UNIT I

1) When A and B sharing profit and losses in the ratio of 3:2, they admit C as a partner giving him 1/3 share of profit. This will be given by A and B
   a) Equally
   b) In the ratio of their capital
   c) **In the ratio of their profit**
   d) In an agreed ratio
2) In admission, profit from revaluation of assets and liabilities will be transferred to the capital accounts of the old partners in the__________.

   a**) Old profit sharing ratio**
   b) Sacrifice ratio
   c) New profit sharing ratio
   d) Gaining ratio

3) If new share of the incoming partner is given without mentioning the details of the sacrifice made by the old partner then the presumption is that old partner's sacrifice in the
   a) **Old profit sharing ratio**
   b) Sacrifice ratio
   c) New profit sharing ratio
   d) Capital ratio

4) In order to maintain fair dealings, at the time of admission, it is necessary to revalue assets and liabilities of the firm to their
   a) Cost price
   b) Cost price less depreciation
   c) **True value**
   d) Scrap value

5) On admission of a partner if goodwill account is to be raised this should be debited to

   a) Partner's capital account
   b**) Goodwill account**
   c) Revaluation account
   d) Cash account

6) On admission of a new partner, increase in the value of assets debited to
   a**) Asset account**
   b) Profit & Loss adjustment account
   c) Old partner's capital account
   d) Bank account

7) On admission of a new partner balance of general reserve account should be transferred to the capital account of
   a) All partners in their new profit sharing ratio
   b) **Old partners in their old profit sharing ratio**
   c) Old partners in their new profit sharing ratio

d) New partners in their new profit sharing ratio

8) The old partner share all the accumulated profits and losses in their

a) New profit sharing ratio
b) **Old profit sharing ratio**
c) Capital ratio
d) Sacrificing ratio

9) The reconstitution of the partnership requires a revision of the ________ of the existing partner
a) **Profit sharing ratio**
b) Capital ratio
c) Sacrificing ratio
d) Gaining ratio

10) __________ ratio is computed at the time of admission of a new partner
a) Gaining ratio
b) Capital ratio
c) Sacrificing ratio
d) **Profit sharing ratio**

11) At the time of admission of a new partner, ________ profit ratio should be found out.
a) New ratio
b) Old ratio
c) **Sacrificing ratio**
d) Gaining ratio

12) The difference between old profit sharing ratio and new profit sharing ratio at the time of admission is ________ ratio.
a) Gaining ratio
b) **Sacrificing ratio**
c) Capital ratio
d) Profit sharing ratio

13) A person who is admitted to the firm is known as__________.
a) **Incoming partner**
b) Outgoing partner
c) Old partner
d) None of the above

14) When the value of an asset increases it results in__________.
a) **Profit or Loss**
b) Assets
c) Liability
d) Deficiency

15) Treatment of goodwill consists of _______ methods.
a) **3**
b) 2
c) 5
d) 4

16) The business that exist between two or more persons is known as___________.

a) Sole tradership
b) **Partnership**
c) Joint stock company
d) None of the above

17) In which year the Indian partnership act was passed______.
a) 1931
b) **1932**
c) 1949
d) 1952

18) At the time of admission of a new partner the firm is ___________.
a) Dissolved
b) Continued
c) Not effected
d) **Re-organised**

19) At the time of admission an incoming partner contributes as goodwill____________.
a) In cash
b) Doesn't pay cash
c) **May or may not pay cash for goodwill**
d) None of the above

20) Goodwill is valued as two years purchase of the average profit of the 3 previous years are Rs.15,000 , the value of goodwill be
a) 15,000
b) **30,000**
c) 20,000
d) 50,000

UNIT II

21) The partnership may come to the end due to the___________.
a) Death of a partner
b) Insolvency of a partner
c) By giving notice
d) **All of the above**

22) In case of retirement of a partner full goodwill is credited to the accounts_________.
a) **All partners**
b) Only retiring partner
c) Only remaining partner
d) None of the above

23) Revaluation account is prepared to find out gain or loss at the time of
a) Admission of a partner
b) Retirement of a partner
c) Death of a partner
d) **All of the above**

24) Partner equity is effected due to
a) Retirement of a partner
b) Admission of a partner
c) Death of a partner

d) **All of the above**

25) The accounting procedure at the retirement of partner is value__________.
    a) Revaluation of assets and liabilities
    b) Ascertainment his share of goodwill
    c) Finding the amount due to him
    d) **All of the above**

26) I the remaining partner want to continue the business, after the retirement of a partner, a new partnership agreement___________.
    a) **Necessary**
    b) Not necessary
    c) Optioned
    d) None of the above

27) An account operated to ascertain the loss or gain at the death of a partner called________.
    a) Realisation a/c
    b) **Revaluation a/c**
    c) Execution a/c
    d) Deceased partner a/c

28) Amount due to outgoing partner is in the balance sheet as his ____________.
    a) Liability
    b) Asset
    c) Capital
    d) **Loan**

29) The loss or gain an account of revaluation at the time of retirement of a partner is shared by________.
    a) Remaining partners
    b) Retiring partners
    c) **All partners**
    d) None of the above

30) On the retirement of a partner any reserve being should be transferred to the capital account of__________.
    a) **All partners in the old profit sharing ratio**
    b) Remaining partners in the new profit sharing ratio
    c) Neither the retiring partner nor the remaining partner
    d) None of the above

31) Undistributed profits and losses should be transferred to ----------account at the time of retirement of a partner.
    a) Remaining partners
    b) Retiring partners
    c) **All partners**
    d) None of the above

32) At the time of retirement balance sheet items like profit & loss a/c and general reserve must be transferred to_________.
    a) Revaluation a/c

b) **Partner's capital a/c**
c) Realisation a/c
d) None of the above

33) If the goodwill a/c is re for Rs.30000, the amount is debited to **____________**.
a) The capital account of partners
b) **Goodwill a/c**
c) Cash a/c
d) None of the above

34) **__________** ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio
a**) Gaining**
b) Capital
c) Sacrifice
d) None of the above

35) A,B and C are sharing profits in the ratio of 2/5:2/5:1/5 . C retires from business and his share was purchased equally by A and B , then new profit sharing ratio will be**_________**.
a**) A-1/2 & B-1/2**
b) A-3/5 & B-2/5
c) A-2/5 & B-3/5
d) A-1/5 & B-2/5

36) When the amount due to an outgoing partner is not paid immediately, then it is transferred to**____**.
a) Capital a/c
b**) Loan a/c**
c) Cash a/c
d) None of the above

