NCERT Solutions for Class 12 Accountancy

Partnership Accounts Chapter 4
Dissolution of Partnership Firm

Short answers : Solutions of Questions on Page Number : 252

Q1 :

State the difference between dissolution of partnership and dissolution of partnership firm.

Answer :

Basis of Difference	**Dissolution of Partnership**	**Dissolution of Partnership firm**
Meaning	It means change in the partnership deed (or the agreement) among the partners.	It means that the business is wound up and the firm is dissolved.
Discontinuation	Business is not discontinued.	Business is discontinued, as the firm is dissolved.
Closure of Books of Accounts	Books of accounts are not closed, as there is only change in the existing agreement between the partners.	Books of accounts are closed, as the business is discontinued.
Assets and Liabilities	In this case, the assets and liabilities are revalued.	In this case, all the assets are sold off in order to pay the liabilities of the business.
Role of Court	There is no intervention by the court.	Dissolution of a partnership firm may be done with the consent of the court.
Nature	It is voluntary in nature.	It may be voluntary (as per the discretion of the partners) or compulsory (as per the order of the court).
Effect	It may or may not involve dissolution of the firm.	It necessarily involves dissolution of both the partnership as well as of the partnership firm.

Q2 :

State the accounting treatment for:

i. Unrecorded assets

ii. Unrecorded liabilities

Answer :

i) Accounting Treatment for Unrecorded Assets

Unrecorded asset is an asset, the value of which has been written off in the books of accounts but the asset is still in usable position. The accounting treatment for unrecorded asset is:

a) When the unrecorded asset is sold for cash

Cash A/c Dr.
To Realisation A/c
(Unrecorded assets sold for cash)

b) When the unrecorded asset is taken over by any partner

Partner's Capital A/c Dr.
To Realisation A/c
(Unrecorded asset taken over by the partner)

ii) Accounting Treatment for Unrecorded Liabilities

Unrecorded liabilities are those liabilities which are not recorded in the books of account. The accounting treatment for unrecorded liability is:

a) When the unrecorded liability is paid off

Realisation A/c Dr.

To Cash A/c
(Unrecorded liability paid in cash)

b) When the unrecorded liability is taken over by a partner

Realisation A/c Dr.
To Partner's Capital A/c
(Unrecorded liability taken over by the partner)

Q3 :

On dissolution, how you deal with partner's loan if it appears on the

(a) Assets side of the Balance Sheet

(b) Liabilities side of the Balance Sheet

Answer :

a) If partner's loan appears on the assets side of the Balance Sheet then it implies that the partner has taken loan from the business and is liable to pay back to the business. In such case, the loan amount is transferred to his capital account. Thus the accounting entry will be:

Partner's Capital A/c Dr.
To Partner's Loan A/c
(Partner's loan transferred to Partner's Capital Account)

b) If partner's loan appears on the liabilities side of the Balance Sheet then it implies that the partner has forwarded loan to the firm and the firm is liable to pay back the amount to the partner. In such case, partner's loan is paid off after paying all the external liabilities. The partner's loan is not transferred to the Realisation Account, in fact, it is paid in cash. The following accounting entry is passed.-

Partner's Loan A/c Dr.
To Cash/Bank A/c
(Partner's loan paid in cash)

Short answersnumerical questionslong answers : Solutions of Questions on Page Number : 253

Q1 :

Journalise the following transactions regarding Realisation expenses:

[a] Realisation expenses amounted to Rs 2,500.

[b] Realisation expenses amounting to Rs 3,000 were paid by Ashok, one of the partners.

[c] Realisation expenses Rs 2,300 borne by Tarun, personally.

[d] Amit, a partner was appointed to realise the assets, at a cost of Rs 4,000. The actual amount of Realisation amounted to Rs 3,000.

Answer :

Journal

	Particulars	**L.F.**	**Amount Rs**	**Amount Rs**
(a)	Realisation A/c Dr. To Bank A/c (Realisation expenses paid)		2,500	 2,500
(b)	Realisation A/c Dr. To Ashok's Capital A/c (Realisation expenses paid by Ashok)		3,000	 3,000

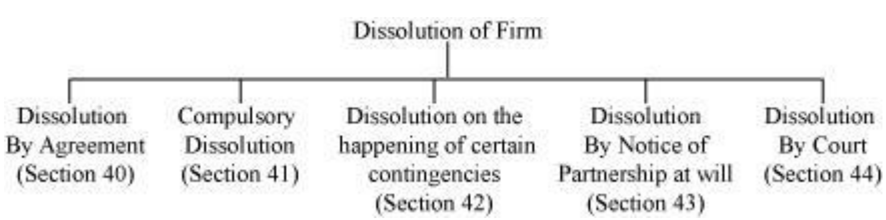
(c)	No entry, as all Realisation expenses are borne personally by Tarun			
(d)	Realisation A/c Dr. To Amit's Capital A/c (Realisation expenses paid to Amit)		4,000	4,000

Q2 :

Explain the process of dissolution of a partnership firm?

