ACCOUNTS

NCERT - NCERT ACCOUNTS(HINGLISH)

DISSOLUTION OF PARTNERSHIP FIRM

Illustration

1. Supriya and Monika are partners, who share profit in the ratio of 3:2. Following is the balance sheet as on March 31, 2017.

Balance Sheet of Supriya and Monika as on March 31, 2017

Liabilities	Amount (Rs.)	Assets		Amount (Rs.)
Supriya's Capital	32,500	Cash and Bank		40,500
Monika's Capital	11,500	Stock		7,500
Sundry Creditors	48,000	Sundry debtors	21,500	
Reserve fund	13,500	*Less:* Provision for doubtful debts	500	21,000
		Fixed Assets		36,500
	1,05,500			**1,05,500**

The firm was dissolved on March 31, 2017. Close the books of the firm with the following information:

(i) Debtors realised at a discount of 5%,

(ii) Stock realised at Rs.7,000,

(iii) Fixed assets realised at Rs.42,000,

(iv) Realisation expenses of Rs.1,500,

(v) Creditors are paid in full. Prepare necessary ledger accounts.

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2. Sita, Rita and Meeta are partners sharing profit and losses in the ratio of 2:2:1 Their balance sheet as on March 31, 2017 is as follows:

Balance Sheet of Sita, Rita and Meeta as on March 31, 2017

Liabilities		*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Reserve fund		2,500	Cash at bank	2,500
Creditors		2,000	Stock	2,500
Capitals:			Furniture	1,000
Sita	5,000		Debtors	2,000
Rita	2,000		Plant and Machinery	4,500
Meeta	1,000	8,000		
		12,500		**12,500**

They decided to dissolve the business. The following amounts were realised: Plant and Machinery Rs.4,250, Stock Rs.3,500, Debtors Rs.1850, Furniture 750. Sita agreed to bear all realisation expenses. For the service Sita is paid Rs.60. Actual expenses on realisation amounted to Rs.450.Creditors paid 2% less. There was an unrecorded assets of Rs.250, which was taken over by Rita at Rs.200. Prepare the necessary accounts to close the books of the firm

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3. Nayana and Arushi were partners sharing profits equally Their Balance Sheet as on

March 31, 2017 was as follows:

Balance Sheet of Nayana and Arushi as on March 31, 2017

Liabilities		*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Capitals:			Bank	30,000
Nayana	1,00,000		Debtors	25,000
Arushi	50,000	1,50,000	Stock	35,000
Creditors		20,000	Furniture	40,000
Arushi's current account		10,000	Machinery	60,000
Workmen Compensation Fund		15,000	Nayana's current account	10,000
Bank overdraft		5,000		
		2,00,000		**2,00,000**

The firm was dissolved on the above date:

1. Nayana took over 50% of the stock at 10% less on its book value, and the remaining stock was sold at a gain of 15%. Furniture and Machinery realised for Rs.30,000 and Rs.50,000 respectively,

2. There was an unrecorded investment which was sold for Rs. 25,000,

3. Debtors realised 90% only and Rs.1,200 were

recovered for bad debts written-off last year,

4. There was an outstanding bill for repairs which had to be paid for Rs.2,000.

Record necessary journal entries and prepare ledger accounts to close the books of the firm.

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4. Following is the Balance Sheet of Ashwani and Bharat on March 31, 2017.

Balance Sheet Ashwani and Bharat as on March 31, 2017

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Creditors		76,000	Cash at bank		17,000
Mrs.Ashwani's loan		10,000	Stock		10,000
Mrs.Bharat loan		20,000	Investments		20,000
Investment fluctuation fund		2,000	Debtors	40,000	
Reserve fund		20,000	*Less:* Provision		
Capitals:			for doubtful debts	4,000	36,000
Ashwani	20,000		Buildings		70,000
Bharat	20,000	40,000	Goodwill		15,000
		1,68,000			1,68,000

The firm was dissolved on that date. The following was agreed transactions took place.

(i) Aswhani promised to pay Mrs. Ashwani's loan and took away stock for Rs.8,000.