37) If the amount due to the outgoing partner is transferred to loan a/c then he is entitled to interest at**____** until it is paid out
a) 9%
b) 5%
c**) 6%**
d) 10%

38) A,B and C shares profit as ½ to A, 1/3 to B and 1/6 to C. If B retires then new profit sharing ratio is**______**.
a) **3:1**
b) 2:1
c) 4:1
d) 1:1

39) At the time of retirement of partners the existing partner stand to**______**.
a) **Gain**
b) Sacrifice
c) Loss
d) None of the above

40) What is the formula for calculating gaining ratio?

a) **New ratio – Old ratio**
b) Old ratio-New ratio
c) Both A and B
d) None of the above

UNIT III

41) __________ is the state of being unable to pay the money owed by a person or company
a) **Insolvency**
b) Solvent
c) Deficiency
d) None of the above

42) At the time of insolvent the value of asset_________.
a) Increases
b) **Decreases**
c) No change in the value
d) None of the above

43) How many acts that are dealing with insolvency affairs in India?
a) **2**
b) 3
c) 6
d) 5

44) Presidency towns insolvency act was established in the year______.
a) **1909**
b) 1920
c) 1905
d) 1944

45) The presidency towns insolvency act applies to persons residing in______.
a) **Mumbai, Chennai, Kolkatta , Delhi**
b) Bangalore, Chennat, Mumbai
c) Goa, Bangalore, Mumbai
d) Pune, Bangalore, Chennai

46) ___________Shows book value and realizable value of assets in asset side
a) Statement of affairs
b) Balance Sheet
c) Profit & loss A/c
d) Deficiency a/c

47) The List F in statement affairs deals with _________
a) Unsecured creditors
b) Property
c) **Book debts**
d) Deficiency

48) Statement of affairs is prepared to know________.
a) **Deficiency**
b) Profit or loss
c) Reason

d) None of the above

49) Deficiency account is prepared to know________.

a) Deficiency
b) **Reason for defieiciency**
c) Profit or loss
d) None of the above

50) Provisional insolvency act was established in the year________.

a) **1920**
b) 1911
c) 1940
d) 1974

51) Which among the creditors must be fully paid even though they have no specific security.

a) Unsecured creditors
b) **Preferential creditors**
c) Fully secured creditors
d) Partly secured creditors

52) Inflation implies________.

a) Rise in budget deficit
b) **Rise in money supply**
c) Rise in general price index
d) Rise in prices of consumer goods

53) The minimum persons in the limited liability partnership are

a**) 2**
b) 3
c) 4
d) 6

54) LLP is a ________.

a) **Separate legal entity**
b) Not a separate legal entity
c) Different from joint stock company
d) None of the above

55) In _______ partnership partners have the right to manage the business directly

a) **Limited liability partnership**
b) Joint stock company
c) Joint hindu family
d) None of the above

56) Every limited liability partnership shall have either the words _______as the last words of its name.

a) “limited liability partnership” or “LLP”
b) Limited
c) Partnership firm
d) Pvt limited

57) In LLP the liability of partner is_______.

a) **Limited**
b) Unlimited

c) Not liable
d) None of the above

58) The registration cost in LLP is_______.
a) **Less**
b) Higher
c) No registration cost
d) None of the above

59) LLP as a new form of business governed by __________
a) **Limited Liability Partnership Act, 2008.**
b) Partnership act 1932
c) Companies act 2013
d) Banking regulation act 1949

60) LLP act came into effect on_______.
a) **31st march 2009**
b) 24th august 2010
c) 1st January 2012
d) 31st December 2015

UNIT IV

61) Dissolution of a firm means______.
a) Closing down the undertaking
b) Suspending permanently the activities
c) Complete breakdown
d) **All of the above**

62) In dissolution word the letter "O" stands for________.
a) Completion of object
b) Unlawful object
c) **Both A and B**
d) None of the above

63) When a partner becomes unsound mind it is known as ________.
a) Dissolution by notice
b) **Dissolution by court**
c) Compulsory dissolution
d) None of the above

64) Realisation A/c is a _________
a) Nominal A/c b) Real A/c c) Personal A/c d) None of these

65) At the time of dissolution________.
a) All assets are transferred to realisation a/c
b) Only current assets are transferred to realisation a/c
c) **Non cash assets are transferred to realization a/c**
d) None of the above

66) At the time of dissolution non-cash assets are credited with _________.
a) Market value
b) **Book value**

c) All the agreed amount the partner
d) Cost or market whichever is low

67) If a partner takes over an asset of the firm, his capital a/c will be________.
a) **Debited with the amount as agreed**
b) Credited with the market value of the asset
c) Debited with the book value of the asset
d) None of the above

68) Loss on realisation is distributed among partners _________.
a) **According to profit and loss ratio**
b) According to capital ratio
c) As decided among them
d) None of the above

69) Loss on realization is ___________.
a) **Debited to partner's capital a/c**
b) Credited to partner's capital a/c
c) Debited to realisation a/c
d) Credited to realisation a/c

70) The decision is Garner vs Murray was given in _______.
a**) 1904**
b) 1905
c) 1933
d) 1804

71) If a partner takes over an asset of the firm, his capital account:
a) **Will be debited with the amount as agreed**
(b) Will be credited with the market value of the asset
(c) Will be debited with book value of the asset
(d) None of above

72) When unrecorded asset are taken away by a partner then realisation a/c is_______.
a) Debited
b) **Credited**
c) Either A or B
d) None of the above

73) When a firm is dissolved the books of firm are to be closed. This is done by preparing an account called ________.
a) Revaluation a/c
b) **Realisation a/c**
c) Capital a/c
d) None of the above

74) General Reserve appearing at the time of dissolution is transferred to _______
a) Bank A/c b) Realisation a/c c) **Capital a/c** d) Profit & loss

75) If the capital account of a partner shows debit balance in dissolution he brings in________.
a) **Cash**
b) Asset
c) Either A or B
d) None of the above

76) Garner vs murray rule is applicable in case of__________.
   a) **Insolvency of one or two partners**
   b) Insolvency of all partners
   c) Dissolution
   d) Solvency of all partners

77) The amount which is irrecoverable from an insolvent partner is a ______ to the firm
   a) Profit
   b**) Loss**
   c) Either A or B
   d) None of the above

78) The insolvent partner's current a/c balance should be transferred to his ________ a/c.
   a) **Capital**
   b) Deficiency
   c) Realisation
   d) None of the above

79) A solvent partner will have to bear the deficiency of an insolvent partner when he has a _______
   a) Credit capital balance b) Debit capital balance c) Realisation profit d) Agreement to share