Answer :

Dissolution of partnership firm implies discontinuation of the business of the partnership firm. According to the Section 39 of Partnership Act, dissolution of partnership between all the partners of a firm is called dissolution of partnership firm. Dissolution involves winding up of business, disposal of assets and paying off the liabilities and distribution of any surplus or borne of loss by the partners of the firm. As per the Partnership Act 1932, a partnership firm may be dissolved in the following manners:



1) **Dissolution by Agreement**

A firm may be dissolved with:

a) the consent of all the partners, or

b) the contract between the partners

2) **Compulsory Dissolution**

A firm may be dissolved by:

a) the adjudication of all the partners or of all partners but one as insolvent

b) happening of an event or change in government policies that make the business unlawful.

3) **Dissolution on the happening of Certain Contingencies**

Subject to the contract between the partners, a firm is dissolved

a) if formed for a specific period then on the expiry of the period

b) if formed for a specific purpose then on completion of the purpose

c) on the death of partner/partners

d) on insolvency of a partner/partners

4) **Dissolution by Notice**

If partnership is at will then the partnership firm is dissolved if any partner giving notice in writing to all the other partners expressing his/her intention to dissolve the firm.

5) **Dissolution by Court**

The court may order to dissolve a partnership firm when:

a) a partner becomes insane or lunatic.

b) a partner becomes permanently incapable of performing the duties.

c) a partner is guilty of misconduct and affects the business activities.

d) a partner repeatedly breaks the terms of agreement .

e) a partner transfers his interest to a third party without the consent of other partners.

f) a business persistently incurs losses.

Besides these above mentioned circumstances, a partnership firm may be dissolved if the court at any stage finds dissolution of the firm to be justified and inevitable.

The following are the rules of settlement of accounts on dissolution as per the Section 48 of Partnership Act 1932.

1. ***Application of Assets:*** Amount received by the realisation (sale) of the assets shall be used in the following order:

a) First of all the external liabilities and expenses are to be paid.

b) Then, all loans and advances forwarded by the partners should be paid.

c) Then, the capital of each partners should be paid off. If there remains any surplus after the payment of (a), (b) and (c), then it should be distributed among the partners in their profit sharing ratio.

2. ***Treatment of Loss:*** In case of loss and any deficiency of capital, then this should be paid in the following order:

a) First these should be adjusted against firm's profits.

b) Then, against the total capital of the firm.

c) If still there exists any loss and deficiencies, then it should be borne by all the partners individually in their profit sharing ratio.

Q3 :

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 Buildings valued Rs 1,20,000 and paid cash to the firm Rs 30,000.

Answer :

Journal

	Particulars	**L.F.**	**Amount Rs**	**Amount Rs**
(a)	Realisation A/c Dr. To Cash A/c (Creditors worth Rs 85,000 accepted 40,000 as cash and investment worth Rs 43,000 in their full settlement)		40,000	 40,000
(b)	No Entry (Creditors Rs 16,000 accepted Machinery Rs 18,000 in the full settlement. No entry is required since both asset and liability are already transferred to the Realisation Account)			
(c)	Cash A/c Dr. To Realisation A/c (Creditors worth Rs 90,000 accepted buildings worth Rs 1,20,000 and returned Rs 30,000 as cash after settlement of claim to the firm)		30,000	 30,000

Q4 :

What is a Realisation Account?

Answer :

On dissolution of a firm, all the books of account are closed, all assets are sold and all liabilities are paid off. In order to record the sale of assets and discharge of liabilities, a nominal account is opened named Realisation Account. The main purpose to open Realisation Account is to ascertain the profit or loss due to the realisation of assets and liabilities. Realisation profit (if credit side > debit side) or realisation loss (if debit side > credit side) are transferred to the Partner's Capital Account in their profit sharing ratio.

Concisely, following are the important objectives of preparing Realisation Account.

1) To close all the books of account.

2) To record transactions relating to the sale of assets and discharge of liabilities.

3) To determine profit or loss due to the realisation of assets and liabilities.

