

COMMERCE-FOR CLASS WORK

PARTNERSHIP FINAL ACCOUNT

1) A and B were in partnership sharing profit in the ration 3: 2. From 1st January, 2018 they admitted C into partnership giving him 1/6th share in Profit. He brought Rs 10,000 cash, of which Rs 3,000 was considered as being payment for his share of goodwill and the balance as his capital. You are given-

Trial Balance as on 31st MARCH, 2018

Particulars	Amt. ₹	Particulars	Amt. ₹
Drawings:		Rent Payable	928
A	4,000	Outstanding Wages	2,719
B	3,500	Sales	2,63,150
C	2,500	Returns Outward	3,120
Purchases	1,66,405	Reserve for Doubtful Debts	1,200
Returns Inward	4,250	Creditors	30,106
Debtors	40,200	Bills Payable	8950
Opening Stock	27,225	Dividend	825
Wages	20,137	Capital	
Salaries	8,753	A	14,500
Building	6,750	B	8,300
Addition to Building (1 st July, 2014)	500	C (on 1-1-2014)	10,000
Patents	7,300		
Postage / Telegram	3,226		
Power / Fuel	1,850		
General Expenses	3,314		
Rent, Rates, Taxes,	3,517		
Bad Debts	525		
Loan to 'P' at 6% p.a. (given on 1-9-2014)	5,000		
Investments	11,500		
Prepaid Insurance	524		
Cash/ Bank	5,752		
Bill Receivable	17,070		
	3,43,798		3,43,798

Adjustment:

- (I) Closing Stock was valued at ₹15,760.
- (II) Goods costing ₹ 1,000 have been stolen but not entered in the books.
- (III) Write off 1/5th of Patents.
- (IV) Bills Receivable includes dishonored bill of ₹ 1,050.
- (V) Maintain reserve for doubtful debts @ 5%.
- (VI) Depreciate Building @ 10% p.a.
- (VII) Necessary adjustment in connection with admission is to be made through current accounts of the partners.
- (VIII) Goodwill should not appear in the books.

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2) D and E are partners sharing profit and losses in the ratio of 3: 2. With effect from 1-10-2017, F joins as a third partner. The new profit sharing ratio was 2:2:1.

The following is their trial balance as on 31-3-2018.

Heading of Account	Debit ₹	Credit ₹
D's Drawing and Capital	15,000	3,00,000
E's Drawing and Capital	10,000	2,00,000
F's Drawing and Capital	5,000	1,50,000
Opening Stock (1-4-2017)	30,000	-
Purchases and Sales	9,00,000	14,00,000
Wages	1,40,000	-
Furniture	2,00,000	-
General Expenses	60,000	-
Selling Expenses	14,000	-
Debtors and Creditors	6,26,000	2,50,000
Cash and Bank Balance	3,50,000	-
Amount brought (for his share of goodwill)	-	50,000
	23,50,000	23,50,000

Other Information:

- Stock on 31-3-2018 was ₹ 1,80,000
 - Purchases from 1-4-2017 to 30-9-2017 was ₹ 4,00,000
 - Sales from 1-4-2017 to 30-9-2017 was ₹ 6,00,000
 - Wages from 1-4-2017 to 30-9-2017 was ₹ 60,000
 - Stock on 30-9-2017 was ₹ 80,000
 - Furniture worth ₹ 1,00,000 was purchased on 1-1-2018. Write off depreciation on furniture at 20% p.a.
 - Interest on partners' capital is to be provided at 12% p.a.
 - No interest is to be charged on partner's drawings.
- You are required to prepare:
- Trading A/c & Profit and loss account in the columnar forms.
 - Balance Sheet as on 31-3-2018

3) Mr. G & H are Partners, sharing profit and losses in the ratio of 5: 3. Decided to admit Mr. I into partnership firm for 1/5th share in the future profit on 1st October, 2017. Mr. I is allowed a salary of ₹ 10,000 p.a. interest on capital @ 5% p.a. and on Drawings 10% p.a. It was agreed that Mr. I's total share of Profit including salary and interest on capital & drawings should be guaranteed by old partners at a minimum rate of ₹. 24,000 p.a.