(ii) Bharat took away half of the investment at 10% less. Debtors realised for Rs.38,000. Creditor's were paid at less of Rs.380. Buildings realised for Rs.1,30,000, Goodwill Rs.12,000 and the remaining Investment were sold at Rs.9,000. An old typewriter not recorded in the books was taken over by Bharat for Rs. 600. Realisation expenses amounted to Rs. 2,000. Prepare Realisation Account, Partner's Capital Account and Bank Account.

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5. Sonia, Rohit and Udit are partners sharing profits in the ratio of 5:3:2. Their Balance Sheet as on March 31, 2017 was as follows:

Balance Sheet of Sonia, Rohit and Udit as on March 31, 2017

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		30,000	Buildings	2,00,000
Bills payable		30,000	Machinery	40,000
Bank loan		1,20,000	Stock	1,60,000
Sonia's husband's loan		1,30,000	Bills receivable	1,20,000
General reserve		80,000	Furniture	80,000
Capitals:			Cash at bank	60,000
Sonia	70,000			
Rohit	90,000			
Udit	1,10,000	2,70,000		
		6,60,000		**6,60,000**

The firm was dissolved on that date. Close the books of the firm with following information:

1. Buildings realised for Rs.1,90,000, Bills receivable realised for Rs.1,10,000, Stock realised Rs.1,50,000, and Machinery sold for Rs.48,000 and furniture for Rs. 75,000,
2. Bank loan was settled for Rs.1,30,000. Creditors and Bills payable were settled at 10% discount,
3. Rohit paid the realisation expenses of Rs.10,000 and he was to get a remuneration of Rs.12,000 for completing the dissolution process. Prepare necessary ledger accounts.

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6. Romesh and Bhawan were in partnership sharing profit and losses as 3:2. Their Balance Sheet as on March 31, 2017, was as follows:

Balance Sheet of Romesh and Bhawan as on March 31, 2014

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Bank loan		60,000	Cash at bank	30,000
Creditors		80,000	Debtors	70,000
Bills payables		40,000	Stock	2,00,000
Bhawan loan		20,000	Investments	1,40,000
Capitals:			Buildings	60,000
Romesh	1,00,000			
Bhawan	2,00,000	3,00,000		
		5,00,000		**5,00,000**

They decided to dissolve the firm. The following information is available:

1. Debtors were recovered 5% less. Stock was realised at books value and building was sold

for Rs.51,000,

2. It is found that investment not recorded in the books amounted to Rs.10,000. The same were accepted by one creditor for this amount and other Creditors were paid at a discount of 10%. Bills payable were paid full,

3. Romesh took over some of the Investments at Rs.8,100 (book value less 10%). The remaining investment were taken over by Bhawan at 90% of the book value less Rs.900 discount,

4. Bhawan paid bank loan along with one year interest at 6% p.a,

5. An unrecorded liability of Rs.5,000 paid. Close the books of the firm and prepare necessary ledger accounts.

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7. Sonu and Ashu sharing profits as 3:1 and they agree upon dissolution. The Balance Sheet as on March 31, 2017 is as under:

Balance Sheet of Sonu and Ashu as on March 31, 2017

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Loan		12,000	Cash at bank	25,000
Creditors		18,000	Stock	45,000
Capital			Furniture	16,000
Sonu	1,10,000		Debtors	70,000
Ashu	68,000	1,78,000	Plant and Machinery	52,000
		208,000		**2,08,000**

Sonu took over plant and machinery at an agreed value of Rs.60,000. Stock and Furniture were sold for Rs.42,000 and Rs.13,900 respectively. Debtors were took over by Ashu at Rs.69,000. Creditors were paid subject to discount of Rs.900. Sonu agrees to pay the loans. Realisation expenses were Rs.1,600. Prepare Realisation Account, Bank Account and Capital Accounts of the Partners.