Accounting treatment of items related to Realisation Account

1) *For transfer of assets*

Realisation A/c	Dr.
To Sundry Assets A/c (Individually)	
(All Assets transferred to realisation account, except Cash/Bank, P and L debit balance, Loan to a Partner)	

2) *For transfer of liabilities*

Sundry Liabilities A/c (Individually) Dr.
To Realisation A/c
(All Liabilities transferred to Realisation account except

Partner's Capitals, P and L credit balance, Loan from Partner)

3) *For sale of assets*

Bank A/c (Amount received) Dr.
To Realisation A/c
(Assets sold for cash)

4) *For payment of liabilities*

Realisation A/c Dr.
To Bank A/c
(Liabilities paid in cash)

5) *For payment of realisation expenses*

Realisation A/c Dr.
To Bank A/c
(Expenses paid)

6) *For transfer of profit on realisation*

Realisation A/c Dr.
To Partner's Capital A/c
(Profit on realisation transferred to partner 's capital account)

7) *For transfer of loss on realisation*

Partner's Capital A/c Dr.
To Realisation A/c
(Loss transferred to partner's capital account)

Format of Realisation Account

Dr. **Cr.**

Particulars	**Amount** **Rs**	**Particulars**	**Amount** **Rs**
Various Assets (Excluding Cash/Bank, fictitious assets, Debit balance of P and L A/c, partner Capital A/c, Current A/c, Loan to Partner)	â€“	*Various Liabilities* (Excluding Partner Capital account, reserves, P and L A/c, Current A/c, Loan to Partner)	â€“
Cash/Bank (Payment for realisation expenses)	â€“		â€“

Cash/Bank (Payment to outside and unrecorded liabilities) *Partner's Capital A/c* (If any liability taken on expenses paid by him or remuneration payable to him) Partner Capital A/c (Profit on realisation distributed in the profit sharing ratio among all the partners)	â€“ â€“	*Provision on assets* (like, Provision for doubtful debts; Provision for depreciation) *Cash/Bank* (Amount received from realisation of assets and unrecorded assets) *Partner 's Capital A/c* (If any asset taken over by any partner)	â€“ â€“

		Partner Capital A/c (Loss on realisation borne by all the partners in their profit sharing ratio)	
	â€“		â€“

Q5 :

There was an old computer which was written-off in the books of Accounts in the pervious year. The same has been taken over by a partner Nitin for Rs 3,000. Journalise the transaction, supposing. That the firm has been dissolved.

Answer :

Journal

Particulars	**L.F.**	**Amount** **Rs**	**Amount** **Rs**
Nitin's Capital A/c Dr.		3,000	

To Realisation A/c (Unrecorded computer taken over by Nitin)			3,000

Q6 :

Reproduce the format of Realisation Account.

Answer :

Format of Realisation Account

Dr. **Cr.**

Particulars	**Amount** **Rs**	**Particulars**	**Amount** **Rs**
Various Assets (Excluding Cash/Bank, fictitious assets, Debit balance of P and L A/c, partner Capital A/c, Current A/c, Loan to Partner)	â€“	*Various Liabilities* (Excluding Partner Capital account, reserves, P and L A/c, Current A/c, Loan to Partner)	â€“
Cash/Bank (Payment for realisation expenses)	â€“		â€“
Cash/Bank (Payment to outside and unrecorded liabilities)			

Partner's Capital A/c (If any liability taken on expenses paid by him or remuneration payable to him) Partner Capital A/c (Profit on realisation distributed in the profit sharing ratio among all the partners)	â€“ â€“	*Provision on assets* (like, Provision for doubtful debts; Provision for depreciation) *Cash/Bank* (Amount received from realisation of assets and unrecorded assets) *Partner 's Capital A/c* (If any asset taken over by any partner)	â€“ â€“

		Partner Capital A/c (Loss on realisation borne by all the partners in their profit sharing ratio)	
	â€“		â€“

Q7 :

Distinguish between firm's debts and partner's private debts.

Answer :

Basis of Difference	**Firm's Debts**	**Partner's Private Debts**
Meaning	It refers to those debts that are borrowed against the name of the firm.	It refers to those debts that are borrowed personally by the partner.
Liability	All the partners of the firm are jointly and separately liable for the firm's debt.	The concerned partner is personally liable for his private debts.

