

22.7.20

Financial Accounts
B. Com Part I

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Question:

doctors, engineers and farmer sharing profit in the proportion of 3:2:1 agree upon dissolution of the firm. Doctor was appointed to realise the assets and pay off liabilities for which he was entitled to get an amount of Rs 1000.
Balance sheet of the firm of 31 Dec 2019 was as follows.

Balance sheet

| Liabilities | Amount | Assets | Amount |
|-----------------------------|--------------|------------------|--------------|
| Capitals | | Machinery | 4050 |
| Doctor | 50000 | Stock | 7500 |
| Engineers | 20000 | Investment | 20000 |
| Creditors | 18500 | Debtors | 9300 |
| Investment fluctuation fund | 6000 | (-) Provision | 600 |
| | | Farmer's account | 11500 |
| | | Cash | 6300 |
| | | | <u>94500</u> |
| | <u>94500</u> | | |

The investment was taken by doctor for Rs 18000, engineers takes over all stock at 7000 and debtors amounting 5000

4500. Machinery is sold for Rs 5500.
 Remaining debts realised 50% of Book value.
 The Actual expenses of realisation was 600.
 Prepare necessary Ledger Accounts.

Ans.

Realisation a/c

| Particulars | Amount | Particulars | Amount |
|---------------------|--------|-------------------------------|--------|
| To Machinery | 40500 | By Creditors | 18500 |
| To Stock | 7500 | " Provision on Debt | 600 |
| To Investment | 20000 | " Investment fluctuation fund | 6000 |
| To Debtors | 9300 | " Doctors Capital | 18000 |
| To Doctors Capital | 1000 | " Engineer Capital | 11500 |
| To Bank (Creditors) | 18500 | " Bank | 55000 |
| To Capitals | | " Cash (Debtors) | 2150 |
| Doctors | 7475 | | |
| Engineers | 4983 | | |
| Farmers | 2492 | | |
| | 111750 | | 111750 |

| Particulars | Doctors | Engineers | Farmers | Particulars | Doctors | Engineers | Farmers |
|-------------------|---------|-----------|---------|---------------|---------|-----------|---------|
| To Realisation | 18000 | 11500 | 11500 | By Balance | 5000 | 20000 | |
| To Farmer Capital | | | | " Realisation | 7475 | 4983 | 2492 |
| To Cash | 40475 | 13483 | | " Realisation | 1000 | | 9008 |
| | 58475 | 24983 | 11500 | By Balance | | | 11500 |
| | 58475 | 24983 | 11500 | | 58475 | 24983 | 11500 |

Bank B.

| Particulars | Amount | Particulars | Amount |
|---------------------------------|--------|------------------------|--------|
| to Bal B/d. | 6300 | By Realisator | 18500 |
| " Realisator's 55000 2150 | 57150 | " Doctors Capital | 40475 |
| " Farmer Capital | 9008 | " Engineers Capital | 13483 |
| | 72458 | | 72458 |