

C 1/6	7,000	42,000		
		2,80,000		2,80,000

Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Cash A/c (Final Payment)	1,03,644	68,000	32,356	By Balance b/d	82,644	54,000	25,356
				By Realisation A/c	21,000	14,000	7,000
	1,03,644	68,000	32,356		1,03,644	68,000	32,356

Dr. CASH ACCOUNT				Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	4,000	By Realisation A/c (Creditors paid)	40,000		
To Realisation A/c (Assets Realised)	2,40,000	By A's Capital A/c	1,03,644		
		By B's Capital A/c	68,000		
		By C's Capital A/c	32,356		
	2,44,000		2,44,000		

Notes:

1. Interest on Capital allowed to A, B and C in the first year amount to ₹4,000, ₹3,000 and ₹2,000 respectively and the interest on drawings is ₹360 each. Hence, the amount of Net Profit to be distributed among the partners in the first year is ₹30,000 (-) Interest on Capital ₹9,000 (+) Interest on drawings ₹1,080 = ₹22,080.
2. Interest on Capital allowed to A, B and C in the second year amount to ₹4,134, ₹2,900 and ₹1,666 respectively and the interest on drawings is ₹360 each. Hence, the amount of Net Profit to be distributed among the partners in the second year is ₹24,000 (-) Interest on Capital ₹8,700 (+) Interest on drawings ₹1,080 = ₹16,380.
3. Interest on drawings will be charged for 6 months.

SOLUTION: 27 (A).

Dr. REALISATION ACCOUNT				Cr.	
Particulars	₹	Particulars	₹		
To Debtors A/c	20,000	By Provision for Bad Debts A/c	1,000		
To Stock A/c	12,000	By Creditors A/c	38,000		
To Furniture A/c	6,000	By Mrs. Deepak's Loan A/c	10,000		
To Plant A/c	30,000	By Bank Loan A/c	15,000		
To Bank A/c : (Liabilities paid off)		By Bank A/c			
Creditors		(Assets realised):			
		Debtors	18,000		

(Less 2% discount) 37,240			Furniture	5,500	
Bank Loan			Plant	32,000	55,500
(₹15,000 + 6 months interest @ 10% p.a.) 15,750			By Capital A/cs		
Expenses of realisation 1,800			(Loss on realisation)		
			Deepak	1,974	
		54,790	Jyoti	1,316	3,290
		1,22,790			1,22,790

Dr. CURRENT ACCOUNTS Cr.					
Particulars	Deepak	Jyoti	Particulars	Deepak	Jyoti
	₹	₹		₹	₹
To P & L A/c (Transfer of Dr. balance of P & L A/c)	3,000	2,000	By Balance b/d	2,000	500
To Realisation A/c (Loss)	1,974	1,316	By Capital A/c (Balancing figure transferred to Capital Accounts)	2,974	2,816
	4,974	3,316		4,974	3,316

Dr. CAPITAL ACCOUNTS Cr.					
Particulars	Deepak	Jyoti	Particulars	Deepak	Jyoti
	₹	₹		₹	₹
To Current A/c (Transfer from Current A/c)	2,974	2,816	By Balance b/d	10,000	8,000
To Bank A/c (Final Payment)	7,026	5,184			
	10,000	8,000		10,000	8,000

Dr. BANK ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	10,000	By Realisation A/c :	
To Cash A/c (Cash deposited into bank)	1,500	Creditors paid off	37,240
To Realisation A/c (Assets realised)	55,500	Bank Loan paid off	15,750
		Expenses of realisation	1,800
			54,790
		By Deepak's Capital A/c	7,026
		By Jyoti's Capital A/c	5,184
	67,000		67,000

SOLUTION: 27 (B).

Dr. REALISATION ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Machinery' A/c	40,500	By Provision for Bad Debts A/c	600
To Stock-in-Trade A/c	7,550	By Mrs. A's Loan A/c	10,000
To Investments A/c	20,830	By Creditors A/c	18,500
To Debtors A/c	9,300	By Investments Fluctuation Fund A/c	6,000
To A's Capital A/c		By Bank A/c :	
(Mrs. A's loan taken over)	10,000	Machinery	67,000
To Bank A/c (Liabilities paid)		Debtors	2,150
(Creditors paid ₹18,500			69,150
Less: ₹3,000)	15,500	By A's Capital A/c	
To Bank A/c		(Investments taken over)	17,500
(Expenses of realisation)	600	By B's Capital A/c	11,000
To Capital A/cs		(Stock and a part of debtors taken over)	
(Profit on realisation)		(7,000 + 4,000)	
A 3/6 14,235			
B 2/6 9,490			
C 1/6 4,745	28,470		
	1,32,750		1,32,750

Dr. CAPITAL ACCOUNTS Cr.							
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Current A/c			11,500	By Balance b/d	40,000	20,000	
To Realisation A/c (Assets taken over)	17,500	11,000		By Realisation A/c (Wife Loan taken over)	10,000		
To Bank A/c (Final Payment)	46,735	18,490		By Realisation A/c (Profit)	14,235	9,490	4,745
				By Bank A/c (Amount brought in)			6,755
	64,235	29,490	11,500		64,235	29,490	11,500

Dr. BANK ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	5,420	By Realisation A/c (Creditors)	15,500
To Realisation A/c (Assets realised)	69,150	By Realisation A/c (Expenses of realisation)	600
To C's Capital A/c	6,755	By A's Capital A/c	46,735
		By B's Capital A/c	18,490
	81,325		81,325

Hint: There will be no separate entry of investments amounting ₹3,000 taken over by one of the creditors. Creditors will be paid ₹15,500 (i.e., ₹18,500 - ₹3,000).

SOLUTION: 28 (A).

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Debtors A/c	1,746	By Creditors A/c	3,142		
To Stock A/c	3,498	By Provision for Depreciation			
To 100 Shares in B Co. Ltd. A/c	2,000	on Machinery' A/c	4,000		
To 60 Shares in C Co. Ltd. A/c	480	By A's Capital A/c			
To Patents A/c	7,600	(Buildings taken over)	7,300		
To Machinery A/c	6,000	By Y's Capital A/c			
To Buildings A/c	5,000	(Assets taken over)			
To Goodwill A/c	3,000	Goodwill	3,000		
To Y's Capital A/c		Stock	3,498		
(Creditors taken over)	3,142	Debtors	1,746		
To Capital A/cs :		Patents	6,500		
(Profit on realisation)		Machinery	1,500	16,244	
X 7/10 364		By Z's Capital A/c (Shares)		300	
Y 2/10 104		By X's Capital A/c (Shares)		1,400	
		By Ys Capital A/c (Shares)		400	
Z 1/10 52	520	By Z's Capital A/c (Shares)		200	
	32,986			32,986	

Dr.		CAPITAL ACCOUNTS			Cr.		
Particulars	X	Y	Z	Particulars	X	Y	Z
	₹	₹	₹		₹	₹	₹
To Realisation A/c (Assets taken over)	7,300	16,244	—	By Balance b/d	3,582	2,720	16,124
To Realisation A/c (Shares taken over)	—	—	300	By Realisation A/c (Creditors paid)	—	3,142	—
To Realisation A/c (Shares taken over)	1,400	400	200	By Realisation A/c (Profit)	364	104	52
To Cash A/c (Final Payment)	—	—	15,676	By Cash A/c (Amount brought in)	4,754	10,678	—
	8,700	16,644	16,176		8,700	16,644	16,176

Dr. CASH ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	244	By Z's Capital A/c	15,676
To X's Capital A/c	4,754		
To Y's Capital A/c	10,678		
	15,676		15,676

SOLUTION: 28 (B).