Settlement of debts by private assets	If the firm's debt exceeds the firm's assets, then private assets of the partners may be utilised to pay back the firm's debt, if only the partner's private assets exceeds his/her own private debts.	Private debts are settled against the partner's private assets. Subsequently, if any surplus exists then this may be utilised to settle the firm's debts.
Settlement of debts by firm's assets	Firm's debts are settled against the firm's assets. Subsequently, if any surplus exists, then this is distributed among the partners.	After paying off firm's debts, the surplus of firm's assets, if any is distributed among the partners. The personal share of the partner in this surplus can be utilised to settle his/her own private debts.

Q8 :

What journal entries will be recorded for the following transactions on the dissolution of a firm:

[a] Payment of unrecorded liabilities of Rs 3,200.

[b] Stock worth Rs 7,500 is taken by a partner Rohit.

[c] Profit on Realisation amounting to Rs 18,000 is to be distributed between the partners Ashish and Tarun in the ratio of 5:7.

[d] An unrecorded asset realised Rs 5,500.

Answer :

Journal

	Particulars	**L.F.**	**Amount Rs**	**Amount Rs**
(a)	Realisation A/c Dr. To Bank A/c (Unrecorded liabilities paid)		3,200	 3,200

(b)	(Rohit's Capital A/c Dr. To Realisation A/c (Stock is taken over by Rohit)		7,500	 7,500
(c)	Realisation A/c Dr. To Ashish's Capital A/c To Tarun's Capital A/c (Profit on Realisation is transferred to Partners' Capital Account)		18,000	 7,500 10,500
(d)	Bank A/c Dr. To Realisation A/c (Unrecorded asset sold)		5,500	 5,500

Q9 :

How deficiency of creditors is paid off?

Answer :

At the time of dissolution of a firm, the amount received from the sale of firm's assets are utilised to pay the creditors. If the sale receipts fall short, then partners' private assets are used for settling the dues of the firm's creditors. Even if some portion of the amount due to creditors is left unpaid, then there arises deficiency of creditors. There are generally two procedures to be followed to treat the deficiency of creditors.

1. Transferring deficiency to the Deficiency Account

2. Transferring deficiency to the Partner's Capital Account

In the former procedure, a separate account is prepared for the firm's creditors. Then in order to ascertain the firm's cash balance accruing from the sale of the firm's assets and partners' private assets, Cash Account is prepared. After ascertaining the cash availability with the firm, the creditors and the external liabilities are paid proportionately (partially). The remaining unpaid creditors or the deficiency is transferred to the Deficiency Account.

In the latter procedure, creditors are paid by the cash available with the firm including the partners individual contribution. The deficiency or unpaid creditors amount is transferred to the Partner's Capital Account. Thus the deficiency of the creditors is borne by all the partners in their profit sharing ratio. If any partner becomes insolvent and is unable to bear the deficiency, then this will be regarded as a capital loss to the firm. If the partnership deed is silent about such capital loss in the facet of insolvency of a partner, then according to the ***Garner v/s Murray*** case, such capital loss need to be borne by the solvent partners in their capital ratio.

Q10 :

State the order of settlement of accounts on dissolution.

Answer :

The following are the rules of settlement of accounts on dissolution as per the Section 48 of Partnership Act 1932.

1. ***Application of Assets:*** Amount received by the realisation (sale) of the assets shall be used in the following order:

   a) First of all the external liabilities and expenses are to be paid.

   b) Then, all loans and advances forwarded by the partners should be paid.

   c) Then, the capital of each partner should be paid off. If there remains any surplus after the payment of (a), (b) and (c), then it should be distributed among the partners in their profit sharing ratio.

2. ***Treatment of Loss:*** In case of loss and any deficiency of capital this should be paid in the following order:

   a) First these should be adjusted against firm's profits.

   b) Then, against the total capital of the firm.

   c)Even if there exists any loss and deficiencies then it should be borne by all the partners individually in their profit sharing ratio.

Q11 :

Give journal entries for the following transactions:

1. To record the Realisation of various assets and liabilities,

2. A Firm has a Stock of Rs 1,60,000. Aziz, a partner took over 50% of the Stock at a discount of 20%,

3. Remaining Stock was sold at a profit of 30% on cost,

4. Land and Buildging (book value Rs 1,60,000) sold for Rs 3,00,000 through a broker who charged 2%, commission on the deal,

5. Plant and Machinery (book value Rs 60,000) was handed over to a Creditor at an agreed valuation of 10% *less* than the book value,

6. Investment whose face value was Rs 4,000 was realised at 50%.

Answer :