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8. Anju, Manju and Sanju sharing profit in the ratio of 3:1:1 decided to dissolve their firm. On March 31, 2014 their position was as follows:

Balance Sheet Anju, Manju and Sanju as on March 31, 2017

Liabilities		*Amount (Rs.)*	*Assets*		*Amount (Rs.)*
Creditors		60,000	Cash at bank		35,000
Loan		15,000	Stock		83,000
Capitals:			Furniture		12,000
Anju	2,75,000		Debtors	2,42,000	
Manju	1,10,000		*Less:* Provision for		
Sanju	1,00,000	4,85,000	doubtful debts	12,000	2,30,000
			Buildings		2,00,000
		5,60,000			**5,60,000**

It is agreed that:

1. Anju takes over the Furniture at Rs.10,000 and Debtors amounting to Rs.2,00,000 at Rs.1,85,000. Anju also agrees to pay the creditors,

2. Manju is to take over Stock at book value

and Buildings at book value less 10%,

3. Sanju is to take over remaining Debtors at 80% of book value and responsibility for the discharge of the loan,

4. The expenses of dissolution amounted to Rs.2,200. Prepare Realisation Account, Bank Account and Capital Accounts of the partners.

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9. Sumit, Amit and Vinit are partners sharing profit in the ratio of 5:3:2. Their Balance Sheet as on March 31, 2017 was as follows:

Balance Sheet of Sunit, Amit and Vinit as on March 31, 2017

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Capitals:			Machinery	80,000
Sumit	40,000		Investments	1,50,000
Amit	50,000		Stock	10,000
Vinit	60,000	1,50,000	Debtors	35,000
Profit and Loss		10,000	Cash at bank	15,000
Mrs. Amit's loan		40,000		
Sundry creditors		90,000		
		2,90,000		2,90,000

The firm was dissolved on that date. Amit took over his wife's loan. One of the Creditors for Rs.2,600 was not claim the amount. Other assets realised as follows:

1. Machinery was sold for Rs.70,000,

2. Investments with book value of Rs.1,00,000 were given to Creditors in full settlement of their account. The remaining Investments were took over by Vinit at an agreed value of

Rs.45,000,

3. Stock was sold for Rs.11,000 and Debtors for Rs.3,000 proved to be bad,

4. Realisation expenses were Rs.1,500. Prepare ledger accounts to close the books of the firm.

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10. Meena and Tina are partners in a firm and sharing profit as 3:2. They decided to dissolve their firm on March 31, 2017 when their Balance Sheet was a follows:

Balance Sheet Meena and Tina as on March 31, 2017

Liabilities		*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Capital :			Machinery	70,000
Meena	90,000		Investments	50,000
Tina	80,000	1,70,000	Stock	22,000
Sundry creditors		60,000	Sundry Debtors	1,03,000
Bills payable		20,000	Cash at bank	5,000
		2,50,000		**2,50,000**

The assets and liabilities were disposed off as follows :

(a) Machinery were given to creditors in full settlement of their account and Stock were given to bills payable in full settlement.

(b) Investment were took over by Tina at book value. Sundry debtors of book value Rs. 50,000 took over by Meena at 10% less and remaining debtors realised Rs. 51,000.

(c) Realisation expenses amount to Rs. 2,000.

Prepare necessary ledger accounts to close the book of the firm.

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Test Your Understanding I

1. Dissolution of a partnership is different from dissolution of a firm,

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2. A partnership is dissolved when there is a death of a partner,

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3. A firm is dissolved when all partners give consent to it.

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4. A firm is compulsorily dissolved when a partner decide to retire.

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5. Dissolution of a firm necessarily involves dissolution of partnership.

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6. A firm is compulsorily dissolved when all partners or when all except one partner become involvent.

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7. Court can order a firm to be dissolved when a partner becomes insane.

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8. Dissolution of partnership can not take place without intervention of the court.

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Test Your Understanding Ii

1. On dissolution of a firm, bank overdraft is transferred to :

1)Cash Account

2)Bank Account

3)Realisation Account

4)Partner's capital Account.

A. Cash Account

B. Bank Account

C. Realisation Aaccount

D. Partner's capital Account.

Answer: C

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2. On dissolution of a firm, partner’s loan account is transferred to:

1) Realisation Account

2)Partner’s Capital Account

3)Partner’s Current Account

4)None of the above.

A. Realisation Account

B. Partner’s Capital Account

C. Partner’s Current Account

D. None of the above.

Answer: D

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3. After transferring liabilities like creditors and bills payables in the Realisation Account, in the absence of any information regarding then payment, such liabilities are treated as:

1)Never paid

2)Fully paid

3)Partly paid

4)None of the above.

