture  Motor Car | 9,000  40,000  60,000  36,000  25,000  1,70,000 |

**Explanatory Notes:**

1. Bank could realize only Rs. 25,000 on disposal of stock.
2. A sum of Rs. 3,000 was spent on furniture for getting better price.
3. Other assets were realized as follows :

In January 2012 Rs.12,000 : in February 2012 Rs.15,000 in March 2012 Rs.10,000; in April 2012 Rs. 30,000; in May 2012 Rs. 35,000.

The Partners distributed the cash as and when available. Using Highest relative capital method, show the distribution of cash.

**Q5)**

East, West and South were partners sharing profit and losses in the ratio 3:3:2 respectively. On 1st January, 2012: their firm was dissolved. Their Balance sheet as on 31st December, 2011 was as follows:

**Balance Sheet**

**As on 31st December**

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Partners’ Capital:  East 24000  West 15,000  South 9,000  Sundry Creditors  West’s Loan Account | 48,000  20,000  4,000  72,000 | Land  Building  Machinery  Stock  Debtors | 20,000  20,000  12,000  15,000  5,000  \_\_\_\_\_\_\_  72,000 |

**The assets were realized gradually as follows:**

Date Gross Amount Expenses

Rs. Rs.

15th January 2012 11,000 1000

20th January 2012 23,000 3000

25th January 2012 10,200 600

30th January 2012 13,000 1800

10th February 2012 12,000 2,000

**Prepare:**

1. Statement showing surplus capital.
2. The statement showing distribution of cash.

**Q6)**

A, B, C, were in partnership Sharing Profits and losses in the ratio of 2:1:1.They decided to dissolve the business on 31st December 2011; on which date their balance sheet was as follows:

**Balance sheet**

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Capitals  A 1,00,000  B 55,000  C 25,000  General Reserve  Income Tax  Creditors  Bills Payable | 1,80,000  20,000  5,000  1,17,000  78,000  4,05,000 | Cash  Debtors  Stock  Plant and Machinery  Land and Building | 5,000  90,000  85,000  65,000  1,55,000  \_\_\_\_\_\_\_  4,05,000 |

**The assets were realized as follows:**

Rs.

1st January 2012 15,000

31st January 2012 2,11,000

29th February 2012 82,000

31st March 2012 58,000

It was agreed that cash should be distributed as and when realized.

Dissolution expense were originally provided for at an estimated amount of Rs.5,000 .The actual expenses amounted to Rs.3,000 spent on 31st March 2012.

**Prepare:**

1. The statement showing Surplus Capital.
2. The Statement showing Distribution of Cash.

**Q7)**

A, B and C carrying on business in the partnership decided to dissolve it on and from 30th September 2011. The Following was their balance sheet on that date:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Creditors  Captial A/cs  A 40,000  B 10,000  C 20,000  General Reserve | 20,000  70,000  12,000  1,02,000 | Fixed Assets  Current Assets  Bank | 50,000  42,000  10,000  \_\_\_\_\_\_\_  1,02,000 |

As per the arrangement with bank the partners were entitled to withdraw a amount of Rs. 5,000 only at present and the balance amount of Rs. 5,000 could be withdrawn after 1st December 2011. It was actually withdrawn on 20th December, 2011.

It was decided that keeping aside an amount of Rs. 2,000 for estimated realization expenses, available cash should be distributed between the partners immediately.

**The following were the realizations:**

|  |  |  |
| --- | --- | --- |
|  | Fixed Assets  Rs. | Current Assets  Rs. |
| 31st October 2011  25th November 2011  20th December 2011(Final) | 10,000  26,000  10,000 | 19,000  20,000  9,000 |

Actual realization expenses amounted to Rs.1,550 only .

Prepare the statement showing the distribution of cash between the partners applying the “highest relative capitals” method.

**Q8)**

Partnership of U, M and K was dissolved on 31st October, 2011; on which date their Balance Sheet stood as under:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Captial A/cs:  U 2,40,000  M 2,60,000  K 1,80,000  Reserve  Creditors | 6,80,000  1,20,000  80,000  8,80,000 | Goodwill  Buildings  Furniture  Stocks  Debtors  Cash | 1,60,000  1,05,000  20,000  3,04,000  2,71,000  20,000  8,80,000 |

The partners were sharing the Profit &Losses in the ratio 3:2:1 respectively. They decided to distribute the cash as in it was received .U agreed to work as Receiver on a remuneration of Rs.10,000 and to bear all expenses of realization .When it was completed he found that he had spent Rs.2,100 towards the expenses .

**Following details of realization were available:**

Dec. 2011: Rs. 90,000. Jan. 2012: Rs. 2,42,000. Feb. 2012: Rs. 2,28,000.

There was some stock of the book value of Rs. 18,000 lying unsold and was taken over by K at an agreed value of Rs. 10,000.

You are required to prepare (using excess capital method):

1. Statement of Surplus Capital.
2. Statement showing monthly distribution of cash available.

**Q9)**

X, Y and Z were partners in a firm sharing Profit & Losses in the ratio of 2:2:1 respectively.

Their Balance Sheet as on 31st December, 2011; was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Sundry Creditors  Capital Accounts  X  Y  Z | 10,000  30,000  25,000  20,000  \_\_\_\_\_-  85,000 | Cash on Hand  Sundry Debtors  Stock-in –Trade  Furniture  Current Accounts  X  Y | 5,000  17,000  50,000  10,000  2,000  1,000  85,000 |

1. Due to differences between the partners, it was decided to wind up the firm, realize the assets and distribute the cash among the partners at the end of each month. The assets were realized as under :
2. 31st January, 2012 : Rs.7,000 from Debtors and Rs. 10,700 for Stock . Expenses of realisation Rs 700.
3. 28th February, 2012 : Rs.5,500 from Debtors and Rs. 8.000 from stock .Expenses for realisation Rs 500.
4. 31st March, 2012 : Rs 2,000 from Debtors and Rs 37,800 from stock . Expenses of realization Rs800.
5. 30th April, 2012 : Furniture of book value of Rs 2000 was taken over by X in part discharge at an agreed value of Rs 3,000. Balance of furniture was sold For Rs. 10,000.
6. Partners decide to keep a minimum cash balance of Rs 3,000 in the first two months and Rs. 2,000 thereafter.

Show the distribution of each installment by surplus capital method.