

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 28.06.2021

Teacher name – Ajay Kumar Sharma

Dissolution of Partnership Firm

Question 11:

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

Balance Sheet of Rose and Lily as on March 31, 2017

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
Capitals:			76,400
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 Account, Loan Account and Cash Account.

ANSWER:

Books of Rose and Lily

Realisation Account

Dr.			Cr.		
Particulars		Amount Rs	Particulars		Amount Rs
Debtors		80,000	Provision for Doubtful Debts		3,600
Inventory		1,09,600	Creditors		40,000
Bills Receivables		40,000	Cash:		
Buildings		2,80,000	Motor cycle	10,000	
Cash:			Other Assets	4,84,000	4,94,000
Outstanding Electricity Bill	5,000		Rose's Capital (Bills Receivable)		33,000
Creditors	38,000				
Expenses	2,400	45,400			
Profit transferred to:					
Rose' Capital	6,240				
Lily's Capital	9,360	15,600			
		5,70,600			5,70,600

Partners' Capital Accounts

Dr.			Cr.		
Particulars	Rose	Lily	Particulars	Rose	Lily
Realisation (Bills Receivable)	33,000		Balance b/d	2,40,000	1,60,000
Cash A/c	2,33,240	1,99,360	Profit and Loss Realisation (Profit)	20,000	30,000
	2,66,240	1,99,360		6,240	9,360
				2,66,240	1,99,360

Lily's Loan Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Cash	32,000	Balance b/d	32,000
	32,000		32,000

Cash Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	16,000	Realisation:	
Realisation:		Creditors	38,000
Motor Cycle	10,000	Outstanding Electricity Bill	5,000
Other Assets	4,84,000	Expenses	2,400
	4,94,000	Lily's Loan	32,000
		Rose's Capital A/c	2,33,240
		Lily's Capital A/c	1,99,360
	5,10,000		5,10,000

Note: In the solution Contingent Liability of Electricity Bill has been treated as Electricity Bill Payable.

Question 12:

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:

Balance Sheet of Shilpa, Meena and Nanda as on March 31, 2017

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 Account	23,000
Creditors	37,000	Cash	10,840
Provision for doubtful debts	1,200		
General Reserve	12,000		
	<u>1,90,200</u>		<u>1,90,200</u>

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.

ANSWER:

In the books of Shilpa, Meena and Nanda

Realisation Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Land	81,000	Bank Loan	20,000
Stock	56,760	Creditors	37,000
Debtors	18,600	Provision for doubtful debts	1,200
Shilpa's Capital A/c	20,000	Shilpa's Capital A/c (Stock)	35,000
Cash :		Cash:	
Creditors	31,000	Stock	14,000
Realisation Expenses	1,200	Debtors	12,300
Profit transferred to		Land	<u>1,10,000</u>
Shilpa's Capital A/c	10,470		1,36,300
Meena's Capital A/c	6,980		
Nanda's Capital A/c	3,490		
	<u>20,940</u>		
	<u>2,29,500</u>		<u>2,29,500</u>

Partners' Capital Account

Dr.				Cr.			
Particulars	Shilpa	Meena	Nanda	Particulars	Shilpa	Meena	Nanda
Balance b/d	–	–	23,000	Balance b/d	80,000	40,000	–
Realisation (Stock)	35,000			General Reserve	6,000	4,000	2,000
Cash	81,470	50,980		Realisation (Bank Loan)	20,000		
				Realisation (Profit)	10,470	6,980	3,490
				Cash			17,510
	1,16,470	50,980	23,000		1,16,470	50,980	23,000

Cash Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	10,840	Realisation (Expenses)	32,200
Realisation (Assets)	1,36,300	Shilpa's Capital A/c	81,470
Nanda's Capital A/c	17,510	Meena's Capital A/c	50,980
	1,64,650		1,64,650

Question 13:

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

Balance Sheet of Surjit and Rahi as on March 31, 2017

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. Surjit'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, Partners' Capital Account and Bank Account.

