



INDIAN SCHOOL AL WADI AL KABIR

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

1. Bale and Yale are equal partners of a firm. They decide to dissolve their partnership on 31st March, 2023 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 Realisation A/c

2. A and B were partners in a firm sharing profits in the ratio of their capitals. On 31st March, 2023, their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors	1,70,000	Bank	1,10,000
Workmen Compensation Reserve	2,10,000	Debtors	2,40,000
General Reserve	2,00,000	Stock	1,30,000
A's Current Account	80,000	Furniture	2,00,000
Capital A/cs:		Machinery	9,30,000
A 7,00,000		B's Current Account	50,000
B 3,00,000	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 Rs. 10,000 less than book value. The remaining stock was sold at a loss of Rs. 5,000. Debtors were realised at a discount of 5%.

(b) Furniture was taken over by Umesh for Rs. 50,000 and machinery was sold for Rs. 4,50,000.

(c) Creditors were paid in full.

(d) There was an unrecorded bill for repairs for Rs. 1,60,000 which was settled at Rs. 1,40,000.

Prepare Realisation Account.

3.P and Q were partners in a firm sharing profits in the ratio of 3 : 5. On 31st March, 2023, their Balance Sheet was as follows:

Liabilities		Amount	Assets		Amount
Capital A/cs:			Land and Building		4,00,000
P	3,00,000		Machinery		3,00,000
Q	5,00,000	8,00,000	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, 2023 and the Assets and Liabilities were settled as follows:

(a) Land and Building realised Rs. 4,30,000.

(b) Debtors realised Rs. 2,25,000 and Rs. 1,000 were recovered for Bad Debts written off last year.

(c) There was an Unrecorded Investment which was sold for Rs. 25,000.

(d) Q took over Machinery at Rs. 2,80,000 for cash.

(e) 50% of the Creditors were paid Rs. 4,000 less in full settlement and the remaining Creditors were paid full amount.

Prepare Realisation A/c.

4.A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2023, 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
Mrs. 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	18,000	Investments		10,000
			Profit and Loss A/C		7,500

	86,000	86,000

The firm was dissolved on 31st March, 2023 and both the partners agreed to the following:

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

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

5. Balance Sheet of A, B and C as at 31st March, 2023, 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
A	44,000		Building		40,000
B	36,000		Plant and Machinery		40,000
C	<u>20,000</u>	1,00,000			
		1,79,000			1,79,000

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

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

6. A and H are partners sharing profit and losses as 3 : 2 . They decided to dissolve the firm on 31st March, 2023. Their Balance Sheet on the above date was:

Liabilities		Amount	Assets		Amount
Capital A/cs:			Building		80,000
A	1,08,000		Machinery		70,000
H	<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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A is to take over the building at Rs. 95,000 and Machinery and Furniture is taken over by H at value of Rs. 80,000. A agreed to pay Creditor and H 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 Accounts.

7. A, B and C were equal partners. On 31st March, 2023, 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 Rs. 18,000 and A took over the Investments at this value.
- (b) Fixed Assets realised Rs. 29,700 whereas Stock and Debtors realised Rs. 80,000.
- (c) Expenses of realisation amounted to Rs. 1,300.
- (d) Creditors allowed a discount of Rs. 800.
- (e) One Bill receivable for Rs. 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.