Dr. REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Debtors A/c	20,000	By Provision for Bad Debts A/c	1,200
To Stock A/c	40,000	By Bank Overdraft	12,000
To 3,000 Shares in A Ltd. A/c	30,000	By Creditors A/c	70,000
To Motor Car A/c	75,000	By Mrs. P's Loan A/c	25,800
To Plant A/c	80,000	By Bank A/c	
To Bank (Bank Overdraft Paid)	12,000	(Assets realised)	
To Bank A/c(1)		Debtors 15,000	
(Creditors worth 20,000 paid at 2% discount)	19,600	Plant 56,000	71,000
To Bank A/c		By P's Capital A/c (Stock)	18,000
(Expenses of realisation)	6,000	By (7s Capital A/c (Stock)	18,000
To P's Capital A/c		By Bank A/c (Shares)	24,000
(Mrs. P's loan taken over)	25,800	By P's Capital A/c (Shares)	14,400
		By (7s Capital A/c (Shares)	9,600
		By Capital A/cs :	
		(Loss on realisation)	
		P 3/6 22,200	
		Q 2/6 14,800	
		R 1/6 7,400	44,400
	3,08,400		3,08,400

Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	P	Q	R	Particulars	P	Q	R
	₹	₹	₹		₹	₹	₹
To Advertisement Suspense A/c	42,000	28,000	14,000	By Balance b/d	1,20,000	95,000	5,000
To Realisation A/c (Stock)	18,000	18,000		By Realisation A/c (Mrs. P's Loan)	25,800		
To Realisation A/c (Shares)	14,400	9,600		By Bank A/c (Amount brought in)			16,400
To Realisation A/c (Loss)	22,200	14,800	7,400				

To Bank A/c (Final Payment)	49,200	24,600				
	1,45,800	95,000	21,400		1,45,800	95,000
					21,400	

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Realisation A/c (Assets realised)	71,000	By Realisation A/c (Bank Overdraft)	12,000		
To Realisation A/c (Shares sold)	24,000	By Realisation A/c			
To P's Capital A/c	16,400	(Creditors Paid)	19,600		
		By Realisation A/c			
		(Expenses of realisation)	6,000		
		By P's Capital A/c	49,200		
		By O's Capital A/c	24,600		
	1,11,400		1,11,400		

Note:

(1) Total Creditors are for ₹70,000 out of which creditors worth ₹50,000 took motor car in full settlement of their account. Thus remaining creditors worth ₹20,000 are paid off at 2% discount.

(2) Bank Overdraft is transferred to the Cr. of Realisation A/c and then paid off.

SOLUTION: 29.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Debtors A/c	40,000	By Bank Overdraft	21,000		
To Stock A/c	60,000	By Creditors A/c	86,000		
To Investments A/c	25,000	By Provident Fund A/c	18,000		
To Machinery A/c	80,000	By Bank A/c			
To Prepaid Expenses A/c	3,200	(Assets realised) :			
To Goodwill A c	38,800	Debtors	38,000		
To Bank A/c (Bank Overdraft paid)	21,000	Stock	36,000		
To Bank A/c		Machinery	46,000		
Creditors Paid	86,000	Office Typewriter	20,000	1,40,000	
Less : Investments taken over	<u>20,000</u>	By A's Capital A/c			
	66,000	(Unrecorded Asset taken over)	8,000		
Less: Discount	<u>6,000</u>	By Capital A/c			
	60,000	(Loss on realisation)			
To Bank A/c					
Outstanding Expenses	4,500				
Provident Fund	<u>18,000</u>	A 2/5	33,400		
To B's Capital A/c : 5% on		B 2/5	33,400		
(38,000 + 36,000 +46,000)	6,000	C 1/5	16,700	83,500	

	3,56,500	3,56,500
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Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	A	B	C	Particulars	A	B	C
₹	₹	₹	₹	₹	₹	₹	₹
To Balance b/d			25,000	By Balance b/d	1,05,000	42,000	
To Realisation A/c (Assets taken over)	8,000			By Realisation A/c (Commission)		6,000	
To Realisation A/c (Loss)	33,400	33,400	16,700	By Bank A/c (Amount brought in)			41,700
To Bank A/c (Final Payment)	63,600	14,600	—				
	1,05,000	48,000	41,700		1,05,000	48,000	41,700

Dr. BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Realisation A/c (Assets realised)	1,40,000	By Realisation A/c (Bank Overdraft)	21,000
To C's Capital A/c	41,700	By Realisation A/c (Creditors Paid)	60,000
		By Realisation A/c Outstanding Expenses	4,500
		Provident Fund	18,000
		By A's Capital A/c	63,600
		By B's Capital A/c	14,600
	1,81,700		1,81,700

SOLUTION: 30.

Dr. REALISATION ACCOUNT			Cr.
Particulars	₹	Particulars	₹
To Goodwill A/c	12,700	By Provision for Bad Debts A/c	700
To Leasehold Premises A/c	1,00,000	By Sundry Creditors A/c	35,400
To Plant & Machinery A/c	60,000	By Mrs. B's Loan A/c	15,000
To Stock A/c	60,000	By A's Capital A/c :	
To Sundry Debtors A/c	30,000	Leasehold Premises	60,000
To Bank A/c		Plant and Machinery	48,000
Mrs. B's Loan	15,000	Stock (20,000 + 54,000)	74,000
Expenses of dissolution	900	Debtors	28,500
			2,10,500
		Less : Creditors	32,000
		By Capital A/cs	
		(Loss on realisation)	
		A 4/7 28,000	
			1,78,500

		B 2/7 14,000	
		C 1/7 7,000	49,000
	2,78,600		2,78,600

Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Profit & Loss A/c	4,800	2,400	1,200	By Balance b/d	1,30,000	1,02,700	5,000
To Realisation A/c	1,78,500			By Bank A/c			
To Realisation A/c (Loss)	28,000	14,000	7,000	(Amount brought in)	81,300		3,200
To Bank A/c (Final Payment)		86,300					
	2,11,300	1,02,700	8,200		2,11,300	1,02,700	8,200

Dr. BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	17,700	By Realisation A/c	15,900
To A's Capital A/c	81,300	By B's Capital A/c	86,300
To C's Capital A/c	3,200		
	1,02,200		1,02,200

BALANCE SHEET OF A (as at 31st March, 2014)

Liabilities	₹	Assets	₹
Sundry Creditors	32,000	Leasehold Premises	60,000
Capital	1,78,500	Plant & Machinery	48,000
		Stock	74,000
		Debtors	30,000
		Less: Provision	1,500
	2,10,500		2,10,500

SOLUTION: 31.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
I	Realisation A/c Dr.		15,000	
	To Cash A/c			15,000
	(Bank loan paid)			
II	A's Capital A/c Dr.		8,000	
	To Realisation A/c			8,000
	(Stock taken over by A)			

