



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce.
Worksheetno: 1	Dissolution of partnership firm.

1. Rose and Lily shared profits in the ratio of 2:3. Their Balance Sheet on March 31, 2023 was as follows:

LIABILITIES	₹	ASSETS	₹.
Creditors	40,000	Cash	16,000
Lily's Loan	32,000	Debtors 80,000 -Provision (3,600)	76,400
Profit and Loss	50,000	Inventory	1,09,600
Capital A/c Rose 1,60,000 Lily 2,40,000	4,00,000	Bills Recieveable	40,000
		Building	2,80,000
	5,22,000		5,22,000

Rose and Lily decided to dissolve the firm on the above date.

a.Assets (except bills receivables) were realised for ₹4,84,000.

b.Creditors agreed to take ₹38,000. Cost of realisation was ₹2400.

c.There was a Motor Cycle in the firm which was brought out of the firm's money, was not shown in the books of the firm. It was now sold for an amount of ₹10,000.

d.There was a contingent liability in respect of outstanding electric bill of ₹5,000.

e.Bill receivable taken over by Rose at ₹33,000.

Show realisation account, partners' capital account and cash account.

2. E, F and G were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On March 31, 2023, their firm was dissolved. On the date of dissolution, the Balance Sheet of the firm was as follows:

LIABILITIES	₹	ASSETS	₹.
Capitals: E 1,30,000 F 1,00,000	2,30,000	G's Capital	500

Creditors	45,000	Profit & Loss Account	10,000
Outstanding Expenses	17,000		
		Land & Building	1,00,000
		Furniture	50,000
		Machinery	90,000
		Debtors	36,500
		Bank	5,000
	2,92,000		2,92,000

F was appointed to undertake the process of dissolution for which he was allowed a remuneration of ₹5,000. F agreed to bear the dissolution expenses. Assets realized as follows:

- (i) The Land & Building was sold for ₹1,08,900.
- (ii) Furniture was sold at 25% of book value.
- (iii) Machinery was sold as scrap for ₹9,000.
- (iv) All the Debtors were realized at full value.
- (v) Creditors were payable on an average of 3 months from the date of dissolution. On discharging the Creditors on the date of dissolution, they allowed a discount of 5%.

Prepare Realisation A/c and Partners capital A/c.

3. Akhilesh and Birender are partners sharing profits and losses in the ratio 3:2. The Balance Sheet of the firm on 31st March 2023 was as follows:

LIABILITIES	₹	ASSETS	₹.
Creditors	60,000	Cash in Hand	10,000
Bills Payable	20,000	Debtors	70,000
Employees Provident Fund	50,000	Stock	70,000
Reserve Fund	20,000	Plant & machinery	40,000
Capital		Building	80,000
Akhilesh 90,000		Profit and Loss	20,000
Birender 70,000		Loan to Rajan	20,000
	1,60,000		
	3,10,000		3,10,000

The partners decided to dissolve their firm. Assets are realised as follows:

- a) Debtors realised ₹ 50,000; stock realised ₹ 80,000.
- b) Akhilesh took away the machinery at an agreed value of ₹ 30,000.
- c) Birender takes over the building at a valuation of ₹ 1,00,000 and agrees to pay off creditors at a discount of ₹ 5,000.
- d) An unrecorded liability of ₹20,000 was discharged by unrecorded asset of ₹ 35,000 in full

settlement.

e) The expenses of realisation came to ₹ 5,000 and were paid by Birender, however as per agreement they were to be borne by Akhilesh.

Prepare Realisation Account and Partners Capital A/c.

4. Ayush and Ashika were partners in a firm sharing profits in the ratio of 3:2. The Balance Sheet of the firm on 31st March, 2023 was as follows :

Liabilities	₹	Assets	₹
Creditors	80,000	Bank	1,72,000
Ashika's sister's loan	20,000	Debtors	25,000
Capital A/c:		Stock	50,000
Ayush	1,75,000	Furniture	2,00,000
Ashika	1,94,000	Computer	20,000
		Patent	2,000
	4,69,000		4,69,000

On the above date the firm was dissolved. The assets were realized and the liabilities were paid off as follows :

(a) 50% of the furniture was taken over by Ayush at 20% less than book value. The remaining furniture were sold at profit of ₹5000 .

(b) Computers were given to creditors to settle a claim of ₹30,000 and the balance was paid through cheque.

(c) Debtors of ₹1,000 amounted to be bad.

(d) Stock was taken over by Ashika for ₹27,000(at 10% less than book value).

The remaining Stock was realized at 20% less than its book value.

(e) Ashika's sister's loan was paid off along with an interest of ₹2,000.

(f) Expenses on realisation amounted to ₹5,000.

Prepare:Realisation Account, Partners Capital A/c and Bank A/c.

5. Following is a balance sheet of Raj and Samar who were sharing profit/loss equally. Their Balance Sheet as on 31.03.2023.

LIABILITIES	₹	ASSETS	₹
Capitals:		Goodwill	80,000
Raj: 3,00,000			
Samar: 2,00,000	5,00,000		
Workmen Comp. reserve	30,000	Investment	2,50,000
		Debtors 1,30,000	
		Less: Provision 10,000	1,20,000
Creditors	70,000	Cash at bank	1,50,000
	<u>6,00,000</u>		<u>6,00,000</u>

They decided to dissolve the firm. The assets realised and liabilities were paid off as under:

a) Creditors were paid at a discount of 20%.

b) Debtors were realised at 90% of book value.

c) Expenses on dissolution paid by Raj ₹7,000 on behalf of the firm.