80) The amount brought by insolvent partner from his private estate into the firm will be _____ to his capital account
   a) Credited b) Debited c) No effect d) deducted

UNIT V

81) Any balance remaining unpaid to the creditors will be transferred to a__________.
   a) **Deficiency**
   b) Capital
   c) Revaluation
   d) Realisation

82) When all partners are insolvent creditors will be__________.
   a) Paid fully
   b**) Paid rateably**
   c) Taken over by the partners
   d) Paid by government

83) Proportionate capital method is also known as ________ method.
   a) **Surplus capital/ Highest relative capital**
   b) Fixed capital method
   c) Fluctuating capital method
   d) None of the above

84) The loss on account of insolvency of the partners will have borne by the______.
   a) Debtors
   b) **Creditors**
   c) Either A or B

d) None of the above

85) When all partners are insolvent, creditors will be____________

(a) Paid fully

(b) **Paid rate ably**

(c) Taken over by the partners

(d) Paid by government

86) When realization made in parts is called ________

a) Distribution of capital b) **Piecemeal distribution** c) Equal Share d) Partial share

87) When does creditors are not paid in full?

a) When one partner becomes insolvent
b) When two or more partner becomes insolvent
c) **When all partner becomes insolvent**
d) All of the above

88) Loss on realization is distributed among partners:

a) **According to profit and loss ratio**
b) According to capital ratio
c) As decided among them
d) None of them

89) In Insolvency of all partners _______are transferred to realization a/c

a) **Sundry asset**
b) Creditors
c) Bank overdraft
d) Bills payable

90) The amount not paid by partners in insolvency of all partners are transferred to ___A/c

a) Bank a/c
b) Partners capital a/c
c) **Deficiency a/c**
d) Creditors

91) When assets are realized gradually, first payment is made to ________

a) **Payment to creditors**
b) Payment to partners loan
c) Partners capital
d) Partners wife

92) Under which of the following method 'Basis capital' is calculated ?

a) **Proportionate capital method**
b) Maximum loss method
c) Insolvency of one partner
d) Insolvency of two partner

93) When all the realizations have been distributed under proportionate capital method , the unpaid balance of capital will represent _________

a) Profit on realization

- **b) Loss on realization**
- c) No profit /loss
- d) No effect

94) Under Proportionate capital method, when excess capitals are paid off the balance of amount is distributed amongst the partners in ______

- **a) Profit sharing ratio**
- b) Capital ratio
- c) Gaining ratio
- d) Equal ratio

95) After the creditors are paid under gradual realization of asset _________should be paid.

- **a) Loan**
- b) Capital
- c) Cash
- d) Profit

96) After payment to partners loan ______are paid.

- a) Realisation profit
- **b) Capital**
- c) Business asset
- d) Business loan

97) ________creditors should get preference over unsecured creditors

- **a) Secured**
- b) Preferential
- c) Partly
- d) Personal Guarantee

98) Under insolvency of all partners ______are accounts are prepared.

- **a) Realization, bank, creditors, capital ,deficiency account**
- b) Realisation and bank a/c
- c) Realisation and capital a/c
- d) Capital , bank, deficiency a/c

99) Under Insolvency of all partners ________

- **a) Partners brings no amount from them**
- b) Partners bring 1/3rd amount
- c) Partners brings1/2 amount
- d) Partners brings full amount

100). When there is Creditors and bank overdraft under piecemeal distribution the amount distributed _____

- a) **Mutually on their ratio.**
- b) Equal ratio.
- c) Profit sharing ratio.
- d) Random distribution.

UNIT I

1. **What is meant by admission of a partner?**
   Admission of partner is one of the modes of reconstituting the firm
2. **Who is an incoming partner?**
   A person who is admitted to the firm is known as an incoming or new partner
3. **What is the 2adjustment to be made in connection with admission?**
   Calculation of new profit sharing ratio and gaining ratio
   Revaluation of assets and liabilities
4. **What is new profit ratio on admission of a partner?**
   The ratio in which all partners share the future profits and losses
5. **What is sacrificing ratio?**
   Old partners have agreed to sacrifice their shares in profit in favour of a new partner
6. **What is accumulated reserve?**
   Accumulated profits are the balance of profits earned by the company
7. **What is super profit?**
   It means the excess of average profit above the normal profit
8. **What is goodwill?**
   Goodwill is a fictitious or intangible asset
9. **What is provision for doubtful debts?**
   It is the estimated amount of bad debt that will arise from accounts receivable
10. **What is revaluation method in the treatment of goodwill?**
    Under revaluation method the new partner does not bring cash for his share of goodwill

UNIT II

11. **Who is an outgoing partner?**
    A person who is retired from the firm is known as out going partner.
12. **How can a partner retire from the firm?**
    a partner may decide to retire from the firm because of old age, ill health etc
13. **What is new profit ratio on retirement of a partner?**
    The ratio in which the continuing partners decide to share the future profits and losses
14. **What is gaining ratio?**
    The ratio in which the continuing partners acquire the outgoing partners share is called gaining ratio
15. **What are 2 the adjustments to be made in connection with retirement?**
    Calculation of new profit sharing ratio and gaining ratio
    Revaluation of assets and liabilities
16. **How will you deal with the amount due to an outgoing partner?**
    The amount due is either paid off immediately or is paid in installments. When it is not paid immediately it will be transferred to his account
17. **Distinguish between sacrificing ratio and gaining ratio?**

sacrificing ratio	gaining ratio
It is the ratio in which the old partners have agreed to sacrifice their shares in profit in favour of new partner	The ratio in which the continuing partners acquire the outgoing partners share is called gaining ratio

18. What is revaluation account? How is it useful at the time of retirement of a partner?

At the time of retirement of a partner it is necessary to that the retiring partner is given a share of all profits that have arisen till his retirement.

19. How do you treat accumulated profits and losses at the time of retirement of death of a partner?

For transfer of undistributed profit

Profit and loss account

To All partners capital a/c

For transfer of undistributed loss

All partners capital a/c

Profit and loss account

20. Write formula for sacrificing ratio

Sacrifice =old share –new sahre

UNIT III

21. What is meant by Insolvent?

Insolvent is the one who is not able to pay his debts as when they are due.

22. Who Prepares statement of affairs?

Statement of affairs is prepared by a person who is adjudicated as Insolvent

23. What is the reason for preparing statement of affairs?

To know the amount of deficiency

24. Tell the reason for preparing Deficiency

To know the reason for deficiency

25. Who are unsecured creditors

All Creditors who have no specific asset as security.