Journal

	Particulars		**L.F.**	**Amount Rs**	**Amount Rs**
1) (a)	For Transfer of Assets Realisation A/c To Assets A/c (Individually) (Assets transferred to Realisation Account)	Dr.		-	-
(b)	For Transfer of Liabilities Liabilities A/c (Individually) To Realisation A/c (Liabilities transferred to Realisation Account)	Dr.		-	-
(c)	For sale of Asset Cash/Bank A/c To Realisation A/c	Dr.		-	-

	(Assets sold)			
(d)	For liabilitiy paid Realisation A/c Dr. To Cash/Bank A/c (Liabilities paid)		-	-
2)	Aziz's Capital A/c Dr. To Realisation A/c (Aziz, a partner took over 50% of stock at 20% discount, the value of the total stock was Rs 1,60,000) [1,60,000 x (50/100) x (80/100) = Rs 64,000]		64,000	64,000
3)	Bank A/c Dr. To Realisation A/c (Stock worth Rs 80,000 sold at a profit of 30% on cost) [80,000 x (130/100 = Rs 1,04,000)]		1,04,000	1,04,000

Q12 :

On what account Realisation Account differs from Revaluation Account.

Answer :

Basis of Difference	**Realisation Account**	**Revaluation Account**
Meaning	It records the sale of various assets and payment of various liabilities.	It records the effect of revaluation of assets and liabilities on the eve of admission, retirement, death and change in the profit sharing ratio.
Time	It is prepared at the time of dissolution of firm.	It is prepared when admission/retirement/death or change in profit sharing ratio takes place.

Objective	To find profit or loss on realisation of assets and payment of liabilities.	To find out profit or loss on revaluation of assets and liabilities.
Amount	Assets and liabilities are shown at the book value.	Increase or decrease in the value of assets and liabilities are shown in this account.
Records	All assets and liabilities are recorded here.	Only those assets and liabilities are recorded here whose values have changed over a period of time.
Effect	All accounts of assets and liabilities are closed.	No account is closed on revaluation of assets and liabilities.

Numerical questions : Solutions of Questions on Page Number : 254

Q1 :

How will you deal with the Realisation expenses of the firm of Rashim and Bindiya in the following cases:

1. Realisation expenses amounts to Rs 1,00,000,

2. Realisation expenses amounting to Rs 30,000 are paid by Rashim, a partner.

3. Realisation expenses are to be borne by Rashim for which he will be paid Rs 70,000 as remuneration for completing the dissolution process. The actual expenses incurred by Rashim were Rs 1,20,000.

Answer :

Books of Rashim and Bindiya

Journal

	Particulars	L.F.	Amount Rs	Amount Rs
1)	Realisation A/c Dr. To Bank A/c (Realisation expenses paid)		1,00,000	1,00,000
2)	Realisation A/c Dr. To Rashim's Capital A/c (Realisation expenses borne by Rashim)		30,000	30,000
3)	Realisation A/c Dr. To Rashim's Capital A/c (Realisation expenses borne by Rashim and remuneration to him for dissolution Rs 70,000)		70,000	70,000

Q2 :

The book value of assets (other than cash and bank) transferred to Realisation Account is Rs 1,00,000. 50% of the assets are taken over by a partner Atul, at a discount of 20%; 40% of the remaining assets are sold at a profit of 30% on cost; 5% of the balance being obsolete, realised nothing and remaining assets are handed over to a Creditor, in full settlement of his claim.

You are required to record the journal entries for Realisation of assets.

Answer :

Journal

Particulars	L.F.	Amount Rs	Amount Rs
Realisation A/c Dr. To Sundry Assets A/c (Assets other than cash and bank transferred to Realisation Account)		1,00,000	 1,00,000
Atul's Capital A/c Dr. To Realisation A/c (Atul took over 50% of assets worth Rs 1,00,000 at 20% discount) [1,00,000 × (50/100) × (80/100)]		40,000	 40,000
Bank A/c Dr. To Realisation A/c (Assets worth Rs 20,000, i.e. 40% of assets of Rs 50,000 are sold at a profit of 30%) [50,000 × (40/100) × (130/100)] No entry is made for obsolescence of the assets and the assets given to the creditors in the full settlement as these are already transferred to the Realisation Account and adjusted)		26,000	 26,000

Q3 :

Record necessary journal entries to record the following unrecorded assets and liabilities in the books of Paras and Priya:

1. There was an old furniture in the firm which had been written-off completely in the books. This was sold for Rs 3,000,

2. Ashish, an old customer whose Account for Rs 1,000 was written-off as bad in the previous year, paid 60%, of the amount,

3. Paras agreed to take over the firm's goodwill (not recorded in the books of the firm), at a valuation of Rs 30,000,

4. There was an old typewriter which had been written-off completely from the books. It was estimated to realize Rs 400. It was taken away by Priya at an estimated price less 25%,

5. 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.