A. Never paid

B. Fully paid

C. Partly paid

D. None of the above.

Answer: B

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4. When realisation expenses are paid by the firm on behalf of a partner, such expenses are debited to:

1)Realisation Account

2)Partner's Capital Account

3)Partner's Loan Account

4)None of the above.

A. Realisation Account

B. Partner's Capital Account

C. Partner's Loan Account

D. None of the above.

Answer: D

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5. Unrecorded assets when taken over by a partner are shown in :

1)Debit of Realisation Account

2)Debit of Bank Account

3)Credit of Realisation Account

4)Credit of Bank Account.

A. Debit of Realisation Account

B. Debit of Bank Account

C. Credit of Realisation Account

D. Credit of Bank Account.

Answer: C

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6. Unrecorded liabilities when paid are shown in:

1)Debit of Realisation Account

2)Debit of Bank Account

3)Credit of Realisation Account

4)Credit of Bank Account.

A. Debit of Realisation Account

B. Debit of Bank Account

C. Credit of Realisation Account

D. Credit of Bank Account.

Answer: A

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7. The accumulated profits and reserves are transferred to :

1)Realisation Account

2) Partners' Capital Accounts

3)Bank Account

4)None of the above.

A. Realisation Account

B. Partners' Capital Accounts

C. Bank Account

D. None of the above.

Answer: B

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8. On dissolution of the firm, partner's capital accounts are closed through:

1)Realisation Account

2)Drawings Account

3)Bank Account

4)Loan Account.

A. Realisation Account

B. Drawings Account

C. Bank Account

D. Loan Account.

Answer: C

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Test Your Understanding Iii

1. All assets (except cash/bank and fictitious assets) are transferred to the —— (Debit/Credit) side of ——Account (Realisation/Capital).

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2. All —— (internal/external) liabilities are transferred to the —— (Debit/Credit) side of ——acccount (Bank/Realisation).

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3. Accumulated losses are transferred to —— (Current/Capital Accounts) in —— (equal ratio/profit sharing ratio).

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4. If a liability is assumed by a partner, such Partner's Capital Account is —— (debited/credited).

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5. If a partner takes over an asset, such (Partner's Capital Account) is —— (debited/credited).

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6. No entry is required when a —— (partner/creditor) accepts a fixed asset in payment of his dues.

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7. When creditor accepts an asset whose value is more than the amount due to him, he will —— (pay/not pay) the excess amount which will be credited —— Account.

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8. When the firm has agreed to pay the partner a fixed amount for realisation work irrespective of the actual amount spent, such fixed amount is debited to (Realisation/Capital) Account and Credited to (Capital/Bank) Account.

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9. Partner's loan is —— (recorded/not recorded) in the (Realisation Account).

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10. Partner's current accounts are transferred to respective —— Partners' (Loan/Capital) Accounts.

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Short Answer Questions

1. State the difference between dissolution of partnership and dissolution of partnership firm.

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2. State the accounting treatment for:

i. Unrecorded assets ii. Unrecorded liabilities

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3. On dissolution, how will you deal with partner's loan if it appears on the (a) assets side of the balance sheet, (b) liabilities side of balance sheet.

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4. Distinguish between firm's debts and partner's private debts.

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5. State the order of settlement of accounts on dissolution.

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6. On what account realisation account differs from revaluation account.

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Long Answer Questions

1. Explain the process dissolution of partnership firm?

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2. What is a Realisation Account?

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3. Reproduce the format of Realisation Account.

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4. How deficiency of creditors is paid off?

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Numerical Questions

1. How will you deal with the realisation expenses of the firm of Rashim and Bindiya in the following cases:

1. Realisation expenses amounts to Rs. 1,00,000,

2. Realisation expenses amounting to Rs. 30,000 are paid by Rashim, a partner.

3. Realisation expenses are to be borne by Rashim for which he will be paid Rs. 70,000 as remuneration for completing the dissolution process. The actual expenses incurred by Rashim were Rs. 1,20,000.