26. Who are fully secured creditors ?

They have securities whose realizable value is more than the loan and outstanding interest.

27. Who are partly secured creditors?

Creditors whose loan is more than the realizable value of their security.

28. Who are preferential creditors?

Preferential creditors are creditors who must be fully paid though they have no specific security.

29. Name the list D & H to be prepared by a debtor the prepare statement of affairs for the purpose of Insolvency .

List D – Preferential Creditors

List H – Deficiency

30. How will you treat 'Wife's Loan' while preparing Insolvency accounts of an individual?

If Wife's loan was lent out of her stridhan it is treated as unsecured creditors.

UNIT IV

31. Explain realisation account?

The process of disposing off the assets and paying off the liabilities is called realisation.

32. Pass journal entry for Realisation loss.

Partner's capital A/c Dr

To Realisation A/c

33. What do you mean by insolvency of one partner?

During dissolution, if a partner might not have any additional cash to cover his obligators to the partnership, this is known as insolvency of one partner.

34. If one partner become insolvent, in what ratio solvent partners born the deficiency?

In the ratio of their capital as stand just before the liquidation.

35. What is dissolution of firm ?

Dissolution of a Firm is the complete breakdown of a partnership and partners do not continue the firm.

36. What is dissolution of partnership?

Dissolution of the Partnership means a reconstitution of the firm due to the retirement of a partner

37. When does court order dissolution of partnership firm name any two reason?

a) When partner transfers his share to a third without the consent of other partner
b) When a partner becomes of unsound mind

38. Why firm is said to be compulsory dissolution?

a) If all partners except one or all of them are declared insolvent.
b) When number of partners exceeds 20

39. What is the year of Garner Vs Murray rule?

1904

40. When does Garner vs Murray rule applicable?

It applies to insolvency of one or more partner and not all partners.

UNIT V

41. Explain the term "When all partners are insolvent".

When the liabilities of a firm cannot be paid in full, then all the partners are said to be insolvent.

42. What is the order of payment followed when asset are realized gradually in piecemeal distribution method?

a) Payment to creditors and other external liabilities b)Payment to partner's loan rately c) If any amount remains after making above payments , this is utilized in payment of capital to the partners.

43. Name the methods of distributing cash in piecemeal

1) Proportionate capital/Surplus/ Highest Relative capital
2) Maximum loss method

44. What is proportionate capital method?

The amount payable to partners whose capitals are relatively in excess of their profit sharing ratio is calculated.

45. How is the creditors paid when all partners become insolvent?

If all the partners are insolvent, then the creditors cannot be paid in full.

46. What is piecemeal distribution?

As and when money is received from sale of assets, it is used to pay liabilities. The liabilities are also paid in stages or gradually.

47. What is Proportionate capital method?

Under this method, cash is first paid to a partner who has surplus capitals compared to other partner's capital on the basis of their profit sharing ratio

48. When all partners are insolvent who will borne the loss?

Creditors

49. Why cash is to be distributed piecemeal?

In Practice, assets are sold gradually and cash is not realized in lump sum, So cash is to be distributed on piecemeal

50. How is realization a/c prepared in insolvency of all partners?

Only non cash assets are transferred , expenses on realization are accounted , loss on insolvency are transferred to partner in their profit sharing ratio

UNIT I

1. Anandhan and Balaraman are partners in the firm with capitals of Rs.70,000 and Rs. 50,000 respectively. They decided to admit chandran into the firm with a capital of Rs.40,000 give journal entry for capital brought in by chandran.
2. A and B are partners sharing profit in the ratio of 3:2. They admit C for 1/5 th share as new partners. Calculate new profit sharing ratio and sacrificing ratio of old partners.
3. Radhai and Kodhai are partners sharing profits in the ratio of 3:2. They admit kanmani for 1/5 th share of future profit which C acquires 3/20 from Radhai and 1/20 th from kodhai. Calculate new profit sharing ratio and sacrificing ratio of old partners.
4. G and H are partners sharing profit in the ratio of 3:2. They admit I for 1/5 th share which he acquires entirely from G calculate a) new ratio and b) sacrificing ratio
5. Damodaran and Jagadeshan are partners sharing profits in the ratio of 3:2. they decided to admit Vijay and for 2/5 th share of future profit. Good will of the firm is to be valued at Rs. 50,000. give journal entries if,
    a) There is no good will in the books of the firm
    b) The good will appears at Rs.30,000
    c) The goodwill appears at Rs.60, 000.

UNIT II

6. D,E And F are partners sharing profits in the ratio of 5:3:2. F retires and his share was taken up by D and E in the ratio of 2:1 find out the new profits ratio of D and E.
7. Prabhu , Divya and Meena were partners of a firm sharing profit and loss in the ratio 3:2:1. Meena wanted to retire they decided to revalue the assets and liabilities of the firm as indicated below:
    A. To write down machinery by Rs.10,000 and stock by Rs. 4,000
    B. To bring into books as unrecorded investments Rs.5,000
    C. To write off Rs.3,000 from sundry creditors as it was no longer liability.
    D. Pass entries to give effect to the above adjustments. Show also revaluation account
8. Bhanumathi , bharthi and shanthi are partners sharing profits in the ratio of 5:3:2 on april1 2005 shanthi decided to retire on that date there was a credit balance of Rs.60,000 in their profit and loss account pass entry.

9. Thamizhselvi ,kalaiselvi and thenmozhi are partners sharing profits in the ratio of 5:3:2 kalaiselvi decided to retire goodwill of the firm is to be valued at Rs.40,000 give journal entries if
    a) There is no goodwill in the books of the firm

b) The goodwill appears at Rs. 30,000

c) The goodwill appears at Rs.50, 000.

10. A,B and C are partners sharing profit and losses in the ratio of 5:3:2 respectively a retires from the firm on 1st April 2005 after his retirement his capital account shows a credit balance of Rs.1,35,000 after the necessary adjustments made. Give journal entries if

    a) The amount due is paid off immediately
    b) When the amount due is not paid immediately
    c) Rs.45,000 is paid and the balance in future

UNIT III

11. Vikram of Chennai owes the following sums :

    Income Tax Rs.4000

    Corporation Tax Rs.600

    Wages to 2 servants Rs.500

    Salaries to 4 Clerks Rs.2700

    Rent to Landlord for 3 months – Rs. 3000

    Determine the amount payable by him as preferential creditors and unsecured secured creditors if he becomes insolvent.

