



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Worksheet No: 1	Topic: DISSOLUTION OF PARTNERSHIP FIRM

1. Pass necessary Journal entries for the following transactions on the dissolution of the firm *P* and *Q* after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account:

- Bank Loan Rs. 12,000 was paid.
- Stock worth Rs. 16,000 was taken over by partner *Q*.
- Partner *P* paid a creditor Rs. 4,000.
- An asset not appearing in the books of accounts realised Rs. 1,200.
- Expenses of realisation Rs. 2,000 were paid by partner *Q*.
- Profit on realisation Rs. 36,000 was distributed between *P* and *Q* in 5 : 4 ratio.

2. Pass Journal entries for the following at the time of dissolution of a firm:

- Sale of Assets – 50,000.
- Payment of Liabilities – 10,000.
- A commission of 5% allowed to Mr. A, a partner, on sale of assets.
- Realisation expenses amounted to Rs. 15,000. The firm had agreed with Sumit, a partner, to reimburse him up to Rs. 10,000.
- C, an old customer, whose account for Rs. 6,000 was written off as bad in the previous year, paid 60% of the amount written off.
- Investment (Book Value 10,000) realised at 150%.

3. Pass Journal entries for the following transactions at the time of dissolution of the firm:

- Loan of 10,000 advanced by a partner to the firm was refunded.
- X*, a partner, takes over an unrecorded asset (Typewriter) at 300.
- Undistributed balance (Debit) of Profit and Loss Account 30,000. The firm has three partners *X*, *Y* and *Z*.
- Assets of the firm realised 1,25,000.
- Y* who undertakes to carry out the dissolution proceedings is paid 2,000 for the same.
- Creditors are paid 28,000 in full settlement of their account of 30,000.

4. Pass necessary Journal entries to record the following unrecorded assets and liabilities in the books of Paras and Priya:

- There was an old furniture in the firm which had been written off completely in the books. This was sold for Rs. 3,000.
- Ashish, an old customer whose account for Rs. 1,000 was written off as bad in the previous year, paid 60% of the amount.
- Payal agreed to take over the firm's goodwill (not recorded in the books of the firm), at a

valuation of Rs. 30,000.

(d) There was an old typewriter which had been written off completely from the books. It was estimated to realise Rs. 400. It was taken by Priya at an estimated price *less* 25%.

(e) There were 100 shares of Rs 10 each in Star Limited acquired at a cost of Rs. 2,000 which had been written-off completely from the books. These shares are valued @ Rs 6 each and divided among the partners in their profit-sharing ratio.

5. Pass Journal entries in the following cases?

(a) Expenses of realisation Rs. 1,500.

(b) Expenses of realisation Rs. 600 but paid by Mohan, a partner.

(c) Mohan, one of the partners of the firm, was asked to look into the dissolution of the firm for which he was allowed a commission of Rs. 2,000.

(d) Realisation expenses of Rs.15,000 were to be met by Raj, a partner, but were paid by the firm.

(e) Sumesh, a partner, was paid remuneration of Rs. 25,000 and he was to meet all expenses.

(f) Akhil, a partner, was paid remuneration of Rs.20,000 and he was to meet all expenses. Firm paid an expense of Rs.5,000.

6. Record necessary Journal entries in the following cases:

(a) Creditors worth Rs. 85,000 accepted Rs. 40,000 as cash and Investment worth Rs. 43,000, in full settlement of their claim.

(b) Creditors were Rs. 16,000. They accepted Machinery valued at Rs. 18,000 in settlement of their claim.

(c) Creditors were Rs. 90,000. They accepted Building valued at Rs. 1,20,000 and paid cash to the firm Rs. 30,000.

7. Aman and Harsh were partners in a firm. They decided to dissolve their firm. Pass necessary Journal entries for the following after various assets (other than Cash and Bank) and third-party liabilities have been transferred to Realisation Account:

(a) There was furniture worth Rs. 50,000. Aman took over 50% of the furniture at 10% discount and the remaining furniture was sold at 30% profit on book value.

(b) Profit and Loss Account was showing a credit balance of Rs.15,000 on the date of dissolution.

(c) Harsh's loan of Rs. 6,000 was discharged at Rs.6,200.

(d) The firm paid realisation expenses amounting to Rs. 5,000 on behalf of Harsh who had to bear these expenses.

(e) There was a bill for Rs. 1,200 under discount. The bill was received from Soham who proved insolvent and a first and final dividend of 25% was received from his estate.

(f) Creditors to whom the firm owed Rs. 6,000, accepted stock of Rs. 5,000 at a discount of 5% and the balance in cash.

8. Charu, Dhvani, Iknoor and Paavni were partners in a firm. On the date of dissolution, you have observed the following transactions:

(i) Dhvani's Loan of ₹ 50,000 to the firm was settled by paying ₹ 42,000.

(ii) Paavni's Loan of ₹ 40,000 was settled by giving an unrecorded asset of ₹ 45,000.

(iii) Loan to Charu of ₹ 60,000 was settled by payment to Charu's brother loan of the same amount.

(iv) Iknoor's Loan of ₹ 80,000 to the firm and she took over Machinery of ₹ 60,000 as part payment. You are required to pass necessary entries.

9. R, K and S are partners in a firm. They decided to dissolve their firm. Pass necessary journal entries for the following after various assets (other than Cash and Bank) and the third party liability have been transferred to Realisation Account:

(a) K agreed to pay off his wife's loan of Rs. 12,000

(b) Total Creditors of the firm were Rs. 40,000. Creditors worth Rs. 10,000 were given a piece of furniture costing Rs. 8,000 in full and final settlement. Remaining creditors allowed a discount of 10%.

(c) R had given a loan of Rs. 1,00,000 to the firm which was duly paid.

(d) A machine which was not recorded in the books was taken over by K at Rs. 3,000, whereas its expected value was Rs. 5,000.

(e) The firm had a debit balance of Rs. 15,000 in the profit and loss account on the date of dissolution.

(f) S paid the realization expenses of Rs. 16,000 out of his private funds, who was to get a remuneration of Rs. 15,000 for completing dissolution process and was responsible to bear all the realization expenses.

10. What entries would be passed for the following transactions on the dissolution of a firm, if Sundry Assets and Other Liabilities have already been transferred to Realisation A/c.

(a) There was an unrecorded Asset of Rs.5,000 which was taken over by C at Rs.4,000.

(b) Stock worth Rs.7,000 was taken over by partner B.

(c) Workmen's Compensation paid to employees by the firm Rs.8,000.

(d) Sundry Creditors amounted to Rs.4,000 were paid off at a discount of 4%.

(e) There was a debit balance of Profit & Loss Account in the firm.

(f) Loss on Realisation was Rs.36,000 to be distributed among the partners in 3:2:1 ratio.