concept no.8

Preparation of Balance Sheet

(Sample Format of a Balance Sheet)

Liabilities	Amt	Assets	Amt
Capital	xxx	Land & Building	xxx
Reserves & Surplus	xxx	Plant & Machinery	xxx
Outstanding Expenses	xxx	Furniture	xxx
Loans	xxx	Stock	xxx
Trade Creditors	xxx	Sundry Debtors	xxx
Bills Payable	xxx	B/R	xxx
		Misc. Investments	xxx
		Cash	xxx
Total	XXX	Total	XXX

COMMERCE RAMA

concept no.8

Preparation of Balance Sheet

Q.1). Brijesh, Charu and Dilip are partners sharing profits and losses in the ratio of 3:2: 1. Their balance sheet as at 31st March, 2024 was as follows :

Liabilities		₹	Assets		₹
Sundry Creditors		87,000	Plant		2,00,000
General Reserve		42,000	Stock		1,80,000
Profit & Loss A/c (Profits)		21,000	Debtors	62,000	
Capitals:			Less: Provision for		
Brijesh	3,00,000		doubtful debts	2,000	60,000
Charu	3,00,000		Cash		30,000
Dilip	50,000	6,50,000	Building		3,00,000
			Furniture		30,000
		8,00,000			**8,00,000**

The partners agreed that from 1st April, 2024 they will share profits and losses in the ratio of 4 : 4 : 1. They agreed that:

(i) Stock is to be valued at 20% less. (ii) Provision for doubtful debts to be increased by ₹ 1,500.

(iii) Furniture is to be depreciated by 20% and plant by 15%. (iv) ₹3,500 are outstanding for salaries.

(v) Building is to be valued at ₹3,50,000.(vi) Goodwill is valued at ₹45,000.

Partners do not want to record the altered values of assets and liabilities in the books and want to leave the reserves and profits undisturbed.You are required to pass a single journal entry to give effect to the above.

[Ans. Credit Brijesh and Dilip by ₹4,500 each and Debit Charu by ₹9,000; Balance sheet Total 8,00,000]

concept no.8

Preparation of Balance Sheet

Q.2) A, B and C are partners sharing profits and losses in the ratio of 3 : 3 : 2. Their balance sheet as at 31 st March 2023 was as follows :

Liabilities		₹	Assets	₹
Sundry Creditors		24,000	Fixed Assets	1,59,000
General Reserve		36,000	Stock	1,20,000
Capitals:			Debtors	44,000
A	2,00,000		Bank	37,000
B	1,50,000		Building	2,00,000
C	1,50,000	5,00,000		
		5,60,000		5,60,000

Partners decided that with effect from 1st April 2023, they would share profits and losses in the ratio of 4 : 3 : 2. It was agreed that:

(i) Stock be valued at ₹ 1,10,000.(ii) Machinery is to be depreciated by 10%.

(iii) A provision for doubtful debts is to be made on debtors @ 5%. (iv) Building to be appreciated by 20%.

(v) A liability for ₹2,500 included in sundry creditors is not likely to arise.

Partners agreed that the revised values are to be recorded in the books. They do not, however want to distribute the general reserve. You are required to prepare journal entries, capital accounts of the partners and the revised balance sheet**[Ans. Profit on Revaluation ₹14,400; Adjustment for Reserve : Dr. A by ₹2,500 and Cr. S by ₹1,500 Cr. C by 1,000; Capitals A ₹2,02,900, B ₹ 1,56,900 and C ₹ 1,54,600; Balance Sheet Total ₹5,71,900.]**

ELITE COMMERCE MINDS
COMMERCE RAMA

END OF CONCEPT NO-8

COMMERCE RAMA

END OF CHAPTER-3

COMMERCE RAMA