12. Distinguish between statement of affairs and Balance sheet
13. What are preferential Creditors in the following liabilities of insolvent Karthick according to presidency towns Insolvency act and provincial Insolvency act?

3 Month's Salary for 10 clerks	3600
1 month wages for 12 labourers	1600
Sales tax	400
3 months rent of landlord	600
Income tax	1000
Wages of 4 servants	1400
Salaries	1000
Municipal tax	400
Wages	6000

14. Examine Inflation accounting
15. M. Rajendran of Delhi filed for insolvency and the following are his creditors

Particulars	Amount Due	Book Value of security (Rs.)	Realisable Value Rs.
Income Tax	5000	-	-
Mr.Somu	40000	50000	42000
Mr.Venkat	85000	90000	65000
Mr.Ramana	20000	-	-
Miss Vinathi	5000	15000	12000
Mr.Raju (His Landlord)	9000	-	-

The rent is due for the past 6 months to landlord. You are required to segregate the creditors into lists A, B, C and D.

UNIT IV

16. Examine the accounting treatment of dissolution.
17. P,Q and R share profits and losses in proportion ½, ¼, ¼ . On the date of dissolution their balance sheet was as follows:

Liabilities		Assets	
Creditors	14000	Sundry assets	40000
P's capital	10000		
Q's capital	10000		
R's capital	6000		
	40000		40000

The assets realized Rs.35500. Creditors were paid in full. Realization expenses amounted to Rs.1500. Prepare realization A/c.

18. X,Y and Z are equal partners decided to dissolve their firm. The following is their balance sheet after the sale of the assets:

Liabilities	Rs.	Assets	Rs.
X's capital	1800	Cash	1500
Y's capital	1200	Z's Capital overdrawn	600
		Realisation	900
	3000		**3000**

Z become insolvent and could not pay anything to the firm. Prepare the necessary ledger accounts to close the books of the firm. There was no agreement among the partners.

19. X and Y are partners sharing profits as 2 : 1. The position of the firm was as follows on 31.12.2016 when they decided to dissolve :—

Liabilities	**Rs**	**Assets**	**Rs.**
Creditors	15000	Machinery	25000
General Reserve	10000	Furniture	4000
Capital : X	22000	Stock	10000
Y	22000	Debtors	20000
		Cash at bank	10000
	69000		**69000**

The realisation were as :—

(i) X took over machinery and furniture at book value less 10%

(ii) Y took over the stock and goodwill at Rs.17,500.

(iii) Debtors realised Rs.18,500.

(iv) Creditors were settled at a Discount of 5% .

Close the books

20. A, B and C are equal partners in a firm and on 31.12.2013 their balance sheet stood as follows :

Liabilities	**Rs.**	**Assets**	**Rs.**
Creditors	10000	Bank	200
Bills Payable	3200	Debtors	16000
General Reserve	9000	Stock	25000
Capital : A	21000	Bills Receivable	5000
B	13000	Machinery	15000
C	5000		
	61200		**61200**

C' became insolvent and his private estate could pay only Rs. 100. The firm was dissolved. Asset realised Rs. 31000. Realisation expenses came to Rs. 600. Prepare necessary ledger a/c to close the books of the firm. (Apply Garner Vs Murray rule).

UNIT V

21. From the following information , Prepare realization a/c assuming all the partners are insolvent :

Current asset	Rs. 40000
Furniture	Rs.50000
Fixed asset	Rs.455000
Provision for depreciation on furniture	Rs.20,000
Sundry creditors	Rs.4,20,000
Bills Payable	Rs.20,000
Amount realized on selling the asset	Rs.2,55,000.

Partners A, B and C share profits & losses in the ratio of 2:2:1.

22. From the following distribute cash under proportionate capital method :

Capital of Partners : A: Rs. 20,000 B : Rs.10,000

Profit sharing ratio : 3: 2

I Instalment (cash) Rs.5000

II Instalment (cash) Rs.2000

III Instalment (cash) Rs.1000

23. The balance sheet of A,B and C who are sharing profits and losses in the ratio of 2 : 2:1 was as follows on 31st march 2014. The date of dissolution:

Liabilities	**Rs**	**Asset**	**Rs**
Sundry creditors	120000	Cash	1000
Bank loan (with a charge on stock)	50000	Stock	60000
Capital : A	30000	Other assets	109000
B	20000	Capital : C	20000
		Goodwill	30000
	220000		**220000**

Stock realized Rs.52000 and other assets sold were for Rs.90000. Expenses of realization amounted to Rs.3000. Assuming that all the partners are insolvent , Prepare realization a/c.

24. A, B C share profits in proportion of ½, 1/3 and 1/6. Their Balance sheet is as follows :

Liabilities	**Rs**	**Assets**	**Rs**
A's Capital	60000	Assets (less	160000

		Liabilities)	
B’s Capital	60000		
C’s Capital	40000		
	160000		**160000**

The Partnership is dissolved and that the asset are realised as follows : I realization Rs.20000, II realization Rs.20000, III Realisation and final realization Rs.50000. Prepare a statement showing how the distribution should be made.

25. Show the accounting treated when all partners become insolvent

UNIT I

1. Sankar and Saleem are partners in a firm sharing profit and losses in the ratio of 3:2 as on 31 March 2005. Their Balace Sheet was as under.

Liabilities	Rs	Assets	Rs
Creaditors	90,000	Cash	5000
Bills payable	25,000	Bank	40,000
Capital Accounts:		Stock	60,000
Sankar: 1,50,000		Furniture	20,000
Saleem: 1,20,000	2,70,000	Land and building	2,00,000
		Debtors 62,000	
		Loss: provision	
		For bad debts 2,000	60,000
	3,85,000		3,85,000

On 1st April 2005, they admit Solomon into partnership on following condition:
a. Solomon has brought Rs.1,00,000 as capital.
b. The value of land and building was to be increased by Rs. 20,000.
c. Stock and furniture were to be depreciated by Rs. 10,000 and Rs.4,000 respectively.
d.Rs.15, 000 to be written off from sundry creditors as it is no longer liability.
e. Provision for doubtful debts is to be increased by Rs, 1,000.