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2. The book value of assets (other than cash and bank) transferred to Realisation Account is Rs. 1,00,000. 50% of the assets are taken over by a partner Atul, at a discount of 20%, 40% of the remaining assets are sold at a profit of 30% on cost, 5% of the balance being obsolete, realised nothing and remaining assets are handed over to a Creditor, in full settlement of his claim. You are required to record the journal entries for realisation of assets.

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3. Record necessary journal entries to record the following unrecorded assets and liabilities in the books of Paras and Priya:

1. There was an old furniture in the firm which had been written-off completely in the books. This was sold for Rs. 3,000,

2. Ashish, an old customer whose account for Rs. 1,000 was written-off as bad in the previous year, paid 60%, of the amount,

3. Paras agreed to takeover the firm's goodwill (not recorded in the books of the firm), at a valuation of Rs. 30,000,

4. There was an old typewriter which had been written-off completely from the books. It was estimated to realize Rs. 400. It was taken away by Priya at an estimated price less 25%,

5. There were 100 shares of Rs. 10 each in Star Limited acquired at a cost of Rs. 2,000 which had been written-off completely from the books. These shares are valued @ Rs. 6 each and divided among the partners in their profit sharing ratio.

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4. All partners wishes to dissolve the firm. Yastin, a partner wants that her loan of Rs. 2,00,000 must be paid off before the payment of capitals to the partners. But, Amart, another partner wants that the capitals must be paid before the payment of Yastin's loan. You are required to settle the conflict giving reasons.

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5. What journal entries would be recorded for the following transactions on the dissolution of a firm after various assets (other than cash) on the third party liabilities have been transferred to Reliasation account.

1. Arti took over the Stock worth Rs. 80,000 at Rs. 68,000.

2. There was unrecorded Bike of Rs. 40,000 which was taken over By Mr. Karim.

3. The firm paid Rs. 40,000 as compensation to employees.

4. Sundry creditors amounting to Rs. 36,000 were settled at a discount of 15%.

5. Loss on realisation Rs. 42,000 was to be

distributed between Arti and Karim in the ratio of 3:4.

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6. Rose and Lily shared profits in the ratio of 2:3. Their Balance Sheet on March 31, 2017 was as follows:

Liabilities	*Amount (Rs.)*	*Assets*		*Amount (Rs.)*
Creditors	40,000	Cash		16,000
Lily's loan	32,000	Debtors	80,000	
Profit and Loss	50,000	*Less*: Provision for doubtful debts	3,600	76,400
Capitals:				
Lily	1,60,000	Inventory		1,09,600
Rose	2,40,000	Bills receivable		40,000
		Buildings		2,80,000
	5,22,000			**5,22,000**

Rose and Lily decided to dissolve the firm on the above date. Assets (except bills receivables) realised Rs. 4,84,000. Creditors agreed to take Rs. 38,000. Cost of realisation was Rs. 2,400. There was a Motor Cycle in the firm which was bought out of the firm's money, was not shown in the books of the firm. It was now sold for Rs. 10,000. There was a contingent liability in respect of outstanding electric bill of Rs. 5,000 Bill Receivable taken over by Rose at Rs. 33,000. Show Realisation Account, Partners Capital Acount, Loan Account and Cash Account.

7. Shilpa, Meena and Nanda decided to dissolve their partnership on March 31,2017. Their profit sharing ratio was 3:2:1 and their Balance Sheet was as under:

Liabilities	*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Capitals:		Land	81,000
Shilpa	80,000	Stock	56,760
Meena	40,000	Debtors	18,600
Bank loan	20,000	Nanda's capital	23,000
Creditors	37,000	Cash	10,840
Provision for doubtful debts	1,200		
General reserve	12,000		
	1,90,200		**1,90,200**

The stock of value of Rs. 41,660 are taken over by Shilpa for Rs. 35,000 and she agreed to discharge bank loan. The remaining stock was sold at Rs. 14,000 and debtors amounting to Rs. 10,000 realised Rs. 8,000. land is sold for Rs. 1,10,000. The remaining debtors realised 50% at their book value. Cost of realisation amounted to Rs. 1,200. There was a typewriter not recorded in the books worth Rs. 6,000 which were taken over by one of the Creditors at this value. Prepare Realisation Account.