Answer :

Books of Paras and Priya

Journal

	Particulars	**L.F.**	**Amount Rs**	**Amount Rs**
1)	Bank A/c Dr. To Realisation A/c (Unrecorded furniture sold)		3,000	 3,000
2)	Bank A/c Dr. To Realisation A/c (Bad Debt recovered which was previously written off as bad)		600	 600
3)	Paras's Capital A/c Dr. To Realisation A/c (Unrecorded goodwill taken over by Paras)		30,000	 30,000
4)	Priya's Capital A/c Dr. To Realisation A/c		300	 300

	(Unrecorded Typewriter estimated Rs 400 taken over by Priya at 25% less price)			
5)	Paras's Capital A/c Dr. Priya's Capital A/c Dr. To Realisation A/c (100 shares of Rs 10 each which were not recorded in the books taken @ Rs 6 each by Paras and Priya and divided between them in their profit sharing ratio)		300 300	 600

Q4 :

All partners wishes to dissolve the firm. Yastin, a partner wants that her loan of Rs 2,00,000 must be paid off before the payment of capitals to the partners. But, Amart, another partner wants that the capitals must be paid before the payment of Yastin's loan. You are required to settle the conflict giving reasons.

Answer :

As per section 48 of Partnership Act 1932, at the time of dissolution, loans and advances from the partners must be paid off before the settlement of their capital accounts. Hence, Yastin's argument is correct that her loan of Rs 2,00,000 must be paid off before the payment of partners' capital.

Q5 :

What journal entries would be recorded for the following transactions on the dissolution of a firm after various assets (other than cash) on the third party liabilities have been transferred to Reliasation Account.

1. Arti took over the Stock worth Rs 80,000 at Rs 68,000.

2. There was unrecorded Bike of Rs 40,000 which was taken over By Mr. Karim.

3. The firm paid Rs 40,000 as compensation to employees.

4. Sundry creditors amounting to Rs 36,000 were settled at a discount of 15%.

5. Loss on Realisation Rs 42,000 was to be distributed between Arti and Karim in the ratio of 3:4.

Answer :

Journal

	Particulars	**L.F.**	**Amount Rs**	**Amount Rs**
1	Arti's Capital A/c Dr.		68,000	
	To Realisation A/c			68,000
	(Arti took over stock worth Rs 80,000 at Rs 68,000)			
2.	Karim's Capital A/c Dr.		40,000	
	To Realisation A/c			40,000
	(Karim took over an unrecorded bike of Rs 40,000)			
3.	Realisation A/c Dr.		40,000	
	To Bank A/c			40,000
	(Compensation paid to the employees)			
4.	Realisation A/c Dr.		30,600	
	To Bank A/c			30,600
	(Creditors amounting Rs 36,000 were settled at a discount of 15%)			
	[36,000 x (85/100)]			
5.	Arti's Capital A/c Dr.		18,000	
	Karim's Capital A/c Dr.		24,000	
	To Realisation A/c			42,000

	(Loss on Realisation transferred to Partners' Capital Account)			

Q6 :

Rose and Lily shared profits in the ratio of 2:3. Their Balance Sheet on March 31, 2006 was as follows:

Balance Sheet of Rose and Lily as on March 31, 2006

Liabilities	**Amount Rs**	**Assets**		**Amount Rs**
Creditors	40,000	Cash		16,000
Lily's loan	32,000	Debtors	80,000	
Profit and Loss	50,000	*Less*: Provision for doubtful Debts	3,600	76,400
Capitals:				
Lily	1,60,000	Inventory		1,09,600
Rose	2,40,000	Bills Receivable		40,000
		Buildings		2,80,000
	5,22,000			5,22,000

Rose and Lily decided to dissolve the firm on the above date. Assets (except bills receivables) realised Rs 4,84,000. Bills Receivable were taken over by Rose at Rs 30,000. Creditors agreed to take Rs 38,000. Cost of Realisation was Rs 2,400. There was a Motor Cycle in the firm which was bought out of the firm's money, was not shown in the books of the firm. It was now sold for Rs 10,000. There was a contingent liability in respect of outstanding electric bill of Rs 5,000, Bill Receivable taken over by Rose at Rs 33,000.