Give a journal entries prepare revaluation account and the balance sheet

2. Amar and Akbar are partners in a firm sharing profit and losses into ratio Of 2:1 as on 31 march 2015. There balance sheet was as under:

Liabilities	Rs.	Assets	Rs.
Creditors	80,000	Cash	10,000
Bills payable	40,000	Bank	70,000
Capital accouts:		Stock	80,000
Amar: 2,70,000		Plant &machinery	1,00,000
Akbar: 2,10,000	4,80,000	Land &building	3,00,000
		debtors	40,000
	6,00,000		6,00,000

On 1st April 2005 they at admit Antony into partnership of the following conditions:

1. Antony has bring in a capital of Rs.1, 50,000 for 1/5th share of the future profit
2. Stock and machinery were to be depreciated by Rs. 6,000 and Rs.15, 000 respectively.
3. Investments of Rs. 15,000 not recorded in the books brought into accounts.
4. Provision for doubtful debts is to be create at 5% on debtors
5. A liability of Rs. 4000 for outstanding repairs has been omitted to be recorded in the books. Give journal entry prepare Revaluation account, capital account, bank account and the balance sheet.

3. Anitha and vanitha are partners. They share profits And lossess in the ratio of 3:1. Their balace sheet as on 31st march 2005 is as follows:

Liabilities		Rs.	Assets	Rs.
Creditors		60,000	cash	5000
Bills payable		20,000	debtors	70,000
General reserve		40,000	stock	30,000
Capitals:			plant	25,000
Anitha:	80,000		building	1,00,000
Vanitha:	40,000	1,20,000	profit & loss A/C	10,000
		2,40,000		2,40,000

On 1st April 2005, they agreed to admit kavitha into the firm for 1/5th share of future profits on the following terms:

a) Building is revalued at Rs. 1,20,000
b) Stock is revalued at Rs.21,500
c) Good will is raised at Rs. 40,000
d) Provision for bad debts in made at 5%
e) Kavitha to bring in a capital of Rs.50,000.

Give journal entries of above adjustments prepare revaluation account capital accounts, cash accounts, and the balance sheet of the reconstituted firm.

4. Sankari and sudha are partners sharing profit and losses in the ratio of 3:2 their balance sheet as on 31st march 2005 is as under:

Liabilities	Rs	Assets	Rs

Capital Sankari:90,000 Sudha: 75,000 Profits and loss a/c Sundry creditors Bills payable	 1,65,000 30,000 48,000 50,000	Land & buildings Plant & machinery Stock Sundry debtors 15,000 Less: provision for doubtful debts 1,000 cash goodwill	1,20,000 90,000 33,000 14,000 6,000 30,000
	2,93,000		2,93,000

They decided to admit santhi into the partnership with effect from 1st April on the following terms:

a) Santhi to bring in Rs.60,000 as capital for 1/3rd share of profits.
b) Goodwill was valued Rs.45,000
c) Land was valued at Rs. 1,50,000
d) Stock was to be written down by Rs.8,000
e) The provision for doubtful debts was to be increased to Rs. 3,000
f) Creditors include Rs.5, 000 no longer payable and this sum was to written off.
g) Investments of Rs.10,000 be brought into books.
h) Prepare revaluation account, capital accounts and the balance sheet of the new firm.

5. Mathiazhagan , govindarajan and shanmugam were partners of a irm sharing profits and losses in the ratio of ½, 1/3 and 1/6 respectively set out below was their balance sheet as on 30th june 2005.

Liabilites	Rs.	Assets	Rs.

Sundry creaditors	1,20,000	Cash in hand	18,000
Bills payable	40,000	Cash at bank	1,70,000
Bank overdraft	80,000	Sundry debtors	52,000
General reserve	1,20,000	Stock	1,20,000
Capitals accounts:		Furniture	80,000
Mathiazhagan:2,40,000		Plant	1,60,000
Govindarajan: 1,60,000		Land and building	2,80,000
Shanmugam: 1,20,000	5,20,000		
	8,80,000		8,80,000

Shanmugam retired from the partnership from 1st july 2005 on the following terms:

a) Goodwill was to be raised at Rs.1,44,000
b) The value of land and building was to be increased by Rs. 40,000
c) Furniture and plant were to be depreciated by Rs. 4,000 and Rs. 12,000 respectively
d) Shanmugam was to b paid off at once

Show revaluation account, capital accounts, bank account and the opening balance sheet of the reconstituted firm.

UNIT II

6. Following is the best balance sheet of X,Y and as at 31.12.2010.

Liabilities	Rs.	Assets	Rs.
Creaditors	4,000	Cash at hand	400
Capital A/c		Cash at bank	10,000
X	20,000	Debtors	12,000
Y	10,000	Stock	8,000
Z	10,000	Plant & machinery	12,000
		Goodwill	8,000
Reserve	6,400		
	50,400		50,400

Z died on 14.3.2011 under the terms of partnership deed the executors of a deceased partner were entitled to:

I. Amount standing to the credit of partner's capital A/c
II. Interest on capital balance at 5% per annum
III. Share of good will on the basis of twice the average of the past three years profits and
IV. Share of profit from the closing of the last financial year to the date of death on the basis of the average of the three complete years profit before the death

Profit for 2008, 2009 and 2010 were respectively Rs.12, 000, Rs. 14,000 and Rs.16,000 profit were shared in the ratio capitals.
Pass the necessary journal entries and draw up Z's A/c to be rendered to his executors.

7. Ganga and Yamuna were partners of a firm sharing profits in the ratio of 3/5 and 2/5 their balace sheet as at 31 st December 2004 stood as under.

Liabilities	Rs.	assets	Rs.
Capitals:		Machinery	58,500
Ganga: 60,000		Stock	48,000
Yamuna: 45,000	1,05,000	Debtors	45,000
Sundry creditiors	15,000	cash	1,500
Bills payable	33,000		

	1,53,000		1,53,000

Yamuna decides to retire from the business owing to illness and that ganga will take over the business in order to admit amaravathi on the following terms.

a) Depreciate machinery by 10% and stock by 15%
b) A provision for doubtful debts be created at 5% on sundry debtors
c) Provide for discount on creditor at 2%

Show revaluation account, capital accounts and the opening balance sheet of ganga.

8. Kumutha , kuzhali and kodhai were partners of a firm sharing profit and loss in the ratio of 6:2:2 set out below was their balance sheet as on 30.6.1994.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	8000	Cash at hand	3,000
Reserve fund	30,000	Cash at bank	5,000
Capital accounts:		Sundry debtors	45,000
Kumutha: 70,000		Stock	35,000
Kuzhali: 50,000		Machinery	30,000
Kothai: 30,000	1,50,000	Factory building	70,000
	1,88,000		1,88,000

On that date kothai retires from business it is agreed to adjust the values of the assets as follows:

a) To provide a reserve of 5% on sundry debts
b) To depreciate stock by 5% and machinery by 10%
c) Factory building to be revalued at Rs.75,000

Prepare revaluation account, capital accounts and the opening balance sheet of the reconstituted firm.

