



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Worksheet No: 2	Topic: DISSOLUTION OF PARTNERSHIP FIRM

1. Ramesh and Umesh were partners in a firm sharing profits in the ratio of their capitals. On 31st March, 2021, their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors	1,70,000	Bank	1,10,000
Workmen Compensation		Debtors	2,40,000
Reserve	2,10,000	Stock	1,30,000
General Reserve	2,00,000	Furniture	2,00,000
Ramesh's Current Account	80,000	Machinery	9,30,000
Capital A/cs:		Umesh's Current Account	50,000
Ramesh	7,00,000		
Umesh	<u>3,00,000</u>		
	10,00,000		
	16,60,000		16,60,000

On the above date the firm was dissolved.

- (a) Ramesh took over 50% of stock at ` 10,000 less than book value. The remaining stock was sold at a loss of ` 15,000. Debtors ` were realised at a discount of 5%.
 (b) Furniture was taken over by Umesh for ` 50,000 and machinery was sold for ` 4,50,000.
 (c) Creditors were paid in full.
 (d) There was an unrecorded bill for repairs ` for ` 1,60,000 which was settled at ` 1,40,000.

Prepare Realisation Account.

2. Achal and Vichal were partners in a firm sharing profits in the ratio of 3 : 5. On 31st March, 2022, their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Capital A/cs:		Land and Building	4,00,000
Achal	3,00,000	Machinery	3,00,000
Vichal	<u>5,00,000</u>	Debtors	2,22,000
Creditors	1,79,000	Cash at Bank	78,000
Employees' Provident Fund	21,000		
	10,00,000		10,00,000

The firm was dissolved on 1st April, 2022 and the Assets and Liabilities were settled as follows:

- (a) Land and Building realised ` 4,30,000.
- (b) Debtors realised ` 2,25,000 and ` 1,000 were recovered for Bad Debts written off last year.
- (c) There was an Unrecorded Investment which was sold for ` 25,000.
- (d) Vichal took over Machinery at ` 2,80,000 for cash.
- (e) 50% of the Creditors were paid ` 4,000 less in full settlement and the remaining Creditors were paid full amount.

Prepare Realisation A/c.

- 3. Bale and Yale are equal partners of a firm. They decide to dissolve their partnership on 31st March, 2022 at which date their Balance Sheet stood as:

Liabilities		`	Assets		`
Capital A/cs:			Building		45,000
Bale	50,000		Machinery		15,000
Yale	40,000	90,000	Furniture		12,000
General Reserve		8,000	Debtors		8,000
Bale's Loan A/c		3,000	Stock		24,000
Creditors		14,000	Bank		11,000
		1,15,000			1,15,000

- (a) The assets realised were:
Stock 22,000; Debtors 7,500; Machinery 16,000; Building 35,000.
- (b) Yale took over the Furniture at 9,000.
- (c) Bale agreed to accept 2,500 in full settlement of his Loan Account.
- (d) Dissolution Expenses amounted to 2,500.

Prepare necessary accounts on dissolution.

- 4. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2021, their Balance Sheet was as follows:

BALANCE SHEET as at 31st March, 2021

Liabilities	Amount	Assets	Amount
Creditors	38,000	Cash at Bank	11,500
M. A's Loan	10,000	Stock	6,000
B's Loan	15,000	Debtors	19,000
Reserve	5,000	Furniture	4,000
A's Capital	10,000	Plant	28,000
B's Capital	8,000	Investments	10,000
	18,000	Profit and Loss A/C	7,500

	86,000	86,000

The firm was dissolved on 31st March, 2021 and both the partners agreed to the following:

- (a) A took Investments at an agreed value of 8,000. He also agreed to settle M` A's Loan.
 (b) Other assets realised as: Stock – 5,000; Debtors – 18,500; Furniture – 4,500; Plant –25,000.
 (c) Expenses of realisation came to 1,600.
 (d) Creditors agreed to accept 37,000 in full settlement of their claims.

Prepare Realisation Account, Partners' Capital Accounts and Bank Account.

5. Balance Sheet of P, Q and R as at 31st March, 2021, who were sharing profits in the ratio of 5 : 3 : 1, was:

Liabilities		Amount	Assets		Amount
Bills Payable		40,000	Cash at Bank		40,000
Loan from Bank		30,000	Stock		19,000
General Reserve		9,000	Sundry Debtors	42,000	
Capital A/cs:			<i>Less: Provision for Doubtful Debts</i>	<u>2,000</u>	40,000
P	44,000		Building		40,000
Q	36,000		Plant and Machinery		40,000
R	<u>20,000</u>	1,00,000			
		1,79,000			1,79,000

The partners dissolved the business. Assets realised – Stock 23,400; Debtors 50%; Fixed Assets 10% less than their book value. Bills Payable were settled for 32,000. There was an Outstanding Bill of Electricity 800 which was paid off. Realisation expenses 1,250 were also paid.

Prepare Realisation Account, Partner's Capital Accounts and Bank Account.

6. Ashu and Harish are partners sharing profit and losses as 3 : 2 . They decided to dissolve the firm on 31st March, 2022. Their Balance Sheet on the above date was:

Liabilities		Amount	Assets		Amount
Capital A/cs:			Building		80,000
Ashu	1,08,000		Machinery		70,000
Harish	<u>54,000</u>	1,62,000	Furniture		14,000
Creditors		88,000	Stock		20,000
Bank Overdraft		50,000	Investments		60,000
			Debtors		48,000
			Cash		8,000

	3,00,000		3,00,000
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Ashu is to take over the building at 95,000 and Machinery and Furniture is taken over by Harish at value of 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 46,000, expenses of realisation amounted to 3,000.

Prepare necessary Ledger Accounts.

7. A, B and C were equal partners. On 31st March, 2022, their Balance Sheet stood as:

Liabilities		Amount	Assets		Amount
Creditors		50,400	Cash		3,700
Reserve		12,000	Stock		20,100
Capital A/cs:			Debtors		62,600
A	40,000		Loan to A		10,000
B	25,000		Investments		16,000
C	15,000	80,000	Furniture		6,500
			Building		23,500
		1,42,400			1,42,400

The firm was dissolved on the above date on the following terms:

- (a) For the purpose of dissolution, Investments were valued at 18,000 and A took over the Investments at this value.
- (b) Fixed Assets realised 29,700 whereas Stock and Debtors realised 80,000.
- (c) Expenses of realisation amounted to 1,300.
- (d) Creditors allowed a discount of 800.
- (e) One Bill receivable for 1,500 under discount was dishonoured as the acceptor had become insolvent and was unable to pay anything and hence the bill had to be met by the firm.

Prepare Realisation Account, Partner's Capital Accounts and Cash Account.