Show Realisation Account, Partners Capital Account, Loan Account and Cash Account.

Answer :

Books of Rose and Lily

Realisation Account

Dr. **Cr.**

Particulars		Amount Rs	Particulars		Amount Rs
Debtors		80,000	Provision for Doubtful Debts		3,600
Inventory		1,09,600	Creditors		40,000
Bills Receivables		40,000	Cash:		
Buildings		2,80,000	Motor cycle	10,000	
Cash:			Other Assets	4,84,000	4,94,000
Outstanding Electricity Bill	5,000		Rose's Capital (Bills Receivable)		33,000
Creditors	38,000				
Expenses	2,400	45,400			
Profit transferred to:					
Rose' Capital	6,240				
Lily's Capital	9,360	15,600			
		5,70,600			5,70,600

Partners' Capital Account

Dr. **Cr.**

Particulars	**Rose**	**Lily**	**Particulars**	**Rose**	**Lily**
Realisation (Bills Receivable)	33,000		Balance b/d	2,40,000	1,60,000
Cash A/c	2,33,240	1,99,360	Profit and Loss	20,000	30,000
			Realisation (Profit)	6,240	9,360
	2,66,240	1,99,360		2,66,240	1,99,360

Lily's Loan Account

Dr. **Cr.**

Particulars	**Amount Rs**	**Particulars**	**Amount Rs**
Cash	32,000	Balance b/d	32,000
	32,000		32,000

Cash Account

Dr.

Q7 :

Shilpa, Meena and Nanda decided to dissolve their partnership on March 31,2006. Their profit sharing ratio was 3:2:1 and their Balance Sheet was as under:

Balance Sheet of Shilpa, Meena and Nanda as on March 31, 2006

Liabilities	Amount Rs	Assets	Amount Rs
Capitals:		Land	81,000
Shilpa	80,000	Stock	56,760
Meena	40,000	Debtors	18,600
Bank loan	20,000	Nanda's Capital Account	23,000
Creditors	37,000	Cash	10,840
Provision for doubtful debts	1,200		
General Reserve	12,000		
	1,90,200		1,90,200

The stock of value of Rs 41,660 are taken over by Shilpa for Rs 35,000 and she agreed to discharge bank loan. The remaining stock was sold at Rs 14,000 and debtors amounting to Rs 10,000 realised Rs 8,000. land is sold for Rs 1,10,000. The remaining debtors realised 50% at their book value. Cost of Realisation amounted to Rs 1,200. There was a typewriter not recorded in the books worth Rs 6,000 which were taken over by one of the Creditors at this value. Prepare Realisation Account.

Answer :

In the books of Shilpa, Meena and Nanda

Realisation Account

Dr. **Cr.**

Particulars	Amount Rs	Particulars	Amount Rs
Land	81,000	Bank Loan	20,000
Stock	56,760	Creditors	37000
Debtors	18,600	Provision for doubtful debts	1,200
Shilpa's Capital A/c	20,000	Shilpa's Capital A/c (Stock)	35,000

Cash :			Cash:		
Creditors	31000		Stock	14000	
Realisation Expenses	1,200	32200	Debtors	12300	
Profit transferred to			Land	1,10,000	1,36,300
Shilpa's Capital A/c	10,470				
Meena's Capital A/c	6,980				
Nanda's Capital A/c	3,490	20,940			
		2,29,500			2,29,500

Partners' Capital Account

Dr. **Cr.**

Particulars	Shilpa	Meena	Nanda	Particulars	Shilpa	Meena	Nanda
Balance b/d	-	-	23,000	Balance b/d	80,000	40,000	-
Realisation (Stock)	35,000			General Reserve	6,000	4,000	2,000
				Realisation (Bank Loan)	20,000		
Cash	81,470	50,980		Realisation (Profit)	10,470	6,980	3,490
				Cash			17,510
	1,16,470	50,980	23,000		1,16,470	50,980	23,000

Cash Account

Dr. **Cr.**

Particulars	Amount Rs	Particulars	

Q8 :

Surjit and Rahi were sharing profits (losses) in the ratio of 3:2, their Balance Sheet as on March 31, 2004 is as follows:

Balance Sheet of Surjit and Rahi as on March 31, 2004

Liabilities	Amount Rs	Assets	Amount Rs
Creditors	38,000	Bank	11,500
Mrs. Surjit loan	10,000	Stock	6,000
Reserve	15,000	Debtors	19,000
Rahi's loan	5,000	Furniture	4,000
Capital's:		Plant	28,000
Surjit	10,000	Investment	10,000
Rahi	8,000	Profit and Loss	7,500
	86,000		86,000

