

COMMERCE-FOR CLASS WORK

PIECEMEAL DISTRIBUTION

1) The balance sheet of **Mr. A and B** as on 31st December 2017 was as follows:

Liabilities	₹	Assets	₹
Creditors	30,000	Car	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 January 2018 provide for expenses ₹ 4,000/- and the proceeds was distributed by excess capital method. The assets realized as under:

January, 1st Instalment ₹ 29,000

February, 2nd Instalment ₹ 40,000

March, 3rd Instalment ₹ 60,000 Prepare a statement showing distribution of cash.

2) **D, E, & F** were in partnership sharing in the ratio $\frac{1}{2}$. $\frac{1}{4}$. $\frac{1}{4}$. their Balance Sheet on 31st December 2017 was as under the date on which they decided to dissolve the firm.

Liabilities	₹	Assets	₹
Creditors	15,000	Cash	9,000
Income tax payable	4,000	Stock (Goods)	40,000
Loan from bank (Secured By pledge of stock)	30,000	Debtors	60,000
Loan from Partner	11,000	Furniture	36,000
Capital		Motor car	25,000
D	40,000		
E	40,000		
F	30,000		
	1,70,000		1,70,000

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

2018	₹
In January –1 ST INSTALMENT	12,000
In February—2 ND INSTALMENT	15,000
In March---3 RD INSTALMENT	10,000
In April ---4 TH INSTALMENT	65,000

The partners distributed the cash as and when available Using EXCESS capital method Prepare Statement of Excess Capital & Show the distribution of cash.

Q.3. G,H, and I are partners, decided to dissolve firm as on 30th June, 2018. Balance sheet is given below:

Liabilities		₹	Assets		₹
Capital:			Cash at Bank		26,700
G	50,000		Land and Building		1,80,000
H	40,000		Furniture		75,000
I	<u>20,000</u>	1,10,000	Motor Car		50,000
Reserve Fund		30,000	Plant and Machinery		75,000
Bank Loan (against Building)		1,00,000	Stock		80,000
Bank Overdraft (against Stock)		1,50,000	Debtors		5,000
Sundry Creditors		50,000	Bills Receivable		8,300
Bills Payable		25,000			
Vivek' Loan		10,000			
O/s Income Tax		25,000			
		<u>5,00,000</u>			<u>5,00,000</u>

Additional details:

Assets Realised:

- 1) Building ₹ 1,92,000 & Stock ₹ 82,000;
- 2) 1ST Instalment Plant & Machinery ₹ 38,000;
- 3) 2nd Instalment Debtors ₹ 25,000; Motor Car ₹ 40,000; 4) Finally Furniture taken by Mr. I at Rs 9,800.

Q.4. J, K and L were in partnership sharing profit and losses in the proportion of 1/2 1/3 and 1/6 respectively. The partnership was dissolved on March 31, the Balance Sheet on which date was as follows:

Liabilities	Amt.(Rs)	Assets	Amt.(Rs)
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Capitals:	J	20,000	Cash	4,000
	K	10,000	Debtors	42,000
	L	2,000	Stock	16,000
Loans:	J	6,000		
	K	4,000		
Creditors		<u>20,000</u>		
		<u>62,000</u>		<u>62,000</u>

It was agreed that the net realisation should be distributed in their due order at the end of each calendar month. The realisations and expenses were:

Date	Debtors ₹	Stock ₹	Expenses ₹
April	8,000	4,000	1,000
May	10,000	1,000	500
June	9,000	8,000	1,000
July	12,000	4,000	900

The stock having been completely disposed off, it was agreed that L should take over the remaining debts at ₹ 600. Show the cash was distributed on the basis of Excess Capital Method.

Q.5. M, N and O carrying on business in partnership decided to dissolve it from 30th September. The following was their Balance Sheet as on the date:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Fixed Assets	40,000
M	20,000		Current Assets	22,000
N	5,000		Bank	13,000
O	<u>10,000</u>	35,000		
General Reserve		30,000		
Creditors		10,000		
		<u>75,000</u>		<u>75,000</u>

As per the arrangements with the bank, the partners were entitled to withdraw ₹ 4,000 immediately and ₹ 9,000 after 1st December. It was decided that after keeping aside an amount of ₹ 1,000 for estimated realisation expenses, the available funds should be distributed amongst the partners as and when realised. **The following were the realisations:**

Date	Fixed Assets ₹	Current Assets ₹
31 st October- (First Instalment)	10,000	5,000
15 th November- (Second Instalment)	26,000	12,000
30 th December-(Final Instalment)	10,000	12,000

Actual realisation expenses amounted to Rs 700.

You are requested to submit a statement showing distribution of cash amongst the partners by Proportionate Capital Method.

Q.6. P, Q and R were in partnership sharing in the ration $\frac{1}{2}$, $\frac{1}{4}$, $\frac{1}{4}$. Their Balance Sheet on 31st December, was as under, the date on which they decided to dissolve the firm.

Liabilities	₹	Assets	₹
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Creditors	15,000	Cash	9,000
Income Tax Payable	4,000	Stock	40,000
Loan from Bank (Secured by pledge of Stock) Loan from Q	30,000	Debtors	60,000
	11,000	Furniture	36,000
Capitals:		Motor car	25,000
P	40,000		
Q	40,000		
R	<u>30,000</u>		
	<u>1,70,000</u>		<u>1,70,000</u>

(1) Bank Realised ₹ 35,000 on disposal of Stock.