Trial Balance as on 31st December, 2017.

Particulars	Debit (Rs)	Credit (Rs)
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Capital: G	–	50,000
H	–	30,000
Cash from Mr. I (including goodwill Rs 10,000)	–	40,000
Net Profit	–	80,000
Drawings: G	10,000	–
H	10,000	–
I	5,000	–

Prepare Profit & Loss Appropriation A/c and capital A/c New Profit sharing Ratio 5: 3: 2.

4) J and K were partners sharing profit & losses 3: 2. On 1st July, 2017 L (Manager) joins for 1/4th share. L Was getting a salary of Rs 500 p.m. After his admission his salary is borne by K personally. L share is guaranteed at Rs 9,000 p.m. by K. L paid ₹ 2,000 as goodwill and ₹ 5,000 as his share of capital and the entire amount was credited to his Suspense A/c. Following is the Trial Balance as on 31- December, 2017

Particulars	Debit ₹	Credit ₹
J's Drawing and capital	6,000	31,000
K's Drawing and capital	5,000	21,000
L's Suspense A/c	–	7,000
Closing Stock	15,000	–
Furniture	2,000	–
Machinery (Opening Balance)	20,000	–
Machinery (acquired on 30 th September, 2017)	4,000	–
Salaries (including L' s Salary)	13,000	–
Rent, Rates and Taxes	3,000	–
Postage and Telegram	1,000	–
Printing and Stationery	2,000	–
Travelling and Conveyance	3,000	–
Debtors and Conveyance	40,000	13,000
Cash and Bank Balance	8,000	–
Gross Profit	–	50,000
	1,22,000	1,22,000

Provide depreciation at 10% p.a., on Furniure and Machinery.

Prepare Profit and Loss A/c, Partners Capital A/cs and Balance Sheet for the year ended 31st Dec 2017.

5) M and N were partners in a retail business sharing profit and losses A-2/3 and B- 1/3. Interest on fixed capital was credited at the rate of 5% p.a. No interest was charged on drawings. Accounts were made upto 31st March every year. On 1st January, 2018 O was admitted as Partner and from that date all profits and losses were to be shared A- 6/10, B- 3/10 C- 1/10. Before ascertaining the partner's share of Profit or Losses, O was to be credited with a salary at the rate of ₹ 6,000 per annum. Provisions regarding interest on capita and drawings remained unaltered. It was agreed that O' s total share of Profit including his salary and interest on capital should be guaranteed M & N at a minimum rate

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of Rs 15,000 per annum. Any apportionment of profit for a particular period should be made as to Gross Profit on the basis of sales and as to expenses with the exception of general expenses on the basis of time.

The trial balance extracted from the books on 31st March, 2018 was as follows:

Particulars	Debit ₹	Credit ₹
Capital Accounts:		
M	–	1,48,000
N	–	24,000
O (cash paid on 1 st January, 2018) Drawings	–	8,000
Account:		
M	30,000	–
N	15,000	–
O	3,000	–
Delivery van at cost	10,000	–
Provision for depreciation thereon upto 31 st March, 2017	–	4,000
Furniture and Fittings at cost	24,000	–
Provision for depreciation thereon upto 31 st March 2017	–	3,000
Sales (for 9 months upto 31/12/17 were ₹ 2,40,000)	–	3,36,000
Purchases	2,22,000	–
Stock on 31 st March 2017	48,000	–
General Expenses (Nine months upto 31/12/2017 –₹ 4,550)	10,400	–
Salaries	24,000	–
Heating and Lighting	2,200	–
Rent, Rates and Taxes	9,600	–
Creditors	–	1,00,000
Debtors	1,20,000	–
Balance at Bank	1,04,800	–
	6,23,000	6,23,000

On 31st March, 2018, the stock was valued at ₹ 47,000 Rates and Taxes paid in advance amounted to ₹ 600. ₹ 800 to be provided for electricity charges payable.

