

IDEAL / e-LIVE / I.P.C.C. / ACCOUNTS

Peter's Share (Rs.1,50,000 × 2/4)	Rs.75,000
Surrender Value of Policies of Paul & Prince:	
30 % off (Rs.50,000 + Rs.50,000)	Rs.30,000
Peter's Share (Rs.30,000 × 2/4)	Rs.15,000

(iii) Calculation of peter's Share of Profits.

(a) Correct Profit for the year 20X3 = Rs.1,50,000 - Rs.6,000 - Rs1,000
(being Interest payable to other partners)= Rs.1,43,000

(b) Estimated Profit for 20X4 = 125% of Rs.1,43,000 =Rs.1,78,750

(c) Proportionate till 30.920X4 (Rs.1,78,750 × 9/12) =Rs.1,34,062.50

(d) Peter's Share (Rs.1,34,062.50 × 2/4) = Rs.67,031.25

(iv) Peter's share of Profit on Revaluation of Assets =Rs20,000 × 2/4 = Rs10,000

(v) Peter's share of Insurance Premium undercharged for the year 2003 = Rs.6,000 × 2/4
= Rs.3,000

Sol.2.

Journal

Particulars	L. F	Dr. (Rs)	Cr. (Rs)
Revaluation A/c To Machinery A/c To Machinery A/c (Being the decrease in value of asset recorded)	Dr	3,200	3,200
Patents A/c Leasehold A/c To Revaluation A/v (Being the increase n value of assets recorded)	Dr Dr.	2,000 5,000	7,000
Revaluation A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being the transfer of profit revaluation)	Dr	3,800	1,900 1,140 760
Goodwill A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being goodwill revalued to its present value)	Dr	30,000	15,000 9,000 6,000
Profit & loss Suspense A/c To C's Capital A/c (Being C's share of profit to date of death recorded)	Dr	1,000	1,000
Reserve To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being the transfer of reserve)	Dr.	6,000	3,000 1,800 1,200
Insurance Company To Joint Life Policy A/c (Being the claim due from insurance Co. on C's death)	Dr.	10,000	10,000

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Joint Life Policy Reserve A/c To joint Life Policy A/c (Being the closure of joint life Policy Reserve by transfer to JLP A/c)	Dr.	1,000	1,000
Joint Life Policy A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being closure of Joint Life Policy A/c)	Dr.	10,000	5,000 3,000 2,000
C's Capital A/c To Loan to C A/c (Being the transfer of Loan t C A/c To his capital A/c)	Dr.	1,000	1,000
Bank A/c To Investment A/c (Being the Investment sold)	Dr.	4,200	4,200
Investments A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (Being the Profit on sale of investments transferred)	Dr.	1,200	600 360 240
C's Capital A/c To C's Executors' A/c (Being the transfer of C's capital A/c to his executors'A/c)	Dr.	26,200	26,200
C's Executors's A/c To Bank A/c (Being partial payment made to C's Executors)	Dr.	6,200	6,200

Dr.

Capital Accounts of Partners

Cr

Particulars	A Rs.	B Rs.	C Rs.	Particulars	A Rs	B Rs	C Rs
To Loan to C A/c	-	-	1,000	By Balance b/d	30,000	25,000	16,000
To C's Executors			26,200	By Revaluation A/c	1,900	1,140	760
To Balance c/d	55,500	40,300	-	By Goodwill	15,000	9,000	6,000
				By Reserve	3,000	1,800	1,200
				By joint Life Policy	5,000	3,000	2,000
				By Profit & loss			
				Suspense A/c	-	-	1,000
				By Investment	600	360	240
	55,500	40,300	27,200		55,500	40,300	27,200

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Balance Sheet of A and B ast at 1.5.2005

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	12,000	Goodwill	35,000
C's Executors' Account	20,000	Leasehold Premises	25,000
Capital Account:		Patent	8000
A	55,500	Machinery	28,000
B	40,300	Stock	10,000
		Sundry Debtors	8,000
		Insurance Company	10,000
		Cash at Bank	2,800
		Profit & Loss Suspense A/c	1,000
	1,27,800		1,27,800

Dr.

C's Executor's Account

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
01.02.05	To Bank A/c	6,200	01.05.05	By Balance b/d	26,200
31.10.05	To Bank A/c (5,000 + 1,000)	6,000	31.10.05	BY Interest A/c	1,000
31.10.05	To Balance c/d	15,000		$\left(20,000 \times \frac{10}{100} \times \frac{6}{12}\right)$	
		27,200			27,200
31.12.05	To Balance c/d	15,250	01.11.05	By Balance b/d	15,000
			31.12.05	By Interest A/c(Accrued)	250
		15,250		$\left(15,00 \times \frac{10}{100} \times \frac{2}{12}\right)$	
		15,250			15,250
30.04.06	To Bank A/c		01.01.06	By Balance b/d	15,250
	(5000 + 250 + 500)	5,750	30.04.06	By Interest A/c	500
30.04.06	To Balance c/d	10,000		$\left(15,00 \times \frac{10}{100} \times \frac{4}{12}\right)$	
		15,750			15,750
31.10.06	To Bank A/c	5,500	01.05.06	By Balance b/d	10,000
	(5000 + 500)		31.10.06	BY Interest A/c	500
	To Balance c/d	5,000		$\left(10,000 \times \frac{10}{100} \times \frac{6}{12}\right)$	
		10,500			10,500
31.12.06	To Balance c/d	5,083	01.11.06	By Balance b/d	5000
			31.12.06	By Interest A/c(Accrued)	83
		5,083		$\left(5,000 \times \frac{10}{100} \times \frac{2}{12}\right)$	
		5,083			5,083
30.04.07	To Bank A/c	5,250	01.01.07	By Balance b/d	5,083
	(5000 + 83 + 167)		30.04.07	By Interest A/c	167
		5,250		$\left(5,000 \times \frac{10}{100} \times \frac{4}{12}\right)$	
		5,250			5,250