ANSWER:

Books of Surjit and Rahi

Realisation Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Stock	6,000	Creditors	38,000
Debtors	19,000	Mrs. Surjit's Loan	10,000
Furniture	4,000	Surjit's Capital A/c (Investment)	8,000
Plant	28,000	Bank:	
Investment	10,000	Stock	5,000
Surjit's Capital A/c (Mrs. Surjit's Loan)	10,000	Debtors	18,500
Bank:		Furniture	4,500
Expenses	1,600	Plant	25,000
Creditors	37,000	Loss transferred to:	
	38,600	Surjit's Capital A/c	3,960
		Rahi's Capital A/c	2,640
	1,15,600		6,600
			1,15,600

Partners' Capital Account

Dr.			Cr.		
Particulars	Surjit	Rahi	Particulars	Surjit	Rahi
Realisation (Investment)	8,000		Balance b/d	10,000	8,000
Realisation (Loss)	3,960	2,640	Realisation (Mrs. Surjit Loan)	10,000	
Profit and Loss	4,500	3,000			
Bank	12,540	8,360	Reserve	9,000	6,000
	29,000	14,000		29,000	14,000

Rahi's Loan Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Bank	5,000	Balance b/d	5,000
	5,000		5,000

Bank Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	11,500	Realisation (Creditors and Expenses)	38,600
Realisation A/c (Assets realised)	53,000	Rahi's Loan	5,000
		Surjit's Capital A/c	12,540
		Rahi's Capital A/c	8,360
	64,500		64,500

Question 14:

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 Partners' and Cash Account.

ANSWER:

In the books of Rita, Geeta and Ashish

Realisation Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Debtors	52,300	Creditors	65,000
Stock	36,000	Bills Payable	26,000

Investment		69,000	Cash:		
Plant		91,200	Debtors	30,000	
Cash:			Stock	26,000	
Outstanding Salaries	7,200		Plant	42,750	
Discounted Bill	9,800		Investment	58,650	1,57,400
Creditors	65,000				
Bills Payable	26,000	1,08,000	Loss transferred to		
Rita's Capital A/c		7,870	Rita's Capital A/c	57,985	
(Commission- $1,57,400 \times 5/100$)			Geeta's Capital A/c	38,657	
			Ashish's Capital A/c	19,328	1,15,970
		364370			364370

Partners' Capital Account

Dr.				Cr.			
Particulars	Rita	Geeta	Ashish	Particulars	Rita	Geeta	Ashish
Realisation (Loss)	57,985	38,657	19,328	Balance b/d	80,000	50,000	30,000
Bank	39,885	18,010	14,005	General Reserve	10,000	6,667	3,333
				Realisation	7,870		
	97,870	56667	33333		97870	56,667	33,333

Cash Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	22,500	Realisation A/c	1,08,000
Realisation	1,57,400	Rita's Capital	39,885
		Geeta's Capital A/c	18,010
		Ashish's Capital A/c	14,005
	1,79,900		1,79,900

NOTE: As per the solution, the total of Cash Account should be Rs 1,79,900; however, the answer given in the book shows Rs 1,65,705.

Question 15:

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

Balance Sheet of Anup and Sumit as on December 31, 2017

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	Furniture	25,000
	1,20,000		
	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.

ANSWER:

Realisation Account

Dr.			Cr.		
Particulars	Amount Rs	Particulars	Amount Rs		
Sundry Debtors	12,000	Sundry Creditors	27,000		
Plants	47,000	Loan	40,000		
Stock	42,000	Bank:			
Lease hold land	60,000	Lease hold Land	72,000		
Furniture	25,000	Furniture	22,500		
Bank:		Stock	40,500		
Creditors	25,500	Plant	48,000		
Loan	40,000	Sundry Debtors	10,500	1,93,500	
Expenses	2500				
Profit transferred to					
Anup's Capital A/c	3,250				
Sumit's Capital A/c	3250				
	2,60,500				
				2,60,500	

Partners' Capital Account

Dr.			Cr.		
Particulars	Anup	Sumit	Particulars	Anup	Sumit
Bank	68,250	68,250	Balance b/d	60,000	60,000
			Reserve Fund	5,000	5,000
			Realisation	3,250	3,250
	68,250	68,250		68,250	68,250

Bank Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	11,000	Realisation (Expenses and Liabilities)	68,000
Realisation (Assets)	1,93,500	Anup's Capital A/c	68,250

		Sumit's Capital A/c	68,250
	2,04,500		2,04,500