Included in the sales was an amount of ₹ 6,000 for goods invoiced on sale or return on 1st February, 2018 which were still unsold on 31st March, 2018. The cost of these goods which were not included in the stock was ₹ 3,000.

Depreciation is to be provided at the rate of 20% p.a. on the cost the delivery van and at 15% p.a. on the cost of furniture and fittings.

You are required to prepare:

- Trading and Profit and Loss Account for the year ended 31st March,2018.
- Balance- sheet as at the date.

6) Following is the Trial Balance of a partnership firm of P, Q & R on 31st December, 2018.

Particulars	Debit ₹	Credit ₹
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Gross Profit		5,00,000
Salaries	36,000	–
Rent	12,000	–
Printing and Stationery	9,000	–
Bad Debts	18,000	–
Discount	–	24,000
Sales Commission	30,000	–
Sundry Debtors	2,50,000	–
Sundry Creditors	–	20,000
Bills Receivable and Bill Payable	1,40,000	25,000
Land and Building	2,00,000	–
Plant and Machinery	2,00,000	–
P's Capital	–	1,00,000
Q's Capital	–	1,50,000
R's Capital	–	2,00,000
Advertisement	24,000	–
Bank Fixed Deposits	1,00,000	–
	10,19,000	10,19,000

Adjustments:

- (I) P and Q sharing in the ratio of 2: 1 admitted C on 1st July, 2018 and agreed to share in the ratio 2: 1: 2.
- (II) As per partnership deed (Old and New) partners were entitled to interest on capital @ 6% p.a. P's remuneration Rs 12,000 p.a. and R' Rs 20,000 p.a. w. e. f., 1st July 2018.
- (III) Depreciate Land and Building by 5% Plant and Machinery 20% p.a.
- (IV) Plant includes, plant worth ₹ 50,000 purchased on 1st July, 2018.
- (V) Fixed Deposits carrying interest at 10% p.a. from 1st Oct., 2018.
- (VI) Sales up to 30th June, 2018 amounted to ₹ 2,00,000 out of total sales for the year ₹ 5,00,000.
- (VII) Discount earned is allocated on sales Ratio.

You are required to prepare Profit and Loss A/c; Profit and Loss Appropriation account for the year ended 31st December, 2018 and Balance Sheet as on 31st December, 2018.

7) Dr. S and Dr. T were partners (sharing Profit and Losses in 3: 2 ratio). On 1-10-2018 they admitted Dr. U as a partner. Dr. U brings ₹ 40,000 as goodwill for his 1/5th share.

The Trial Balance on 31-12-2018 was as follows:

Particulars	Debit ₹	Credit ₹
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Drawings and Capital:		
Dr. S	5,000	50,000
Dr. T	5,000	35,000
Dr. U (Goodwill brought on 1-10-2018)		40,000
Client's deposits received		5,000
Equipments and Furniture	1,80,000	—
Office and Administrative Expenses	72,000	—
Rent	21,000	—
Salaries	40,000	—
Cash at Bank	97,000	—
Fees Earned		3,00,000
Provision against outstanding fees (1-1-2018)		50,000
Outstanding Fees (on 31-12-2018)	60,000	—
	4,80,000	4,80,000

Adjustment:

- (1) Provide 10% depreciation on Equipment and Furniture.
- (2) The business has handled 50% more in each of the months of the last quarter compared with the previous months.
- (3) Outstanding Fees on 31-12-2018 includes ₹ 45,000 for fees to be collected for the period in the last quarter of 2018. All outstanding fees should be provided.
- (4) Rent has been increased by ₹ 500 p.m. from 1-9-2018.
- (5) A clerk was appointed at ₹ 1,000 p.m. from 1-9-2018.

Prepare Final accounts for the year ended 31st March, 2018.

8) The partnership deed of P, Q & R provides the following:

- (1) 5% interest on capital accounts.
- (2) Q and R to be entitled to a salary of ₹ 3,000 and ₹ 2,100 p.a. respectively.
- (3) Balance of profit to be shared equally.
- (4) On retirement of partner deferred revenue expenses are to be written off in proportion of capitals. Q retires from the partnership as on 31st December 2013 and you are asked to prepare a balance sheet as at 31st March, 2018 showing the amount payable to Q on retirement from the following Trial Balance.