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8. Surjit and Rahi were sharing profits (losses) in the ratio of 3:2, their Balance Sheet as on March 31, 2017 is as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	38,000	Bank	11,500
Mrs. Surjit loan	10,000	Stock	6,000
Reserve	15,000	Debtors	19,000
Rahi's loan	5,000	Furniture	4,000
Capital's:		Plant	28,000
Surjit	10,000	Investment	10,000
Rahi	8,000	Profit and Loss	7,500
	86,000		86,000

The firm was dissolved on March 31, 2017 on the following terms:

1. Surjit agreed to take the investments at Rs. 8,000 and to pay Mrs. Surojit's loan.

2. Other assets were realised as follows: Stock Rs. 5,000 Debtors Rs. 18,500 Furniture Rs.

4,500 Plant Rs. 25,000

3. Expenses on realisation amounted to Rs. 1,600.

4. Creditors agreed to accept Rs. 37,000 as a final settlement. You are required to prepare Realisation account, Partner's Capital account and Bank account.

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9. Rita, Geeta and Ashish were partners in a firm sharing profits/losses in the ratio of 3:2:1.

On March 31, 2017 their balance sheet was as follows:

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Capitals:			Cash	22,500
Rita	80,000		Debtors	52,300
Geeta	50,000		Stock	36,000
Ashish	30,000	1,60,000	Investments	69,000
Creditors		65,000	Plant	91,200
Bills payable		26,000		
General reserve		20,000		
		2,71,000		2,71,000

On the date of above mentioned date the firm was dissolved:

1. Rita was appointed to realise the assets. Rita was to receive 5% commission on the rate of assets (except cash) and was to bear all expenses of realisation,

2. Assets were realised as follows: Rs. Debtors 30,000 Stock 26,000 Plant 42,750

3. Investments were realised at 85% of the book value,

4. Expenses of realisation amounted to Rs. 4,100,

5. Firm had to pay Rs. 7,200 for outstanding salary not provided for earlier,

6. Contingent liability in respect of bills discounted with the bank was also materialised and paid off Rs. 9,800, Prepare Realisation account, Capital Accounts of Partner's and Cash Account.

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10. Anup and Sumit are equal partners in a firm. They decided to dissolve the parntership on December 31, 2017. When the balance sheet is as under :

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors		27,000	Cash at bank	11,000
Reserve fund		10,000	Sundry Debtors	12,000
Loan		40,000	Plants	47,000
Capital			Stock	42,000
Anup	60,000		Lease hold land	60,000
Sumit	60,000	1,20,000	Furniture	25,000
		1,97,000		**1,97,000**

The Assets were realised as follows : Rs. Lease hold land 72,000 Furniture 22,500 Stock 40,500 Plant 48,000 Sundry Debtors 10,500 The Creditors were paid Rs. 25,500 in full settlement. Expenses of realisation amount to

Rs. 2,500. Prepare Realisation Account, Bank Account, Partners Capital Accounts to close the books of the firm.

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11. Ashu and Harish are partners sharing profit and losses as 3:2. They decided to dissolve the firm on December 31, 2017. Their balance sheet on the above date was:

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors		27,000	Cash at bank	11,000
Reserve fund		10,000	Sundry Debtors	12,000
Loan		40,000	Plants	47,000
Capital			Stock	42,000
Anup	60,000		Lease hold land	60,000
Sumit	60,000	1,20,000	Furniture	25,000
		1,97,000		1,97,000

Ashu is to take over the building at Rs. 95,000 and Machinery and Furniture is take over by Harish at value of Rs. 80,000. Ashu agreed to pay Creditor and Harish agreed to meet Bank overdraft. Stock and Investments are taken by both partner in profit sharing ratio. Debtors realised for Rs. 46,000, expenses of realisation amounted to Rs. 3,000. Prepare necessary ledger account.