Prepare Realisation account and Capital A/c of partners.

6. Aadish and Shreyansh were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31 st follows : March, 2023 their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Creditors	90,000	Cash at Bank	20,000
Mrs.Aadish's loan	30,000	Stock	24,000
Shreyansh Loan	30,000	Investments	30,000
General Reserve	45,000	Debtors 20,000	
Capitals :		-PDD -2,000	18,000
Aadish 1,00,000			1,00,000
Shreyansh 97,000	1,97,000	Plant	2,00,000
	3,92,000	Advertisement Suspense account	3,92,000

The firm was dissolved on 31 st March 2023 on the following terms;

- Debtors realised ₹17,000 and plant realised 10% more than the book value.
 - Aadish prmised to pay his wife's loan and took away stock at ₹20,000
 - Shreyansh took away half of the investments at a discount of 10%. Remaining investments realised ₹4,500.
 - Creditors were paid off at a discount of 10%.
 - Expenses of realisation amounted to ₹7,000.
- Prepare Realisation Account.

7. Ravi, Kavi and Chand were partners sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2024, their Balance Sheet was as follows :

Liabilities	₹	Assets	₹
Creditors	70,000	Land and Building	3,50,000
Chand's loan	20,000	Stock	3,00,000
Mrs.Chand's loan	20,000	Debtors 2,00,000	
Capiral A/c		Less provision 10,000	1,90,000
Ravi 4,00,000			70,000
Kavi 3,00,000		Cash	
Chand 1,00,000	8,00,000		
	9,10,000		9,10,000

The firm was dissolved on the above date.

- Land and Building and Stock were sold for ₹6,00,000. Debtors were realised at 10% less than the book value.
- Mrs.Chand's Loan was paid off by giving away computers of ₹22,000 , which was not recorded in the books.
- Ravi paid off one of the creditors ₹20,000 in settlement of his amount of ₹30,000. Remaining creditors were paid in cash.

Prepare Realisation Account & Partners Capital A/c.

8. Deepak, Kavita and Kiran are partners sharing profit and loss in the ratio 2:2:1. They decided to dissolve the firm on 31.3.2024.

The balance sheet of the firm on the date of dissolution was as follows:

LIABILITIES	₹	ASSETS	₹.
Creditors	60,000	Machinery	1,00,000
Commission received in advance	10,000	Stock	53,000
Employees' Provident Fund	20,000	Debtors	45,000
Bank Overdraft	23,000	Investments	25,000
Deepak's capital	60,000	Prepaid expense	5,000
Kavita's capital	50,000	Cash	10,000
Kiran's Capital	20,000	Profit/Loss A/c	5,000
	2,43,000		2,43,000

The assets were and liabilities were realized as follows:

(i) Debtors- ₹36,000; Machinery 10% less than book value; Investments @60%;

(ii) Kiran took over stock at ₹40,000.

(iii) Creditors were settled at a discount of 20%.

(iv) Realisation expense were ₹2,000.

Prepare Realisation A/c, Partners Capital A/c and Cash A/c.

9. A, B and C are three partners sharing profits in the ratio of 3:1:1. On 31st March, 2024, they decided to dissolve their firm. On that date their balance sheet was as under:

	Rs.		Rs.
Creditors	6,000	Cash	3,200
Loan	1,500	Debtors	24,200
Capital A/cs:		Less: Provision	1,200
A	27,500		23,000
B	10,000	Stock in trade	7,800
C	7,000	Furniture	1,000
		Sundry Assets	17,000
			0
	52,000		52,000

It is agreed that:

i. A is to take over Furniture at ₹800 and Debtors amounting to ₹20,000 at Rs.17,200; the Creditors of ₹6,000 to be paid by him at this figure.

ii. B is to take over all the Stock in Trade at ₹7,000 and some of the Sundry Assets at ₹7,200 (being 10% less than book value).

iii. C is to take over the remaining Sundry Assets at 90% of the book value, less ₹100 as discount and assume the responsibility for the discharge of the loan together with accrued interest of Rs. 30 which has not been recorded in the books.

iv. The expenses of dissolution were ₹270. The remaining debtors were sold to a debt collecting agency for 50% of the book value.

Prepare necessary accounts to close the books of the firm

10. P,Q and R were partners in a firm sharing profits in the ratio of 1:2:2. Their Balance Sheet on 31st March, 2024 was as follows:

Liabilities	Rs	Assets	Rs
Accounts Payable	14,000	Land & Buildings	47,000
Employees' Provident Fund	1,000	Office Equipment	8,000
Bank Overdraft	12,000	Stock	56,000
Q's Loan	18,000	Accounts Receivable	18,000
General Reserve	15,000	Furniture	15,000
Workmen Compensation Reserve	5,000	Bank	16,000
P's Capital	19,000		
Q's Capital	38,000		
R's Capital	38,000		
	1,60,000		1,60,000

Partners agreed to dissolve the firm on that date. You are given the following information about dissolution:

(a) Furniture sold for ₹9,000.

(b) Office Equipment was accepted by a creditor for ₹7,000 in full settlement. The remaining creditors were paid in full by cheques.

(c) Assets realized as follows: Land and Buildings ₹ 1,20,000, Stock ₹40,000, Accounts Receivable ₹15,000.

(d) Other liabilities were paid in full.

€ Dissolution expenses amounted to ₹3,000 paid by Q on behalf of the firm.

Required: Prepare Realization Account and capital Accounts of the partners.