III	Realisation A/c To A's Capital A/c (Realisation expenses paid by A)	Dr.	1,200	1,200
IV	Cash A/c To Realisation A/c (Asset sold)	Dr.	2,000	2,000
V	A's Capital A/c P's Capital A/c To Realisation A/c (Loss on realisation)	Dr. Dr.	7,200 5,400	12,600

SOLUTION: 32.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(I)	Realisation A/c To X's Capital A/c (Realisation expenses paid by X on behalf of the firm)	Dr.		
(II)	X's Capital A/c To Bank A/c (Payment of realisation expenses by the firm on behalf of the partner)	Dr.	1,000	1,000
(III)	Bank A/c To Realisation A/c (Assets realised)	Dr.	2,00,000	2,00,000
(IV)	Realisation A/c To Bank A/c (Liabilities paid off)	Dr.	40,000	40,000
(V)	Realisation A/c To X's Capital A/c (5% commission payable to X on ₹ 1,60,000 i.e., on ₹2,00,000 less ₹40,000)	Dr.	8,000	8,000
(VI)	General Reserve A/c To Partner's Capital A/cs (General reserve credited to partner's capital accounts profit sharing ratio)	Dr.	20,000	20,000
(VII)	Realisation A/c To Bank A/c (Payment of Creditors amounting to ₹15,000 at 2% discount)	Dr.	14,700	14,700

SOLUTION: 33.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
1.	Realisation A/c To Bank A/c (Payment of realisation expenses)	Dr.	3,000	3,000

2.	X's Capital A/c Dr. To Bank A/c (Payment of realisation expenses by the firm on behalf of the partner)		2,000	2,000
3.	Y's Capital A/c Dr. To Realisation A/c (Machine taken over by Y)		20,000	20,000
4.	Realisation A/c Dr. To Z's Capital A/c (Creditors of ₹30,00 taken over by Z for ₹20,000)		20,000	20,000
5.	A's Loan A/c Dr. To Bank A/c (A's loan repaid to him)		10,000	10,000
6.	Partner's Capital A/cs Dr. To Profit & Loss A/c (Transfer of accumulated loss to partner's capital accounts)		50,000	50,000

SOLUTION: 34.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	P's Capital A/c Dr. Q's Capital A/c Dr. To Profit & Loss A/c (Transfer of accumulated loss to partner's capital accounts)		18,750 11,250	30,000
	Realisation A/c Dr. To P's Capital A/c (Commission allowed to P for dissolution proceedings)		2,500	2,500
	Q's Capital A/c Dr. To Realisation A/c (Stock of the book value of ₹8,000 taken over by Q at 20% less)		6,400	6,400
(iv)	Realisation A/c Dr. To Bank A/c (Unrecorded liability of ₹10,000 paid at ₹8,000)		8,000	8,000
(v)	There will be no entry for an asset taken over by creditors.			

SOLUTION: 35.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Realisation A/c Dr. To James's Capital A/c (James agreed to pay his brother's loan)		10,000	10,000
(ii)	Bank A/c Dr. To Realisation A/c (Debtors realised)		12,000	12,000
(iii)	Haider's Capital A/c Dr. To Realisation A/c (Haider took over investments)		12,000	12,000
(iv)	Realisation A/c Dr. To Bank A/c (Sundry Creditors for ₹20,000 paid at 5% discount)		19,000	19,000
(v)	Realisation A/c Dr. To Bank A/c (Realisation expenses paid)		2,000	2,000
(vi)	James's Capital A/c Dr. Haider's Capital A/c Dr. To Realisation A/c (Loss on Realisation transferred to Partners' Capital Accounts)		6,800 3,400	10,200

SOLUTION: 36.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2014 March 15	P's Capital A/c Dr.		30,000	
	Q's Capital A/c Dr.		30,000	
	To Realisation A/c (Transfer of loss on realisation)			60,000
	P's Capital A/c Dr.		40,000	
	Q's Capital A/c Dr.		20,000	
	To Bank A/c (Final payment made to partners)			60,000

SOLUTION: 37.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Vs Capital A/c Dr. To Realisation A/c (Debtors for ₹20,000 taken over by L for ₹18,000)		18,000	18,000

(ii)	Realisation A/c	Dr.	14,250	
	To Bank A/c			14,250
	(Creditors for ₹15,000 paid at a discount of 5%)			
(iii)	Realisation A/c	Dr.	1,000	
	To M's Capital A/c			1,000
	(Expenses of dissolution paid by M)			
(iv)	L's Capital A/c	Dr.	4,000	
	M's Capital A/c	Dr.	3,000	
	To Realisation A/c			7,000
	(Loss on realisation distributed between L and M in their profit sharing ratio)			

SOLUTION: 38.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Bank A/c Dr. To Realisation A/c (Unrecorded typewriter sold for ₹2,000)		2,000	2,000
(b)	Disha's Capital A/c Dr. To Realisation A/c (Stock of ₹70,000 taken by Disha at a discount of 30%)		49,000	49,000
(c)	Realisation A/c Dr. To Bank A/c (Payment made to creditors)		16,200	16,200
(d)	Realisation A/c Dr. To Mohit's Capital A/c (Payment of remuneration of ₹13,000 for completing the dissolution process)		13,000	13,000
(e)	Bank A/c Dr. To Nandan's Loan A/c (Payment of Loan by Nandan)		50,000	50,000
(f)	Bank A/c Dr. To Realisation A/c (₹12,000 recovered from a debtor which as Bad Debts was written off last year)		12,000	12,000

SOLUTION: 39.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Raman's Capital A/c (₹45,000 - ₹4,500)	Dr.	40,500	
	Bank A/c (₹45,000 + ₹18,000)	Dr.	63,000	
	To Realisation A/c			1,03,500
	(50% of the stock taken over by Raman at 10% discount and remaining stock sold at 40% profit)			

(ii)	Angad's Capital A/c	Dr.	5,000	
	Raman's Capital A/c	Dr.	5,000	
	Harshit's Capital A/c	Dr.	5,000	
	To Profit and Loss A/c			15,000
(Debit balance of profit and loss account distributed)				
(iii)	Bank A/c	Dr.	2,000	
	To Realisation A/c			2,000
(Unrecorded machinery sold)				
(iv)	Angad's Loan A/c	Dr.	5,500	
	To Bank A/c			5,000
	To Realisation A/c			500
	(Angad's Loan of ₹5,500 settled by paying only ₹5,000 and the profit of ₹500 transferred to Realisation A/c)			
(v)	Realisation A/c	Dr.	5,000	
	To Harshit's Capital A/c			5,000
(Realisation expenses paid by Harshit)				
(vi)	Angad's Capital A/c	Dr.	300	
	Raman's Capital A/c	Dr.	300	
	Harshit's Capital A/c	Dr.	300	
	To Realisation A/c			900
(100 shares in DCM Ltd. written off earlier from the books now valued at ₹9 each and divided among the partners in their profit sharing ratio)				

SOLUTION: 40.

Loss on realisation can be easily calculated by preparing a realisation account:

Dr. REALISATION ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Assets	12,00,000	By Liabilities	3,00,000
To Bank (Liabilities paid)	3,00,000	By Bank (Assets realised)	8,40,000
To Bank (expenses of realisation)	10,000	By Capital A/cs	
		(Loss on realisation)	3,70,000
	15,10,000		15,10,000

SOLUTION: 41.