(2) A sum of Rs 3,000 was spent on Furniture for getting better price.

(3) **Other assets were realised as follows:**

In January ₹ 42,000, in February- ₹ 15,000, in March- ₹ 10,000, in April- ₹ 35,000.

The partners distributed the cash as and when available. Using Excess Capital Method, show the Distribution of cash.

Q.7. S,T,U are partners sharing profit and losses in the ratio of 4:2:1. They decided to dissolve the partnership as on 31st March, when their Balance Sheet was as follows:

Balance Sheet

Liabilities Amt. (Rs)	₹	Assets	₹
Creditors	11,600	Cash in Hand	340
General Reserve	18,900	Investment	30,000
Bank Overdraft	32,500	Stock	1,28,000
Capital:		Debtors	45,400
S	80,000	Machinery	32,600
T	1,60,000	Furniture	4,900
U	<u>1,30,000</u>	Building	<u>1,91,460</u>
	<u>4,33,000</u>		<u>4,33,000</u>

All creditors have to be paid off . ₹ 2,400 have to be provide for realization expenses thereafter all cash received should be distributed among the partners.

The amounts were received as follows:---1st Instalment : ₹ 30,000 2nd Instalment : ₹ 36,000 3rd Instalment : ₹ 2,10,000 4th Instalment : ₹ 92,000 ...The actual realization expenses were ₹ 1,200

Prepare a statement showing distribution of cash as per Excess Capital Method.

Q.8. W,X & Y share profits & losses in the proportion of 3:2:1. Their Balance Sheet as on 31st March, 2008 was as follows:

Liabilities	₹	Assets	₹
Capitals:		Fixed Assets	1,00,000
W 60,000		Current Assets	42,000
X 42,000		Cash in Hand	20,000
Y <u>25,000</u>	1,27,000		
General Reserve	8,000		
Creditors	20,000		
Mr. Y' s loan	7,000		
	<u>1,62,000</u>		<u>1,62,000</u>

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On the above date firm is dissolved.

Mr Y is appointed as collector of assets. For that purpose, he shall be paid a remuneration of 2% on the amount available to partners other than his loan. He shall set a part ₹ 5,000 towards expenses.

On the date of dissolution there was a contingent liability of ₹ 800 against the firm which was settled at ₹ 500 at the time of second realisation. The firm was to pay ₹ 1,000 out of 3rd realisation for which no provision was made.

1 ST Realisation	₹ 10,800
2 ND Realisation	₹ 20,000
3 RD Realisation	₹ 42,000

Debtors ₹ 5,000 was uncollected, Mr Y decided to take at agreed ₹ 4,000 and same was paid to the firm. Actual realisation expenses came to ₹ 4,500.

Prepare a statement showing distribution of cash as per Excess Capital Method.

Q.9. X,Y and Z were partners sharing profits and losses in the ration 3:2:1.

Due to some conflict amongst them the firm was dissolved on 30th June. They decided to set aside ₹22,000 to meet realisation expenses and to distribute the proceeds by sale of assets by safety as possible.

Balance Sheet as on 30th June

Liabilities	₹	Assets	₹
Capital A/cs:		Cash on Hand	28,000
X	1,60,000	Debtors	2,80,000
Y	80,000	Bills Receivable	14,000
Z	16,000	Stock	1,12,000
Contingency Reserve	4,000	Building	36,000
Creditor	84,000		
Income Tax Payable	12,000		
Bank Overdraft	1,07,000		
Outstanding Wages	3,500		
Bills Payable	3,500		
	4,70,000		4,70,000

Bank overdraft was secured by hypothecation of stock. However the Bank could realise only ₹ 1,00,000 on disposal of stock.

On the above date there was a contingent liability of ₹ 1,000 against the firm which was settled at ₹ 700, at the time of second realisation. Actual realisation expenses were ₹14,000.

The assets realised as under:

Date	Debtor ₹	Bills Receivable ₹	Building ₹
01-07	20,000	-	-
31-08	85,000	7,500	25,000
30-09	95,000	5,500	-
31-10	45,000	-	15,000

Prepare a statement showing distribution of cash under Excess Capital Method.

Q.10. Aai, Bro and Tai were in partnership sharing profit and losses in the ratio of 5:3:2. 31st March, they decided to dissolve the firm when the Balance Sheet was as follows:

Liabilities	₹	Assets	₹
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Capitals:		Cash in Hand	15,000
Aai	70,000	Stock in Trade	90,000
Bro	57,000	Land and Building	2,20,000
Tai	13,000	Profit and loss A/c	5,000
Reserve Fund	15,000		
Bank Loan (secured)	5,000		
Creditors	72,000		
Bills Payable	48,000		
Bapa Loan	35,000		
Aai Loan	15,000		
	3,30,000		3,30,000

The realisation expenses were ₹ 2,000 The assets were realised as follows:

Realisation	Amount ₹
1 st Instalment	62,000
2 nd Instalment	51,000
3 rd Instalment	1,81,000
4 th Instalment	36,000

Show the distribution of cash as per Excess Capital Method.