9. Priya , sudha and vidya were partners of a firm sharing profits and losses in proportion to their capitals their balance sheet as on 31st December 2000 stood as under:

Liabilities	Rs.	assets	Rs.

Creditors	21,000	Cash at bank	16,000
Reserve fund	48,000	Debtors 20,000	
Capital accounts		Less: provision for	
Priya: 90,000		Doubtful debts	
Sudha: 60,000		1,000	19,000
Vidya: 30,000	1,80,000	Stock	18,000
		Machinery	48,000
		Land and building	1,00,000
		goodwill	48,000
	2,49,000		2,49,000

on 1st January 2005 sudha retired from the firm on the following terms:

a) goodwill of the firm was estimated at Rs.36,000
b) the land and building was appreciated by 10%
c) provision for doubtful debts was reduced by Rs. 600
d) out of the amount of insurance which was debited entirely to profit and loss account Rs. 2,000 be carried forward for unexpired insurance.
e) A provision of Rs.3, 000 was made in respect of an outstanding bill for repairs.

Show revaluation account, capital account, and the balance sheet of the reconstituted partnership.

10. Prabhu , Divya and Meena were partners of a firm sharing profit and loss in the ratio 3:2:1. Meena has died. they decided to revalue the assets and liabilities of the firm as indicated below:
    A. To write down machinery by Rs.10,000 and stock by Rs. 4,000
    B. To bring into books as unrecorded investments Rs.5,000
    C. To write off Rs.3,000 from sundry creaditors as it was no longer liability.
    D. Pass entries to give effect to the above adjustments. Show also revaluation account

UNIT III

11. Explain the Concept of limited liability partnership.
12. Mr.Kannan filed his petition on 31.12.2011 and his statement of affairs was made of the following particulars :

Creditors – Fully secured by lien on stock	Rs. 2000
Creditors - Partly secured by lien on shares	Rs.800000
Creditors – unsecured	Rs.15,00,000
Mortgage on buildings	Rs.2,00,000
Creditors payable in full	Rs.60,000
Bills receivable	Rs.28,000
Buildings – of value of	Rs.2,20,000
Machinery (estimated to produce Rs. 2,40,000)	Rs. 3,00,000
Furniture & Fittings (estimated to produce Rs. 90000)	Rs.1,30,000
Debtors –(Good –Rs.4,00,000;	
Doubtful –Rs. 2,00,000 estimated to produce Rs.40,000)	Rs. 6,00,000
Stock (estimated to produce Rs.9,00,000)	Rs.13,00,000
Shares (estimated to produce – in full)	Rs. 3,20,000
Cash	Rs.2,000

Prepare Statement of affairs.

13. Mr.chandran of Calcutta finds himself insolent on 31.12.93 . his position was as follows:

Leasehold property Rs.10,000 (estimated to realize Rs.9,000)

Plant & Machinery Rs. 4,000 (estimated to realize Rs.3,000)

Stock in trade Rs.2,000 (estimated to realize Rs.1,400)

Book Debts - Good Rs.6,500

- Doubtful debts Rs. 500 (estimated to realize 50 %)
- Bad Debts Rs.1,400

Bills in hand – Rs.375.

Life policy for Rs.2,500 whose surrender value is Rs. 500 is held by insurance company against a loan of Rs.200

Household furniture Rs.360; household debt Rs.290

Bills discounted Rs.600 (Rs.200 likely to be dishonoured)

Loan on Mortgage of Leasehold Rs.5,000.

Cash in hand Rs.10

Bank overdraft secured by personal guarantee of chandran's brother and second mortage on leasehold Rs.5,000

Unsecured creditors Rs.15,000

Loan from Nathan Rs.250 secured by second charge on life policy.

Ground Rent on leasehold for three months accured Rs.25.

He could not pay his office clerks(two in number).

Salaries for six months ,Rs.150 and also rates and taxes amounting to Rs.150.

14. Wilson finds himself insolvent on 31.12.2015 . His position was as follows :

Sundry Debtors – Good : Rs.500, Doubtful – Rs.3000 (Estimated to produce Rs.2500),

Bad Debts – Rs.1500

100 Shares in 'X' Co Ltd (estimated to produce Rs.1500)	- Rs.2500
Shares in 'Y' Co. Ltd (estimated to realize Rs.7500)	- Rs. 9150
Loss through betting	- Rs.200
Creditors on open A/cs	- Rs. 8560
Creditors holding a second charge on the shares in 'Y' Co Ltd to the extent of Rs.2500	- Rs.3000
Creditors having first charge on the shares of 'Y' Co	-Rs.4000
Bills Payable	-Rs.400
Creditors for rent, rates, taxes, wages etc (of which Rs.460 is Preferential)	– Rs.500
Furniture & Fixtures (estimated to realize Rs.300)	- Rs.1500
Cash in hand and in bank	- Rs.55
Stock in trade (estimated to realize Rs.3045)	-Rs.3595
Bills receivable (estimated to realize Rs. 700)	- Rs. 900

Wilson started with a capital of Rs. 7000 on 1.1.2013 and the business resulted in a profit of Rs.1230 and Rs.1360 for the first two years respectively and a loss of Rs. 850 for the third year, after allowing Rs.700 as interest on capital each year. Withdrawals for the whole period amounted to Rs.4400. No interest was charged on drawings. Prepare the deficiency a/c and the statement of affairs.

15. Mr.Prabhu Filed a petition in bankruptcy on 31.6.91. His books showed the following in balances:

Particulars	**Rs.**	**Rs.**
Capital		3320
Cash in hand	20	
Fixtures & Fittings (estimated to produce Rs. 160)	500	
Stock in trade (estimated to produce Rs.2400)	3600	
Bank Overdraft		2400
Sundry creditors		4000
Bills payable		4000
Mrs.Prabhu		400
Sundry Debtors : Good	2000	
Doubtful (estimated at 50%)	4000	
Bad	4000	
Total	**14120**	**14120**

Liability on bills discounted Rs.1000 expected to rank Rs.200. The amount due to Mrs.A was a loan out of money given to her by Mr.Prabhu. His Household furniture was valued at Rs.500. He owned a house valued Rs.1500, having a mortgage on it Rs.1200 at 4%. Interest paid upto the preceding 31 December. Preferential Creditors amounted to Rs.70 (included in Sundry creditors) and Rs.30 for rates on the house. Prepare a statement of affairs and deficiency a/c.