Trial Balance

Debit Balances	Amount ₹	Credit Balance	Amount ₹
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Q's Current A/c	2,000	P's Capital A/c	25,000
R's Current A/c	1,500	Q's Capital A/c	5,000
Premises	18,750	R's Capital A/c	2,500
Furniture and Fixtures	3,000	Creditors	8,750
Stock of Goods	7,500	Gross Profit	26,000
Sundry Debtors	17,500		
Cash/ Bank	5,500		
Salaries	4,000		
Office Expenses	3,500		
Depreciation	250		
Bad Debts	500		
Deferred Revenue Expenses	3,250		
	67,250		67,250

9) Abhishek, Amit & Roy were sharing profit and losses in the ration of 2:2:1 respectively.

Their Trial balance as on 31.12.2018 was as follows:

Particulars	Debit ₹	Credit ₹
Capital A/cs :		
Abhishek	–	40,000
Amit	–	40,000
Roy	–	20,000
Drawing		–
Abhishek	4,000	–
Amit	4,000	–
Roy	2,000	–
Current Liabilities	–	60,000
Closing Stock	70,000	–
Other Current Assets	1,00,000	–
Fixed Assets	60,000	–
Reserves	–	30,000
Gross Profit	–	80,000
Administrative Expenses	20,000	–
Selling Expenses	10,000	–
	2,70,000	2,70,000

Additional Information:

- (1) Amit retired on 1.07.2018. His share of goodwill was decided as ₹ 20,000. New profit sharing ratio between Abhishek & Roy was decided as 3:1
- (2) Abhishek is entitled to a salary of ₹ 6,000 p.a.
- (3) Amount appearing in Reserves represents the opening balance in that account and the partners decided that Reserves account should not appear in the books.
- (4) Interest on capital is to provided @ 10% p.a.
- (5) Balance payable to Amit on his retirement was to be transferred to his Loan Account carrying interest @ 10% p.a.

Prepare Final Accounts.

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10) X, Y and Z sharing in the ratio 5: 3: 2. X retired on 1st October 2018. Y and Z continue business sharing equally.

Following is the extract of Balances as on 31st December, 2018.

Particulars	Debit ₹	Credit ₹
Opening Stock	40,000	—
Sales	—	6,00,000
Purchases (2,70,000>Returns 10,000)	2,60,000	—
Wages (Factory Expense)	20,000	—
Salaries	24,000	—
Rent	10,000	—
Bad Debts	15,000	—
Discount	—	9,000
Insurance	4,000	—
Sundry Expenses Capital	10,000	—
Accounts:		
X's Capital	—	2,00,000
Y's Capital	—	1,50,000
Z's Capital	—	1,00,000
Land and Building	2,00,000	—
Plant and Machinery	1,50,000	—
Furnitures and Fittings	2,26,000	—
Cash at Bank	1,00,000	—
	10,59,000	10,59,000

Adjustments:

- (1) Outstanding Salary ₹ 4,000 and Outstanding Rent ₹ 2,000 to be provided.
- (2) Sales upto X's retirement amounted ₹ 4,00,000.
- (3) As pre Partnership deed:
 - (a) Provide interest on Capital @ 6% p.a.
 - (b) Partners salary- X's ₹ 20,000 p.a. and Z's ₹ 500 per month. (c) X was entitled for commission of 1% on net sales.
- (4) Closing Stock on 31st December was valued at 50,000.
- (5) Depreciate Land and Building by 5% and Plant and Machinery 10% p.a.
- (6) Balance due to X on his retirement transferred to his Loan A/c carrying interest at 12% p.a.

Ascertain balance payable to Mr. X on 31st December, 2018.

Prepare Trading, Profit & Loss for the year ended 31st December, 2018 and Balance Sheet as on 31st December, 2018.