Sundry Debtors	5,00,000
Less : Bad-debts	1,00,000
	4,00,000
Less : Discount (10% of 4,00,000)	40,000
Amount realised from Debtors	3,60,000

SOLUTION: 42.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(1)	X's Loan A/c Dr. To Realisation A/c (X's loan settled by giving unrecorded asset)		40,000	40,000
(2)	Realisation A/c Dr. To Bank A/c (Balance amount paid to creditor Raman)		8,800	8,800
(3)	Realisation A/c Dr. To Bank A/c (Balance amount paid to creditor Sudhir)		15,000	15,000
(4)	No Entry			
(5)	No Entry			

SOLUTION: 43.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Realisation A/c Dr. To Debtors A/c To Stock A/c To Furniture A/c To Leasehold Premises A/c (Assets transferred to Realisation Account)		3,96,000	76,000 2,00,000 20,000 1,00,000
	Creditors A/c Dr. Garima's Husband's Loan A/c Dr. To Realisation A/c (Third party liabilities transferred to Realisation Account)		36,000 60,000	96,000
	Bank A/c Dr. To Realisation A/c (Assets realised)		4,08,000	4,08,000
	Realisation A/c Dr. To Bank A/c (Creditors paid)		17,100	17,100
	Realisation A/c (₹60,000 + ₹10,000) Dr. To Garima's Capital A/c (Garima's husband loan and realisation expenses paid off by Garima)		70,000	70,000

Realisation A/c	Dr.	20,900	
To Hema's Capital A/c			12,540
To Garima's Capital A/c			8,360
(Profit on realisation distributed between the partners)			
Hema's Loan A/c	Dr.	40,000	
To Bank A/c			40,000
(Hema's loan paid)			
Hema's Capital A/c (₹2,00,000 + ₹12,540)	Dr.	2,12,540	
Garima's Capital A/c			
(₹1,00,000 + ₹70,000 + ₹8,360)	Dr.	1,78,360	
To Bank A/c			3,90,900
(Amount paid to partners in final settlement)			

Working Notes:

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Debtors A/c	76,000	By Creditors A/c	36,000		
To Stock A/c	2,00,000	By Garima's Husband's			
To Furniture A/c	20,000	Loan A/c	60,000		
To Leasehold Premises A/c	1,00,000	By Bank (Assets Realised):			
To Bank (Creditors paid)	17,100	Leasehold	1,50,000		
To Garima's Capital		Debtors	74,000		
(Husbands Loan ₹60,000		Stock (90,000			
+ Realisation Exp. ₹10,000)	70,000	+ 94,000)	1,84,000	4,08,000	
To Profit transferred to :					
Hema's Capital A/c	12,540				
Garima's Capital A/c	8,360				
	20,900				
	5,04,000			5,04,000	

SOLUTION: 44.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Stock	70,000	By Provision for Doubtful			
To Investments	1,00,000	Debts A/c	20,000		
To Debtors	2,00,000	By Creditors	3,60,000		
To Fixed Assets	3,80,000	By Mrs. Vinit's Loan A/c	60,000		
To Vinit's Capital A/c		By Investments Fluctuation			
(Mrs. Vinit's Loan)	60,000	Fund A/c	30,000		
To Bank A/c (Creditors paid)	3,50,000	By Vinit's Capital A/c			
To Vinit's Capital A/c		(Stock taken)	56,000		
(Realisation Expenses)	2,000	By Yogesh's Capital A/c			
		(Investments taken) (₹90,000 - ₹9,000)	81,000		
		By Bank A/c (Assets realised):			
		Debtors (₹47,500			

		+ ₹ 1,50,000)	1,97,500	
		Fixed Assets	2,82,000	
		Investment	7,500	4,87,000
		By Yogesh's Capital A/c (Old furniture taken)		4,000
		By Loss transferred to :		
		Vinit's Capital A/c	32,000	
		Yogesh's Capital A/c	32,000	64,000
	11,62,000			11,62,000

Dr. PARTNERS' CAPITAL ACCOUNTS			Cr.		
Particulars	Vinit	Yogesh	Particulars	Vinit	Yogesh
	₹	₹		₹	₹
To Realisation A/c	32,000	32,000	By Balance b/d	2,00,000	1,00,000
To Profit and Loss A/c	20,000	20,000	By Realisation A/c	2,000	—
To Realisation A/c	56,000	81,000	By Realisation A/c	60,000	—
To Realisation A/c	1,54,000	4,000	By Bank A/c	—	37,000
To Bank A/c (Final Payment)			(Cash brought in)		
	2,62,000	1,37,000		2,62,000	1,37,000

Dr. BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	80,000	By Realisation A/c	3,50,000
To Realisation A/c	4,87,000	By Yogesh's Loan A/c	1,00,000
To Yogesh's Capital		By Vinit's Capital A/c	
(Cash brought in)	37,000	(Final Payment)	1,54,000
	6,04,000		6,04,000

SOLUTION: 45.

Dr. REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Land and Buildings A/c	47,000	By Accounts Payable A/c	15,000
To Office Equipment A/c	8,000	By Bank Overdraft	12,000
To Stock A/c	56,000	By Bank A/c	
To Accounts Receivable A/c	18,000	(Assets realised):	
To Bank A/c (Payment of		Land & Buildings	1,29,000
Creditors or Accounts Payable)	8,000	Stock	40,000
To Bank A/c		Accounts Receivable	15,000
(Bank Overdraft paid)	12,000		1,84,000
To Bank A/c			
(Expenses of dissolution)	3,000		
To Capital A/cs :			
(Profit on realisation)			
P 1/5 11,800			

Q 2/5	23,600		
R 2/5	23,600	59,000	
		2,11,000	2,11,000

Dr. LOAN FROM A ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Bank A/c	18,000	By Balance b/d	18,000
	18,000		18,000

Dr. CAPITAL ACCOUNTS Cr.							
Particulars	P	Q	R	Particulars	P	Q	R
	₹	₹	₹		₹	₹	₹
				By Balance b/d	20,000	40,000	40,000
To Bank A/c (Final Payment)	31,800	63,600	63,600	By Realisation A/c (Profit)	11,800	23,600	23,600
	31,800	63,600	63,600		31,800	63,600	63,600

Dr. BANK ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	16,000	By Realisation A/c (Creditors)	8,000
To Realisation A/c (Assets realised)	1,84,000	By Realisation A/c (Bank Overdraft)	12,000
		By Realisation A/c (Expenses of dissolution)	3,000
		By Loan from O A/c	18,000
		By P's Capital A/c	31,800
		By Q's Capital A/c	63,600
		By R's Capital A/c	63,600
	2,00,000		2,00,000

SOLUTION: 46.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Land and Buildings A/c	57,000	By Creditors A/c	40,000		
To Stock A/c	50,000	By Bank A/c			
To Sundry Debtors A/c	50,000	(Assets realised):			
To Bank A/c		Land & Buildings	40,000		
(Payment of Liabilities)	20,000	Stock	30,000		
To Bank A/c (Creditors)	35,000	Sundry Debtors	42,000	1,12,000	
To Bank A/c		By Capital A/cs :			
(Expenses of realisation)	1,200	(Loss on realisation)			
		A 3/6	30,600		
		B 2/6	20,400		
		C 1/6	10,200	61,200	
	2,13,200				2,13,200

