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Financial Accounts.
B.COM Part I

By
Dr. S.N. Pathak, Dept of Commerce.
R.N.C. Haripur

Question.

J, S. and R were in partnership sharing Profit and losses in the ratio of 3:2:1. Their Balance Sheet as on 31. Dec 2014 was as follows.

Liabilities	Amount	Assets	Amount
Capitals	24000	Building	20000
J	17200	Plant	44000
S	20800	Stock	12000
R	6000	Joint life policy	12400
Reserve fund.	6000	Debtors -	10000
Employees Provident fund.	6000	Accrued interest	2000
Depreciation Reserve	10000	Cash.	5000
creditors -	22000		
	106000		106000

It was agreed to dissolve the firm and the terms were as follows.

- (i) J took over Building at book value and agreed to pay creditors.
- (ii) Accrued interest were not collected whereas liability of Rs 1200.
- (iii) There was a contingent liability of Rs 10,000. Assets realised Plant 50000, Stock 12000. Debtors - 9000.
- (iv) Realisation expenses. 1200. Prepare Realisation Account, Capital Account and Cash A/c.

ANS.

Realisation Account

Particulars		Amount	Particulars		Amount
To Buildings		20000	By employee P.F.		6000
" Plant		44000	" Depreciated Reson		10000
" Stock		12000	" Creditors		22000
" Joint life policy		12400	" J. Capital use		2000
" Debtors		10000	Cash Assets sold		69200
" Accrued Interest		2000	By Loss transferred to		
" J Capital ac - (cr)		22000	J		1800
" Cash ac:			S		1200
employee P.F.		6000	R		600
Contingent Liab		1200			
Realisation exp		1200			
		8400			
		<u>130800</u>			<u>130800</u>

Partners Capital A/c

Particulars	J			S			R			
	1	S	R	1	S	R	1	S	R	
To Realisation	20000						By Balance b/d	24000	17200	20800
" Realisation loss	1800	1200	600				" Reserve fund	3000	2000	1000
" Cash	27200	18000	21200				" Realisation P.	22000		
	<u>49000</u>	<u>19200</u>	<u>21800</u>					<u>49000</u>	<u>19200</u>	<u>21800</u>

Cash ac

Particulars		Amount	Particulars		Amount
To Bal b/d		5600	By Realisation exp		1200
" Realisation ac		69200	By Realisation		7200
		<u>74800</u>	" CR		27200
			J		18000
			S		1200
			R		21200
					<u>74800</u>