BHARATIYA VIDYA BHAVAN'S V M PUBLIC SCHOOL, VADODARA
QUESTION BANK

Numerical Questions

1. Journalise the following transactions regarding realisation expenses :

[a] Realisation expenses amounted to Rs.2,500.

[b] Realisation expenses amounting to Rs.3,000 were paid by Ashok, one of the partners.

[c] Realisation expenses Rs.2,300 borne by Tarun, personally.

[d] Amit, a partner was appointed to realise the assets, at a cost of Rs.4,000. The actual amount of realisation amounted to Rs.3,000.

2. Record necessary journal entries in the following cases:

[a] Creditors worth Rs.85,000 accepted Rs.40,000 as cash and Investment worth Rs.43,000, in full settlement of their claim.

[b] Creditors were Rs.16,000. They accepted Machinery valued at Rs.18,000 in settlement of their claim.

[c] Creditors were Rs.90,000. They accepted Buildings valued Rs.1,20,000 and paid cash to the firm Rs.30,000.

3. There was an old computer which was written-off in the books of accounts in the pervious year. The same has been taken over by a partner Nitin for Rs.3,000.Journalise the transaction, supposing. That the firm has been dissolved.

4. What journal entries will be recorded for the following transactions on the dissolution of a firm:

[a] Payment of unrecorded liabilities of Rs.3,200.

[b] Stock worth Rs.7,500 is taken by a partner Rohit.

[c] Profit on Realisation amounting to Rs.18,000 is to be distributed between the partners Ashish and Tarun in the ratio of 5:7.

[d] An unrecorded asset realised Rs.5,500.

5. Give journal entries for the following transactions :

1. To record the realisation of various assets and liabilities,
2. A Firm has a Stock of Rs. 1,60,000. Aziz, a partner took over 50% of the Stock at a discount of 20%,
3. Remaining Stock was sold at a profit of 30% on cost,
4. Land and Buildging (book value Rs. 1,60,000) sold for Rs. 3,00,000 througha broker who charged 2%, commission on the deal,
5. Plant and Machinery (book value Rs. 60,000) was handed over to a Creditor at an agreed valuation of 10% less than the book value,
6. Investment whose face value was Rs. 4,000 was realised at 50%.

6. How will you deal with the realisation expenses of the firm of Rashim and Bindiya in the following cases:

1. Realisation expenses amounts to Rs. 1,00,000,
2. Realisation expenses amounting to Rs. 30,000 are paid by Rashim, a partner.
3. Realisation expenses are to be borne by Rashim for which he will be paid Rs. 70,000 as remuneration for completing the dissolution process. The actual expenses incurred by Rashim were Rs. 1,20,000.

7. The book value of assets (other than cash and bank) transferred to Realisation Account is Rs. 1,00,000. 50% of the assets are taken over by a partner Atul, at a discount of 20%; 40% of the remaining assets are sold at a profit of 30% on cost; 5% of the balance being obsolete, realised nothing and remaining assets are handed over to a Creditor, in full settlement of his claim.

You are required to record the journal entries for realisation of assets.

8. Rose and Lily shared profits in the ratio of 2:3. Their Balance Sheet on March 31, 2006 was as follows:

Balance Sheet of Rose and Lily as on March 31, 2006

Liabilities	₹	Assets	₹
Creditors	40000	Cash at Bank	16000
Lily's loan	32000	Debtors 80000	
Profit and loss	50000	less Provision For DD 3600	76400
Capitals		Inventory	109600
Lily *160000*	400000	Bills Receivable	40000
Rose *240000*		Building	280000
	522000		522000

Rose and Lily decided to dissolve the firm on the above date. Assets (except bills receivables) realised Rs. 4,84,000. Bills Receivable were taken over by Rose at Rs. 30,000. Creditors agreed to take Rs. 38,000. Cost of realisation was Rs. 2,400. There was a Motor Cycle in the firm which was bought out of the firm's money, was not shown in the books of the firm. It was now sold for Rs. 10,000. There was a contingent liability in respect of outstanding electric bill of Rs. 5,000 Bill Receivable taken over by Rose at Rs. 33,000.