Dr.		LOAN FROM A ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c	10,000	By Balance b/d	10,000		
	10,000		10,000		

Dr.		CAPITAL ACCOUNTS				Cr.	
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Realisation A/c (Loss)	30,600	20,400	10,200	By Balance b/d	60,000	40,000	10,000
To Bank A/c (Final Payment)	29,400	19,600		By Bank A/c (Amount brought in)			200
	60,000	40,000	10,200		60,000	40,000	10,200

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	3,000	By Realisation A/c			
To Realisation A/c (Assets realised)	1,12,000	(Payment of Liabilities)	20,000		
To C's Capital A/c	200	By Realisation A/c (Creditors)	35,000		
		By Realisation A/c (Expenses of realisation)	1,200		
		By Loan from A A/c	10,000		
		By A's Capital A/c	29,400		
		By B's Capital A/c	19,600		

1,15,200

1,15,200

Note (1): Liability for damages ₹5,000 is already included in the Creditors appearing in the Balance Sheet. As such, Creditors will be paid ₹35,000 net.

SOLUTION: 47.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2013				
June 30	Realisation A/c Dr.		1,11,000	
	To Goodwill A/c			10,000
	To Buildings A/c			25,000
	To Plant A/c			25,000
	To Investments A/c			15,300
	To Stock A/c			8,700
	To Debtors A/c			17,000
	To Bills Receivable A/c			10,000
	(Transfer of various assets except cash and P&L A/c to realisation A/c, at book values)			
	Provision for Bad Debts A/c Dr.		2,000	
	Sundry Creditors A/c Dr.		20,000	
	Bills Payable A/c Dr.		20,000	
	Bank Overdraft A/c Dr.		8,000	
	Outstanding Expenses A/c Dr.		2,000	
	X's Brother's Loan A/c Dr.		20,000	
	Investment Fluctuation Fund A/c Dr.		2,800	
	Employee's Provident Fund A/c Dr.		1,200	
	To Realisation A/c			76,000
	(Outside liabilities and provision transferred to Realisation A/c, at book values)			
	X's Capital A/c Dr.		2,000	
	Y's Capital A/c Dr.		2,000	
	To Profit & Loss A/c			4,000
	(Dr. balance of Profit & Loss A/c debited to partners Capital A/cs)			
	General Reserve A/c Dr.		2,000	
	To X's Capital A/c			1,000
	To Y's Capital A/c			1,000
	(General Reserve credited to partner's Capital A/cs)			
	Realisation A/c Dr.		20,000	
	To X's Capital A/c			20,000
	(X's brother's loan taken over by X)			
	Bank A/c Dr.		12,000	
	To Realisation A/c			12,000
	(Debtors realised)			

Y's Capital A/c	Dr.	12,000	
To Realisation A/c			12,000
(Investments taken over by Y)			
Bank A/c	Dr.	76,000	
To Realisation A/c			76,000
(Amount realised on sale of Assets :			
Plant	20,000		
Building	50,000		
Goodwill	<u>6,000</u>		
	76,000)		
Realisation A/c	Dr.	38,000	
To Bank A/c			38,000
(Sundry Creditors and Bills Payable paid at 5% discount)			
Realisation A/c	Dr.	8,000	
To Bank A/c			8,000
(Bank overdraft paid off)			
X's Capital A/c	Dr.	8,000	
Y's Capital A/c	Dr.	8,000	
To Realisation A/c			16,000
(Stock taken over by Y and Bills Receivable taken over by X at 20% discount)			
Realisation A/c	Dr.	3,200	
To Bank A/c			3,200
(Payment of outstanding expenses and Employee's Provident Fund)			
Realisation A/c	Dr.	2,000	
To Bank A/c			2,000
(Payment of realisation expenses)			
Y's Loan A/c	Dr.	10,000	
To Bank A/c			10,000
(Payment of Y's Loan)			
Realisation A/c	Dr.	9,800	
To X's Capital A/c			4,900
To Y's Capital A/c			4,900
(Profit on realisation transferred to partner's Capital A/c)			
X's Capital A/c	Dr.	35,900	
Y's Capital A/c	Dr.	3,900	
To Bank A/c			39,800
(Final payment made to partners)			

SOLUTION: 48.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Goodwill A/c	20,000	By Accounts Payable A/c	40,000		
To Lease A/c	75,000	By Mortgage Loan A/c	30,000		
To Patents A/c	6,000	By Employee's Saving Bank A/c	16,000		
To Stock A/c	50,000	By A's Capital A/c (Stock)	20,000		
To Accounts Receivable A/c	25,000	By B's Capital A/c (Stock)	20,000		
To Equipment A/c	20,000	By Cash A/c			
To 300 Shares in X Ltd. A/c	36,000	(Assets realised):			
To /Vs Capital A/c		Lease	1,10,000		
(Amount Payable to A)	3,000	Equipments	18,000		
To Cash A/c		Accounts Receivables	20,000	1,48,000	
(Liabilities paid)		By A's Capital A/c			
Sales Tax paid	3,200	(Unrecorded asset taken over)	12,000		
Accounts Payable	40,000	By Cash A/c (Amount recovered)	2,500		
Mortgage Loan	30,000	By Cash A/c (Sale of Shares)(1)	14,700		
Employee's Saving		By A's Capital A/c (Shares)	7,500		
Bank	16,000	By B's Capital A/c (Shares)	5,000		
		By C's Capital A/c (Shares)	2,500		
		By Capital A/cs			
		(Loss on realisation)			
		A 3/6 3,000			
		B 2/6 2,000			
		C 1/6 1,000			
			6,000		
	3,24,200		3,24,200		

Dr.		ADVANCE FROM B ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Cash A/c	25,000	By Balance b/d	25,000		
	25,000		25,000		

Dr.		CAPITAL ACCOUNTS			Cr.		
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Balance b/d			12,000	By Balance b/d	80,000	66,000	
To Realisation				By Realisation			
A/c (Assets taken over)	20,000	20,000		A/c	3,000		
To Realisation				By Cash A/c			
				(Amount			

				brought in)			15,500
A/c (Unrecorded asset taken over)	12,000						
To Realisation A/c (Shares taken over)	7,500	5,000	2,500				
To Realisation A/c (Loss)	3,000	2,000	1,000				
To Cash A/c (Final Payment)	40,500	39,000					
	83,000	66,000	15,500		83,000	66,000	15,500

Dr.		CASH ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	13,000	By Realisation A/c (Liabilities paid)	89,200		
To Realisation A/c (Assets realised)	1,48,000	By Advance from B A/c	25,000		
To Realisation A/c (Amount recovered from customer)	2,500	By A's Capital A/c	40,500		
To Realisation A/c (Sale of Shares)	14,700	By B's Capital A/c	39,000		
To C's Capital A/c	15,500				
	1,93,700		1,93,700		

Hints: 1. Cash realised from sale of shares: ₹
150 Shares @ ₹100 each = 15,000
Less: 2% of 15,000 = 300
14,700