UNIT IV

16. R S and M are the partners sharing profits and losses as 2:2:1. Their balance sheet as at 30.6.2010 was as follows:

Liabilities	**Rs.**	**Assets**	**Rs.**
Creditors	4000	Bank	5000
Capitals : R	10000	Debtors	4000

S	4000	Stock	5000
M	2000	Fixtures	2000
Reserve fund	5000	Machinery	9000
	25000		**25000**

They decided to dissolve the business. The following are the amount realized. Machinery Rs.8500; Furniture Rs.1500; Stock Rs.7000; and debtors Rs.3700. Creditors allowed a discount of 2% and R agreed to bear all realization expenses. For this service, R is paid Rs.120. Actual expenses amounted to Rs.900 which was withdrawn by him from the firm. There was an unrecorded asset of Rs.500 which was taken over by S at Rs. 400. Prepare Realisation account only.

17. Following is the Balance sheet of A ,B & C sharing P & L in ratio 3 : 2 :1.

Liabilities	Rs	Assets	Rs
Creditors	170000	Bank	35000
Bills Payable	120000	Stock	198000
A's Loan	53000	Debtors : 150000	
General Reserve	60000	(-) Provision 10000	140000
Capital : A	250000	Joint life policy	40000
B	110000	Furniture	100000
C	80000	Machinery	330000
	843000		**843000**

They decided to dissolve the firm on 31.12.2017.

1) Joint Life Policy is taken over by A at Rs. 5000.
2) Assets realized as follows: Stock – 175000, Debtors - 145000, Furniture - 68000, Machinery - 303000.
3) Expenses on realization amounted to Rs.20000

Prepare necessary accounts.

18. P and Q are partners in a firm.They share profits and losses equally.Their Balance Sheet on 31.12.2012 is as follows:

Liabilities	Amount	Assets	Amount

Capital A/c:		Furniture	16,000
P	16,000	Machinery	40,000
R	12,000	Cash at Bank	8,000
Reserve Fund	18,000	Debtors	40,000
Creditors	64,000	Q's capital	6,000
	1,10,000		1,10,000

The partnership is dissolved due to insolvency of Q who is unable to contribute anything in the payment of his debt to the firm. Machinery realised Rs.30,000 and furniture Rs.6,400.Only Rs.24,000 was recovered from debtors. Creditors were paid at a discount of 5%.Prepare the necessary accounts in the books of the firm when the capital are fluctuating. Apply Garner Vs. Murray rule.

19. The Summarised balance sheet of A, B, C and D is given below as on 31st March 2016

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	20000	Cash	1000
Capital : A	60000	Stock	8000
B	40000	Debtors	15000
C	6000	Plant & Equipment	80000
		Goodwill	20000
		Capital : D	2000
	126000		**126000**

The Partners who have been hitherto sharing the profits and losses in the ratio of 4 : 3 : 2: 1 decided to wind up the business as 'C' and 'D' become insolvent.

A sum of Rs.10000 is realised from 'C' whereas nothing could be realised from 'D'.Stock and debtors realised Rs.4000 and Rs. 9000. Plant and Equipment are sold for Rs.50000 while goodwill is valueless. The cost of realisation amount to Rs.6000 while sundry creditors have to be paid their claim in full. One of the creditors for Rs. 6000 in the books of the firm actually claimed Rs. 12000 and the claim was settled at Rs. 10000 by arbitration.

Close the books of the firm by showing the relevant important ledger accounts.

20. Outline the various modes of dissolution ?

UNIT V

21. A and B were partners sharing profits and losses in the ratio of 3 : 2. On 1.7.91, their balance sheet was as under:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	200000	Stock	120000
Capital :		Debtors	150000
A	50000	Furniture	6000
B	30000	Cash	4000
	280000		**280000**

The Firm was dissolved on the above date. The assets realized only Rs.160000. Expenses came to Rs.5000. A's Private estate could pay only Rs.10000. B had no surplus. Close the books of the firm by showing the relevant ledger accounts.

22. The balance sheet of Maran, Govindan and Ramu as on 31.12.2010 is given below :

Liabilities	Rs.	Asset	Rs.
Creditors	80,000	Bank	2,000
Maran's Loan	20,000	Stock	48,000
Capital : Maran	10,000	Debtors	40,000
Govindan	6,000	Furniture	6,000
		Ramu's Capital	20,000
	1,16,000		**1,16,000**

The firm is dissolved . Govindan and Ramu cannot pay anything. Maran can contribute only Rs.3000 from the private estate. Stock realizes Rs.30, 000. Debtors realize Rs.32,000 and furniture is sold for Rs. 2,000. Expenses amount to Rs.6,000. Prepare accounts to close the books of the firm.

23. A,B and C were partners sharing profits and losses in the ratio of 3 : 2 : 1. They decide to dissolve the firm with effect from 1.1.95 when the firm's balance sheet stood as follows:

Liabilities		Assets	
Capitals :		Fixed assets	1,22, 000

A	54000	Cash at Bank	10000
B	40000	Other Current Assets	1,13,000
C	25000		
General Reserve	6000		
Sundry Creditors	90000		
Bank Overdraft	30000		
	2,45,000		245000

The assets were realized gradually. The following amounts, were realized after meeting the expenses of realization

1st realization	75000
2nd realization	32000
3rd realization	60000
4th realization	63000

If the distribution of cash is to made after each instalments of realization , prepare a statement showing the distribution to partners at each instalment although the final results were not yet known.

24. Red, White and Blue are in Partnership. The following is their Balance sheet as at 31.12.2016 on which date, they dissolved partnership. They share profits in the ratio of 5 : 3: 2

Liabilities	Rs.	Assets	Rs.
Capital:		Premises	40000
Red	50000	Plant	30000
White	15000	Stock	30000
Blue	45000	Debtors	60000
Creditors	40000		
Red's loan	10000		
	160000		**160000**

It was agreed to repay the amount due to the partners as and when the assets were realized , viz :

1.2.2017 - 30000

1.4.2017 - 73000

1.6.2017- 47000

Prepare a statement showing how the distribution to the partners should be made

25. A,B and C share profits in the ratio of 3 :2:1. They have decided to dissolve the firm on 31.12.2012 on which date their balance sheet was follows:

Liabilities	**Rs**	**Assets**	**Rs**
Creditors	20000	Machinery	70000
Capital :A	40000	Stock	35000
B	30000	Debtors	20000
C	25000	Cash	5000
Loan : A	10000		
B	5000		
	130000		**130000**

Assets realized as follows:

2013 January Rs.25000 : February Rs.45000 ; March Rs. 45000

They have decided to distribute the cash among themselves piecemeal.