Show Realisation Account, Partners Capital Acount, Loan Account and Cash Account.

9. Shilpa, Meena and Nanda decided to dissolve their partnership on March 31,2006. Their profit sharing ratio was 3:2:1 and their Balance Sheet was as under:

Balance Sheet of Shilpa, Meena and Nanda as on March 31, 2006

Liabilities	₹	Assets	₹
Capitals		Land	81000
Shilpa 80000		Stock	56760
Meena 40000	120000	Sundry Debtors	18600
Bank loan	60000	Nanda's Capital	23000
Sundry Creditors	37000	Cash at Bank	10840
Provision for Doubtful debt	1200		
General Reserve	12000		
	190200		190200

The stock of value of Rs. 41,660 are taken over by Shilpa for Rs. 35,000 and she agreed to discharge bank loan. The remaining stock was sold at Rs. 14,000 and debtors amounting to Rs. 10,000 realised Rs. 8,000. land is sold for Rs. 1,10,000. The remaining debtors realised 50% at their book value. Cost of realisation amounted to Rs. 1,200. There was a typewriter not recorded in the books worth Rs. 6,000 which were taken over by one of the Creditors at this value. Prepare Realisation Account.

10. Surjit and Rahi were sharing profits (losses) in the ratio of 3:2, their BalanceSheet as on March 31, 2004 is as follows:

Balance Sheet of Surjit and Rahi as on March 31, 2004

Liabilities	₹	Assets	₹

Creditors Mrs Surjit's loan Reserves Rahi's loan Capitals *Surjit* *10000* *Rahi* *8000*	38000 10000 15000 5000 18000	Cash at Bank Debtors Stock Furniture Plant Investment Profit and loss	11500 19000 6000 4000 28000 10000 7500
	86000		522000

The firm was dissolved on March 31, 2006 on the following terms:

1. Surjit agreed to take the investments at Rs. 8,000 and to pay Mrs. Surojit's loan.
2. Other assets were realised as follows:

Stock Rs. 5,000 Debtors Rs. 18,500 Furniture Rs. 4,500 Plant Rs. 25,000

3. Expenses on realisation amounted to Rs. 1,600.
4. Creditors agreed to accept Rs. 37,000 as a final settlement.

You are required to prepare Realisation account, Partner's Capital account and Bank account.

11. Rita, Geeta and Ashish were partners in a firm sharing profits/losses in theratio of 3:2:1. On March 31, 2006 their balance sheet was as follows:

Liabilities		Assets	
Capitals Rita 80000 Geeta 50000 Ashish 30000 Sundry Creditors Bills payable General Reserve	 120000 60000 65000 26000 20000	cash Debtors Stock investment Plant	22500 52300 36000 69000 91200
	271000		271000

On the date of above mentioned date the firm was dissolved:

1. Rita was appointed to realise the assets. Rita was to receive 5% commission on the rate of assets (except cash) and was to bear all expenses of realisation,
2. Assets were realised as follows:

Rs.

Debtors 30,000 Stock 26,000

Plant 42,750

3. Investments were realised at 85% of the book value,
4. Expenses of realisation amounted to Rs. 4,100,
5. Firm had to pay Rs. 7,200 for outstanding salary not provided for earlier,
6. Contingent liability in respect of bills discounted with the bank was alsomaterialised and paid off Rs. 9,800, Prepare Realisation account, Capital Accounts of Partner's and Cash Account.