2. There will be no entry of realisation expenses of ₹1,800 paid by A.

SOLUTION: 49.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Freehold Property A/c	40,000	By Creditors A/c	20,000		
To Machinery' A/c	40,000	By Bank Loan A/c	5,000		
To Investments A/c	16,000	By Commission received in Advance A/c	6,000		
To Stock A/c	30,000	By Cash A/c			
To Debtors A/c	30,000	(Assets realised)	1,25,100		
To ATs Capital A/c (Amount Payable to X)	2,000	By X's Capital A/c	9,000		
To .U s Capital A/c (Bank Loan taken over)	5,000	(Investments taken over)			
To Cash A/c		By Ts Capital A/c (Investments taken over)	4,800		

(Outstanding Expenses)	2,000	By Cash A/c (Recovery from	
To Cash A/c		B/R discounted)	7,500
(Payment for B/R discounted)	10,000	By Capital A/cs :	
To Cash A/c (Advance		(Loss on realisation)	
commission returned)	2,400		
To Cash A/c			
(Creditors paid)	20,000	X 5/10 10,000	
		Y 3/10 6,000	
		Z 2/10 4,000	20,000
	1,97,400		1,97,400

Dr. CURRENT ACCOUNTS				Cr.			
Particulars	X	Y	Z	Particulars	X	Y	Z
	₹	₹	₹		₹	₹	₹
To Balance b/d			4,500	By Balance b/d	12,000	7,500	
To P & L A/c				By Reserve for			
(Loss in				Contingency	5,000	3,000	2,000
business)	10,000	6,000	4,000	By Capital A/c			
To Realisation A/c (Loss)	10,000	6,000	4,000	(Transfer)	3,000	1,500	10,500
	20,000	12,000	12,500		20,000	12,000	12,500

Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	X	Y	Z	Particulars	X	Y	Z
	₹	₹	₹		₹	₹	₹
To Current A/c				By Balance b/d	70,000	40,000	20,000
(Transfer)	3,000	1,500	10,500	By Realisation			
To Cash A/c	3,200			A/c			
To Realisation				(Amount	2,000		
A/c (Invest-	9,000	4,800		Payable)			
ments)				By Realisation			
To Cash A/c				A/c			
(Final				(Bank Loan			
Payment)	61,800	33,700	9,500	taken over)	5,000		
	77,000	40,000	20,000		77,000	40,000	20,000

Dr. CASH ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	10,000	By X's Capital A/c	
To Realisation A/c		(Realisation Expenses)	3,200
(Assets realised)	1,25,100	By Realisation A/c	
To Realisation A/c		(Outstanding Expenses)	2,000
(Recovery from B/R		By Realisation A/c	
dishonoured)	7,500	(Payment for B/R discounted)	10,000
		By Realisation A/c (Advance	
		Commission returned)	2,400

	By Realisation A/c (Creditors paid)	20,000
	By X's Capital A/c	61,800
	By Y's Capital A/c	33,700
	By Z's Capital A/c	9,500
1,42,600		1,42,600

SOLUTION: 50.

Dr. REALISATION ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Plant and Machinery A/c	20,000	By Creditors A/c	60,000
To Prepaid Insurance A/c	1,200	By Repairs and Renewals Reserve A/c	4,000
To Stock A/c	60,000	By Bank Loan A/c	20,000
To 100 Shares in D.C.M. Ltd. A/c	5,000	By Bank A/c (Assets realised):	
To Sundry Debtors A/c	38,000	Sundry Debtors	38,000
To B/R A/c	6,000	B/R	4,000
To Bank A/c (Liabilities paid):		Stock	52,000
Creditors		Shares	6,000
(7,000 + 27,000)	34,000		1,00,000
Contingent Liability	6,000		
Bank Loan		By Capital A/cs :	
(20,000 + 600)	20,600	(Loss on realisation)	
	60,600	A 7/10	10,500
To Bank A/c (Exp. of Realisation)	700	B 3/10	4,500
To Bank A/c (Tax Paid)	1,500		15,000
To A's Capital A/c			
(Commission : 6% of ₹ 1,00,000)	6,000		
	1,99,000		1,99,000

Dr. CAPITAL ACCOUNTS Cr.					
Particulars	A	B	Particulars	A	B
	₹	₹		₹	₹
To Drawing A/c	5,000		By Balance b/d	50,000	20,000
To Advertisement			By Realisation A/c		
Suspense A/c	7,000	3,000	(Commission)	6,000	
To Realisation A/c					
(Loss)	10,500	4,500			
To Bank A/c					
(final Payment)	33,500	12,500			
	56,000	20,000		56,000	20,000

Dr.		BANK ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Balance b/d	8,800	By Realisation A/c		
To Realisation A/c		(Liabilities paid : ₹34,000		
(Assets realised)	1,00,000	+ ₹6,000 + ₹20,600)	60,600	
		By Realisation A/c (Exp.)	700	
		By Realisation A/c (Tax)	1,500	
		By A's Capital A/c	33,500	
		By B's Capital A/c	12,500	
	1,08,800		1,08,800	

SOLUTION: 51.

Books of A, B and C BALANCE SHEET as at 1-4-2015

Liabilities	₹	Assets	₹
A's Capital	2,00,000	B's Capital	10,000
Creditors	80,000	C's Capital	25,000
		Cash	12,000
		Sundry Assets	
		(Balancing figure)	2,33,000
	2,80,000		2,80,000

Dr.		REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Sundry Assets A/c	2,33,000	By Creditors A/c	80,000	
To Cash A/c (Creditors paid off)	72,000	By Cash A/c (Assets Realised)	2,00,000	
To Cash A/c (Exp.)	1,240	By Loss transferred to		
		Capital A/cs :		
		A 13,120		
		B 7,872		
		C 5,248	26,240	
	3,06,240		3,06,240	

Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	A	B	C	Particulars	A	B	C
To Bal. b/d	₹	₹	₹	By Bal. b/d	₹	₹	₹
To Realisation A/c (Loss)	13,120	7,872	5,248	By Cash A/c (Deficit brought in)	2,00,000	17,872	30,248
To Cash A/c (Final Payment)	1,86,880						
	2,00,000	17,872	30,248		2,00,000	17,872	30,248

Dr. CASH ACCOUNT				Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	12,000	By Realisation (Creditors paid off)	72,000		
To Realisation A/c (Assets realised)	2,00,000	By Realisation (Exp.)	1,240		
To B's Capital A/c	17,872	By A's Capital A/c	1,86,880		
To C's Capital A/c	30,248				
	2,60,120		2,60,120		

SOLUTION: 52

Books of X and Y MEMORANDUM BALANCE SHEET as at March 31, 2015

Liabilities		₹	Assets		₹
Capitals		1,60,000	Cash		18,000
X	1,50,000	1,20,000	Sundry Assets		3,42,000
Y	10,000	60,000	(Balancing figure)		
Creditors		20,000			
Bank Loan					
Reserve					
		3,60,000			3,60,000

Dr. REALISATION ACCOUNT				Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets	3,42,000	By Creditors A/c	1,20,000		
To Cash A/c (Creditors)	1,20,000	By Bank Loan A/c	60,000		
To Cash A/c (Bank Loan)	60,000	By Cash A/c (Assets realised)	3,02,000		
		By Loss transferred to Capital A/cs:			
		X	32,000		
		Y	8,000		
			40,000		

	5,22,000	5,22,000
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Cr. PARTNER'S CAPITAL ACCOUNTS Cr.					
Particulars	X	Y	Particulars	X	Y
	₹	₹		₹	₹
To Realisation A/c (Loss)	32,000	8,000	By Balance b/d	1,50,000	10,000
To Cash A/c (Final Payment)	1,34,000	6,000	By Reserve	16,000	4,000
	1,66,000	14,000		1,66,000	14,000

Dr. CASH ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	18,000	By Realisation A/c (Creditors)	1,20,000
To Realisation A/c (Assets realised)	3,02,000	By Realisation A/c (Bank Loan)	60,000
		By X's Capital A/c	1,34,000
		By Y's Capital A/c	6,000
	3,20,000		3,20,000

SOLUTION: 53.