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12. Sanjay, Tarun and Vineet shared profit in the ratio of 3:2:1. On December 31,2017 their balance sheet was as follows :

Liabilities		*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Capitals:			Plant	90,000
Sanjay	1,00,000		Debtors	60,000
Tarun	1,00,000		Furniture	32,000
Vineet	70,000	2,70,000	Stock	60,000
Creditors		80,000	Investments	70,000
Bills payable		30,000	Bills receivable	36,000
			Cash in hand	32,000
		3,80,000		**3,80,000**

On this date the firm was dissolved. Sanjay was appointed to realise the assets. Sanjay was to receive 6% commission on the sale of assets (except cash) and was to bear all expenses of realisation. Sanjay realised the assets as follows : Plant Rs. 72,000, Debtors Rs. 54,000, Furniture Rs. 18,000, Stock 90% of the book value, Investments Rs. 76,000 and Bills receivable Rs.31,000. Expenses of realisation amounted to Rs.4,500. Prepare Realisation Account, Capital Accounts and Cash Account

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13. The following is the Balance Sheet of Gupta and Sharma as on December 31,2017:

Liabilities		*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Sundry Creditors		38,000	Cash at bank	12,500
Mrs.Gupta's loan		20,000	Sundry Debtors	55,000
Mrs.Sharma's loan		30,000	Stock	44,000
Reserve fund		6,000	Bills receivable	19,000
Provision of doubtful debts		4,000	Machinery	52,000
Capital			Investment	38,500
Gupta	90,000		Fixtures	27,000
Sharma	60,000	1,50,000		
		2,48,000		**2,48,000**

The firm was dissolved on December 31, 2017 and asset realised and settlements of liabilities as follows:

(a) The realisation of the assets were as follows: Rs. Sundry Debtors 52,000 Stock 42,000 Bills receivable 16,000 Machinery 49,000

(b) Investment was taken over by Gupta at agreed value of Rs.36,000 and agreed to pay of Mrs. Gupta's loan.

(c) The Sundry Creditors were paid off less 3% discount.

(d) The realisation expenses incurred

amounted to Rs.1,200. Journalise the entries to be made on the dissolution and prepare Realisation Account, Bank Account and Partners Capital Accounts.

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14. Ashok, Babu and Chetan are in partnership sharing profit in the proportion of 1/2, 1/3, 1/6 respectively. They dissolve the partnership of the December 31, 2017, when the balance sheet of the firm as under:

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors		20,000	Bank	7,500
Bills payable		25,500	Sundry Debtors	58,000
Babu's loan		30,000	Stock	39,500
Capital's :			Machinery	48,000
Ashok	70,000		Investment	42,000
Babu	55,000		Freehold property	50,500
Chetan	27,000	1,52,000		
Current accounts :				
Ashok	10,000			
Babu	5,000			
Chetan	3,000	18,000		
		2,45,500		**2,45,500**

The machinery was taken over by Babu for Rs.45,000, Ashok took over the Investment for Rs.40,000 and Freehold property took over by Chetan at Rs.55,000. The remaining Assets realised as follows: Sundry Debtors Rs.56,500 and Stock Rs.36,500. Sundry Creditors were settled at discount of 7%. A Office computer, not shown in the books of accounts realised Rs.9,000. Realisation expenses amounted to

Rs.3,000. Prepare Realisation Account, Partners Capital Account, Bank Account.

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15. The following is the Balance sheet of Tanu and Manu, who shares profit and losses in the ratio of 5:3, On December 31,2017:

Balance Sheet of Tanu and Manu as on December 31, 2017

Liabilities		*Amount (Rs.)*	*Assets*	*Amount (Rs.)*
Sundry Creditors		62,000	Cash at bank	16,000
Bills payable		32,000	Sundry Debtors	55,000
Bank loan		50,000	Stock	75,000
Reserve fund		16,000	Motor car	90,000
Capital			Machinery	45,000
Tanu	1,10,000		Investment	70,000
Manu	90,000	2,00,000	Fixtures	9,000
		3,60,000		**3,60,000**

On the above date the firm is dissolved and the following agreement was made: Tanu agree to pay the bank loan and took away the sundry debtors. Sundry creditors accepts stock and paid Rs.10,000 to the firm. Machinery is taken over by Manu for Rs.40,000 and agreed to pay of bills payable at a discount of 5%.. Motor car was taken over by Tanu for Rs.60,000. Investment realised Rs.76,000 and fixtures Rs.4,000. The expenses of dissolution amounted to Rs.2,200. Prepare Realisation Account, Bank Account and Partners Capital Accounts.

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