12. Anup and Sumit are equal partners in a firm. They decided to dissolve the parntership on December 31, 2006. When the balance sheet is as under :

Balance Sheet of Anup and Sumit as on December 31, 2006

Liabilities		₹	Assets	₹
Sundry Creditors		27000	Cash at Bank	11000
Reserve Fund		10000	Sundry Debtors	12000
Loan		40000	Stock	42000
Capitals			Furniture	25000
Anup	*60000*		Plant	47000
Summit	*60000*	120000	Leasehold land	60000
		197000		197000

The Assets were realised as follows :

Lease hold land Rs 72,000 ,Furniture Rs 22,500 Stock Rs 40,500 Plant Rs 48,000 Sundry Debtors Rs 10,5000 The Creditors were paid Rs. 25,500 in full settlement. Expenses of realization amount to Rs. 2,500.

Prepare Realisation Account, Bank Account, Partners Capital Accounts to close the books of the firm.

13. Sanjay, Tarun and Vineet shared profit in the ratio of 3:2:1.On December 31,2006 their balance sheet was as follows:

Balance Sheet of Sanjay, Tarun and Vineet as on December 31, 2006

Liabilities			Assets	
Capitals			Plant	90000
Sanjay	*100000*		Debtors	60000
Tarun	*100000*		Furniture	32000
Vineet	*70000*	270000	Stock	60000
Sundry Creditors		80000	Investment	70000
Bills Payable		30000	Bills Receivable	36000
			Cash in Hand	32000
		380000		380000

On this date the firm was dissolved. Sanjay was appointed to realise the assets. Sanjay was to receive 6% commission on the sale of assets (except cash) and was to bear all expenses of realisation. Sanjay realised the assets as follows : Plant Rs. 72,000, Debtors Rs. 54,000, Furniture Rs. 18,000, Stock 90% of the book value, Investments Rs. 76,000 and Bills receivable Rs.31,000. Expenses of realisation amounted to Rs.4,500.Prepare Realisation Account, Capital Accounts and Cash Account

14. Ashok, Babu and Chetan are in partnership sharing profit in the proportion of 1/2, 1/3, 1/6 respectively. They dissolve the partnership of the December 31, 2006, when the balance sheet of the firm as under:

Balance Sheet of Ashok, Babu and Chetan as on December 31, 2006

Liabilities	₹	Assets	₹

Sundry Creditors	20000	Bank	7500
Bills Payable	25500	Sundry Debtors	58000
Babu's Loan	30000	Stock	39500
Capitals		Machinery	48000
Ashok *70000*		Investment	42000
Babu *55000*	152000	Free hold Property	50500
Chintan *27000*			
Current Accounts:			
Ashok *10000*			
Babu *5000*			
Chintan *3000*	18000		
	245500		245500

The Machinery was taken over by Babu for Rs.45,000, Ashok took over the Investment for Rs.40,000 and Freehold property took over by Chetan atRs.55,000. The remaining Assets realised as follows: Sundry Debtors Rs.56,500and Stock Rs.36,500. Sundry Creditors were settled at discount of 7%. A Office computer, not shown in the books of accounts realised Rs.9,000. Realisation expenses amounted to Rs.3,000.

Prepare Realisation Account, Partners Capital Account, Bank Account

15. The following is the Balance sheet of Tanu and Manu, who shares profit and losses in the ratio of 5:3, On December 31,2006:

Balance Sheet of Tanu and Manu as on December 31, 2006

Liabilities	₹	Assets	₹
Sundry Creditors	62000	Cash at Bank	16000
Bills Payable	32000	Sundry Debtors	55000
Bank Loan	50000	Stock	75000
Reserve Fund	16000	Motorcar	90000
Capitals		Machinery	45000
Tanu *110000*		Investment	70000
Manu *90000*	200000	Fixtures	9000
	360000		360000

On the above date the firm is dissolved and the following agreement was made:

Tanu agree to pay the bank loan and took away the sundry debtors. Sundry creditors accepts stock and paid Rs.10,000 to the firm. Machinery is taken over by Manu for Rs.40,000 and agreed to pay of bills payable at a discount of 5%.. Motor car was taken over by Tanu for Rs.60,000. Investment realized Rs.76,000 and fixtures Rs.4,000. The expenses of dissolution amounted to Rs.2,200.

Prepare Realisation Account, Bank Account and Partners Capital Accounts.