Dr.					CAPITAL ACCOUNTS					Cr.
Date	Particulars	Peter	Roberts	Sunny	Date	Particulars	Peter	Roberts	Sunny	
2012 March March 31	To Drawing	7,000	7,000	7,000	2011 April 1	By Cash	60,000	50,000	40,000	
	To Balance c/d					By Profit & Loss App-rop-riation A/c				
		69,000	59,000	49,000		16,000	16,000	16,000		
		76,000	66,000	56,000		76,000	66,000	56,000		
2013 March 31 March 31 March 31	To Drawings A/c	7,000	7,000	7,000	2012 April 1	By Balance b/d	69,000	59,000	49,000	
	To Profit & Loss Appropriation A/c									
		4,000	4,000	4,000						
		58,000	48,000	38,000						
		69,000	59,000	49,000			69,000	59,000	49,000	

BALANCE SHEET as at 1st April, 2013

BALANCE SHEET as at 31st April, 2019					
Liabilities		₹	Assets		₹
Creditors Capitals :		14,000	Cash		5,000
Peter	58,000	1,44,000	Sundry Assets (Balancing Figure)		1,53,000
Roberts	48,000				
Sunny	38,000				
		1,58,000			1,58,000

Dr.	REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Sundry Assets	1,53,000	By Creditors	14,000
To Cash (Creditors paid)	12,500	By Cash (Assets realised)	1,62,000
To Cash (Exp.)	3,000		
To Profit transferred to Capital A/cs			
Peter	2,500		
Roberts	2,500		
Sunny	2,500		
	<u>7,500</u>		
	<u>1,76,000</u>		<u>1,76,000</u>

SOLUTION: 54.

**BALANCE SHEET
(as at 31st March, 2014)**

Liabilities	₹	Assets	₹
Sundry Creditors	25,000	Cash at Bank	2,000
A's Loan Account	20,000	Sundry Assets	
Capital Accounts :		(Balancing Figure)	1,43,000
A	60,000		
B	40,000		
	<u>1,00,000</u>		
	<u>1,45,000</u>		<u>1,45,000</u>

Dr.	REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Sundry Assets A/c	1,43,000	By Sundry' Creditors A/c	25,000
To Bank A/c :		By Bank A/c	
Sundry Creditors	25,000	(Assets realised)	
Expenses on realisation	800	Stock	40,000
To Capital A/cs		Debtors	30,000
(Profit on realisation)		Other Fixed Assets	60,000
A 1/2	3,100	By B's Capital A/c (Machine taken over)	20,000
B 1/2	3,100		
	<u>6,200</u>		
	<u>1,75,000</u>		<u>1,75,000</u>

Dr.		LOAN FROM A ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Bank A/c	20,000	By Balance b/d		20,000	
	20,000			20,000	

Dr.		CAPITAL ACCOUNTS		Cr.	
Particulars	A	B	Particulars	A	B
	₹	₹		₹	₹
To Realisation A/c			By Balance b/d	60,000	40,000
(Machine taken over)		20,000	By Realisation A/c		
To Bank A/c			(Profit)	3,100	3,100
(Final Payment)	63,100	23,100			
	63,100	43,100		63,100	43,100

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Balance b/d	2,000	By Realisation A/c		25,800	
To Realisation A/c		By Loan from A A/c		20,000	
(Assets realised)	1,30,000	By A's Capital A/c		63,100	
		By B's Capital A/c		23,100	
	1,32,000			1,32,000	

SOLUTION: 55.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars		₹	Particulars	₹	
To Stock A/c		18,000	By creditors A/c	88,500	
To Debtors A/c		42,000	By Mrs. Wolfs Loan A/c	40,000	
To Furniture A/c		12,000	By Bills Payable A/c	23,000	
To Machinery A/c		1,06,500	By Bank A/c		
To Bank A/c :			(Assets realised)		
Bills Payable	23,000		Stock	10,500	
Creditors	86,730		Debtors	27,750	
Mrs. Wolfs Loan	38,500		Machinery	88,500	1,26,750
Claim against the firm	2,000		By Fox's Capital A/c		
Realisation Expenses	2,100	1,52,330	(Furniture taken over)	7,500	
			By Bank A/c		
			(Bad Debts recovered)		
			By Capital A/cs:		
			(Loss on realisation)	1,800	
			Fox 1/2	21,640	
			Wolf 1/2	21,640	43,280
		3,30,830		3,30,830	

Dr. CAPITAL ACCOUNTS Cr.

Particulars	Fox	Wolf	Particulars	Fox	Wolf
	₹	₹		₹	₹
To Profit & Loss A/c	11,250	11,250	By Balance b/d	30,000	24,000
To Realisation A/c			By Bank A/c		
(Furniture taken over)	7,500		(Amount brought in)	10,390	8,890
To Realisation A/c					
(Loss)	21,640	21,640			
	40,390	32,890		40,390	32,890

Dr.		BANK ACCOUNT		Cr.	
Particulars		₹	Particulars	₹	
To Balance b/d		4,500	By Realisation A/c	1,52,330	
To Realisation A/c					
(Assets realised)		1,26,750			
To Realisation A/c					
(Bad debts recovered)		1,800			
To Fox's Capital A/c		10,390			
To Wolfs Capital A/c		8,890			
		1,52,330		1,52,330	

SOLUTION : 56.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Buildings A/c	10,000	By Employees Provident Fund A/c	3,000		
To Plant A/c	22,000	By Depreciation Provision A/c	5,000		
To Stock A/c	6,000	By Creditors A/c	11,000		
To Joint Life Policy A/c	6,200	By J's Capital A/c			
To Debtors A/c	5,000	(Buildings taken over)	10,000		
To Accrued Interest A/c	1,000	By Cash A/c			
To J's Capital A/c		(Assets realised):			
(Creditors taken over)	11,000	Plant	25,000		
To Cash A/c		Stock	11,200		
Contingent Liability		Debtors	4,600	40,800	
Realisation Expenses Employees	600				
Provident Fund	600				
	3,000				
To Capital A/cs :					
(Profit on realisation)					
J 3/6	2,200				
S 2/6	1,467				
R 1/6	733				
	4,400				
	69,800				69,800

Dr.		CAPITAL ACCOUNTS			Cr.		
Particulars	J	S	R	Particulars	J	S	R
	₹	₹	₹		₹	₹	₹
To Realisation A/c				By Balance b/d	12,000	8,600	10,400
(Buildings taken over)	10,000			By Reserve Fund A/c	1,500	1,000	500
To Cash A/c							
(Final Payment)	16,700	11,067	11,633	By Realisation A/c			
				(Creditors taken over)	11,000		
				By Realisation A/c (Profit)	2,200	1,467	733
	26,700	11,067	11,633		26,700	11,067	11,633

Dr.	CASH ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Balance b/d	2,800	By Realisation A/c	4,200
To Realisation A/c		By J's Capital A/c	16,700
(Assets realised)	40,800	By R's Capital A/c	11,633
		By S's Capital A/c	11,067
	43,600		43,600

SOLUTION: 57.

