ACCOUNTANCY

CH.6 DISSOLUTION OF A PARTNERSHIP FIRM

Name: ________________________ Date: Class: XII

1	Shanthi and satya were partners in a firm sharing profits and losses in the ratio of 4:1 .On 31st March 2013 their balance sheet was as follows:

Balance sheet of Shanthi and Satya
As on 31st March 2013

Liabilities	Amount	Assets	Amount
Creditors	45,000	Bank	55,000
Workmen's compensation fund	40,000	Debtors	60,000
		Stock	85,000
Satya's current account	65,000	Furniture	1,00,000
Capitals		Machinery	1,30,000
Shanti 2,00,000		Shanthi's current account	20,000
Satya 1,00,000	3,00,000		
	4,50,000		4,50,000

On the above date the firm was dissolved.

1. Shanti took over 40%of the stock at 10% less than its book value and the remaining stock was sold for ₹40,000.Furniture realized ₹80,000
2. An unrecorded investment was sold for ₹20,000.Machinery was sold at a loss of ₹60,000.
3. Debtors realized ₹55,000
4. There was an outstanding bill for repairs for which ₹19,000 were paid

.Prepare Realization account.

2	Ramesh and Umesh were partners in a firm sharing profits in the ratio of their capitals .On 31st March, 2013their balance sheet was follows

Balance sheet of Ramesh and Umesh
As on 31st March 2013

Liabilities	₹	Assets	₹
Creditors	1,70,000	Bank	1,10,000
Workmen's compensation fund	2,10,000	Debtors	2,40,000
		Stock	1,30,000
General reserve	2,00,000	Furniture	2,00,000
Ramesh's current account	80,000	Machinery	9,30,000
Capitals:		Umesh current Account	50,000
Ramesh 7,00,000			
Umesh 3,00,000	10,00,000		
	16,60,000		16,60,000

On the above date the firm was dissolved.

1. Ramesh took over 50% of the stock at ₹10,000less than book value. The remaining stock was sold at a loss of ₹15,000.Debtors were realized at a discount of 5%.
2. Furniture was taken over by umesh for ₹50,000and machinery was sold for ₹4,50,000.
3. Creditors were paid in full
4. There was an unrecorded bill for repairs for ₹1,60000 which was settled at ₹1,40,000

Prepare Realisation account

3 Asha and Usha were partners in a firm sharing profits in the ratio of their capitals. On 31st March 2013 their balance sheet was as follows

Balance sheet of Asha and Usha
As on 31st Match 2013

Liabilities	₹	Assets	₹
Creditors	3,70,000	Bank	2,10,000
General reserve	1,60,000	Debtors	2,30,000
Workmen's compensation fund	2,40,000	Stock	1,70,000
		Furniture	6,90,000
Capital		Machinery	10,60,000
Asha 6,00,000		Asha's current account	90,000
Usha 10,00,000	16,00,000		
Usha's current account	80,000		
	24,50,000		24,50,000

On the above date the firm was dissolved.

1. Debtors were realized at a discount of 5%.
2. 50% of the stock was taken over by asha at 20% less than the book value.The remaining stock was sold for ₹75,000
3. Furniture was taken over by Usha for ₹3,90,000
4. Asha took over the machinery for ₹4,50,000
5. Creditors were paid ₹3,50,000in full settlement
6. Expenses of dissolution were ₹7,000

   Prepare Realisation account

4 A, B and C were partners sharing profits and losses in the ratio of 2:2:1. Their Balance sheet as at 31st March ,2018 was as follows:

Liabilities	Amount (₹)	Assets	Amount(₹)
Capitals:		Cash at Bank	3,00,000
A7,50,000		Sundry Debtors1,95,000	
B3,00,000		Less: Provision 5,000	1,90,000
C2,50,000	13,00,000	Stock	3,00,000
Creditors	2,00,000	Fixed Assets	7,10,000
	15,00,000		15,00,000

On the above date they dissolved the firm and following amounts were realised: Fixed assets ₹6,75,000 ; Stock ₹3,39,000; Debtors ₹1,35,000 ; Creditors were paid

	₹1,85,000 in full settlement of their claim .Expenses on Realisation amounted to ₹19,000 Pass necessary journal entries on the dissolution of the firm
5	Pass the necessary journal entries for the following transactions on the dissolution of the firm of P & Q after the various assets (other than cash) and other liabilities have been transferred to Realisation Account: i. Bank Loan ₹12,000 was paid ii. Stock worth ₹16,000 was taken over by Partner Q iii. Partner P paid a creditor ₹4000 iv. An asset not appearing in the books of accounts realized ₹1,200 v. Expenses of realization ₹2,000 were paid by partner Q vi. Profit on realization ₹36,000 was distributed between P and Q in 5:4 ratio
6	Pass the necessary journal entries for the following transactions on the dissolution of the firm of Sudha and Shiva after the various assets (other than cash) and other liabilities have been transferred to Realisation Account: i. Sudha agreed to pay off her husband's loan ₹19,000 ii. A debtor whose debt of ₹9,000 was written off in the books paid ₹7,500 in full settlement. iii. Shiva took over all investments at ₹13,300 iv. Sundry creditors ₹10,000 were paid at 9% discount. v. Realisation expenses ₹3,400 were paid by Sudha for which she was allowed ₹3,000 vi. Loss on realization ₹9,400 was divided between Sudha and Shiva in 3:2 ratio
7	Prem & Suresh were partners in a firm sharing profits in the ratio of 7:8. On 1st April 2015, their firm was dissolved .After transferring assets (other than cash) and outsiders liabilities to realisation account, you are given the following information: i. Raman a creditor of ₹4,00,000 accepted land valued ₹7,00,000 and paid ₹3,00,000 to the firm ii. Gopal, a second creditor for 1,05,000 accepted ₹90,000 in cash and investments of ₹14,000 in full settlement of his account iii. Hari, a third creditor amounting to ₹75,000 accepted stock of the book value of ₹60,000 for ₹45,000 and the balance was paid to him by cheque iv. Loss on dissolution was ₹450,000 Pass necessary journal entries for the above transactions in the books of the firm
8.	Give necessary journal entries in each of the following cases at the time of dissolution of firm: i. Expenses of realization amounted to ₹7,400 ii. Expenses of realization ₹7,400 were paid by Ravi, a partner iii. Realisation Expenses were to be borne by Deepak , a partner for which he was allowed a commission of 2% of net cash realized from dissolution .The net cash realized from dissolution was ₹1,00,000 and actual realization expenses were ₹7,400. Expenses of realization ₹7,400 were to be borne by Khan , a partner. Khan used firm's cash for paying these expenses.