In the Books of Sanjay and Sameer

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2011	Realisation A/c Dr.		5,50,000	
April	To Land and Building			3,00,000
1	To Stock			1,00,000
	To Debtors			1,50,000
	(Assets transferred to Realisation Account on dissolution)			
	Creditors A/c Dr.		1,05,000	
	To Realisation A/c			1,05,000
	(Creditors transferred to Realisation Account on dissolution)			
	Bank A/c Dr.		3,50,000	
	To Realisation A/c			3,50,000
	(Land and building sold to Sanjay for Cash)			
	Bank A/c Dr.		90,000	
	To Realisation A/c			90,000
	(Stock sold for Cash)			
	Sanjay's Capital A/c Dr.		2,000	
	Sameer's Capital A/c Dr.		3,000	
	To Realisation A/c			5,000
	(Loss on realisation transferred to Partners' Capital A/cs) (Note 2)			
	Workmen Compensation Reserve A/c Dr.		1,00,000	
	To Sanjay's Capital A/c			40,000
	To Sameer's Capital A/c			60,000
	(Workmen Compensation reserve distributed among the partners)			
	Sanjay's Capital A/c Dr.		2,38,000	
	Sameer's Capital A/c Dr.		3,57,000	
	To Bank A/c			5,95,000
	(Final payment made) (Note 3)			

Working Notes:

(1) No entry is to be passed for Creditors taking over Debtors in full settlement.

(2) Calculation of Profit or Loss on Realisation:

REALISATION ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Land & Building	3,00,000	By Creditors	1,05,000
To Stock	1,00,000	By Bank (Land & Building)	3,50,000
To Debtors	1,50,000	By Bank A/c (Stock)	90,000
		By Loss Transferred to :	
		Sanjay's Capital A/c	2,000
		Sameer's Capital A/c	3,000
	5,50,000		5,50,000

(3) Calculation of final payment made to partners on dissolution:

PARTNERS' CAPITAL ACCOUNTS					
Dr.					Cr.
Particulars	Sanjay	Sameer	Particulars	Sanjay	Sameer
	₹	₹		₹	₹
To Realisation A/c (Loss)	2,000	3,000	By Balance b/d	2,00,000	3,00,000
			By Workmen		
To Bank A/c (Final Payment)	2,38,000	3,57,000	Compensation Reserve	40,000	60,000
	2,40,000	3,60,000		2,40,000	3,60,000

SOLUTION: 58.

Dr.	REALISATION ACCOUNT				Cr.
Particulars		₹	Particulars		₹
To Debtors A/c		50,000	By Creditors A/c		50,000
To Stock A/c		36,000	By Bills Payable A/c		30,000
To Investments A/c		20,000	By Provident Fund A/c		20,000
To Plant A/c		90,000	By Investment Fluctuation		
To Cash A/c :			Fund A/c		8,000
Commission received			By Commission Received in		
in advance returned 8,000			Advance A/c		12,000
Outstanding Wages 8,000			By Cash A/c		
Provident Fund 20,000			(Assets realised)		
Creditors 50,000			Stock 36,000		
Bills Payable 30,000		1,16,000	Debtors 45,000		
To Arun's Capital A/c			Investments 16,000		
(Commission 5% of 1,62,500)		8,125	Plant 65,500		1,62,500
			By Capital A/cs		
			(Loss on realisation)		
			Arun 2/5 15,050		
			Tarun 2/5 15,050		
			Varun 1/5 7,525		37,625
		3,20,125			3,20,125

Dr.	CAPITAL ACCOUNTS						Cr.
Particulars	Arun	Tarun	Varun	Particulars	Arun	Tarun	Varun
	₹	₹	₹		₹	₹	₹
To Profit & Loss A/c	13,600	13,600	6,800	By Balance b/d	50,000	60,000	30,000
To Realisation A/c (Loss)	15,050	15,050	7,525	By Realisation A/c (Commission)	8,125		
To Cash A/c (Final Payment)	29,475	31,350	15,675				
	58,125	60,000	30,000		58,125	60,000	30,000

Dr.		CASH ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Balance b/d	30,000	By Realisation A/c		1,16,000	
To Realisation A/c		By Arun's Capital A/c		29,475	
(Assets realised)	1,62,500	By Tarun's Capital A/c		31,350	
		By Varun's Capital A/c		15,675	
	1,92,500			1,92,500	

SOLUTION: 59.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry' Assets :		By Provision for Bad Debts A/c	20,000		
Debtors 1,70,000		By Creditors	60,000		
Stock 1,50,000		By Arnab's Brother's Loan A/c	95,000		
Investments 2,50,000		By Investment Fluctuation			
Building 3,00,000	8,70,000	Fund A/c	50,000		
To Arnab's Capital A/c		By Bank A/c (Assets Realised):			
(Arnab's Brother's Loan)	95,000	Investments 2,00,000			
To Bank A/c (Creditors Paid)	54,000	Building 3,50,000			
To Dhruvad's Capital A/c		Stock 60,000	6,10,000		
(Expenses)		By Ragini's Capital A/c			
(₹8,000 - ₹5,000)	3,000	(Stock ₹75,000 - 20% of ₹75,000)			
		By Loss on Realisation	60,000		
		transferred to :			
		Arnab's Capital A/c 76,200			
		Ragini's Capital A/c 25,400			
		Dhruvad's Capital A/c 25,400	1,27,000		
	10,22,000		10,22,000		

Dr.		PARTNERS' CAPITAL ACCOUNTS			Cr.		
Particulars	Arnab	Ragini	Dhruvad	Particulars	Arnab	Ragini	Dhruvad
	₹	₹	₹		₹	₹	₹
To Pro fit and Loss A/c	30,000	10,000	10,000	By Balance b/d	2,75,000	2,00,000	1,70,000
To Realisation A/c (Stock)	—	60,000	—	By Realisation A/c (Brother's Loan)	95,000	—	—
To Realisation A/c (Loss)	76,200	25,400	25,400	By Realisation A/c (Expenses)	—	—	3,000
To Bank A/c (Final Payment)	2,63,800	1,04,600	1,37,600				
	3,70,000	2,00,000	1,73,000		3,70,000	2,00,000	1,73,000

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Balance b/d	50,000	By Realisation A/c (Creditors)		54,000	
To Realisation A/c		By Dhrupad's Loan A/c		1,00,000	
(Assets Realised)	6,10,000	By Arnab's Capital A/c			
		(Final Payment)		2,63,800	
		By Ragini's Capital A/c			
		(Final Payment)		1,04,600	
		By Dhrupad's Capital A/c			
		(Final Payment)		1,37,600	
	6,60,000			6,60,000	