The firm was dissolved on March 31, 2006 on the following terms:

1. Surjit agreed to take the investments at Rs 8,000 and to pay Mrs. Surjit's loan.

2. Other assets were realised as follows:

Stock	Rs	5,000
Debtors	Rs	18,500
Furniture	Rs	4,500
Plant	Rs	25,000

3. Expenses on Realisation amounted to Rs 1,600.

4. Creditors agreed to accept Rs 37,000 as a final settlement.

You are required to prepare Realisation Account, Partners' Capital Account and Bank Account.

Answer :

Books of Surjit and Rahi

Realisation Account

Dr. Cr.

Particulars		Amount Rs	Particulars		Amount Rs
Stock		6,000	Creditors		38,000
Debtors		19,000	Mrs. Surjit's Loan		10,000
Furniture		4,000	Surjit's Capital A/c (Investment)		8,000
Plant		28,000	Bank:		
Investment		10,000	Stock	5,000	
Surjit's Capital A/c (Mrs. Surjit's Loan)		10,000	Debtors	18,500	
Bank:			Furniture	4,500	
Expenses	1,600		Plant	25,000	53,000
Creditors	37,000	38,600	Loss transferred to:		
			Surjit's Capital A/c	3,960	
			Rahi's Capital A/c	2,640	6,600
		1,15,600			1,15,600

Partners' Capital Account

Dr. Cr.

Particulars	Surjit	Rahi	Particulars	Surjit	Rahi
Realisation (Investment)	8,000		Balance b/d	10,000	8,000
Realisation (Loss)	3,960	2,640	Realisation (Mrs. Surjit Loan)	10,000	
Profit and Loss	4,500	3,000			
Bank	12,540	8,360	Reserve	9,000	6,000
	29,000	14,000		29,000	14,000

Rahi's Loan Account

Dr. Cr.

Particulars	Amount Rs	Particulars	Amount Rs
Bank	5,000	Balance b/d	5,000
	5,000		5,000

Q9 :

Rita, Geeta and Ashish were partners in a firm sharing profits/losses in the ratio of 3:2:1. On March 31, 2006 their balance sheet was as follows:

Liabilities		Amount Rs	Assets	Amount Rs
Capitals:			Cash	22,500
Rita	80,000		Debtors	52,300
Geeta	50,000		Stock	36,000
Ashish	30,000	1,60,000	Investments	69,000
Creditors		65,000	Plant	91,200
Bills payable		26,000		
General reserve		20,000		
		2,71,000		2,71,000

On the date of above mentioned date the firm was dissolved:

1. Rita was appointed to realise the assets. Rita was to receive 5% commission on the rate of assets (except cash) and was to bear all expenses of Realisation,

2. Assets were realised as follows:

	Rs
Debtors	30,000
Stock	26,000

Plant 42,750

3. Investments were realised at 85% of the book value,

4. Expenses of Realisation amounted to Rs 4,100,

5. Firm had to pay Rs 7,200 for outstanding salary not provided for earlier,

6. Contingent liability in respect of bills discounted with the bank was also materialised and paid off Rs 9,800,

Prepare Realisation Account, Capital Accounts of Partners' and Cash Account.

Answer :

In the books of Rita, Geeta and Ashish

Realisation Account

Dr. **Cr.**

Particulars		Amount Rs	Particulars		Amount Rs
Debtors		52,300	Creditors		65,000
Stock		36,000	Bills Payable		26,000
Investment		69,000	Cash:		
Plant		91,200	Debtors	30,000	
Cash:			Stock	26,000	
Outstanding Salaries	7,200		Plant	42,750	
Discounted Bill	9,800		Investment	58,650	1,57,400
Creditors	65,000				
Bills Payable	26,000	1,08,000	Loss transferred to		
Rita's Capital A/c		7,870	Rita's Capital A/c	57,985	
(Commission- 1,57,400 × 5/100)			Geeta's Capital A/c	38,657	
			Ashish's Capital A/c	19,328	1,15,970
		364370			364370

Partners' Capital Account

Dr. **Cr.**

Particulars	Rita	Geeta	Ashish	Particulars	Rita	Geeta	Ashish
Realisation (Loss)	57,985	38,657	19,328	Balance b/d	80,000	50,000	30,000
Bank	39,885	18,010	14,005	General Reserve	10,000	6,667	3,333
				Realisation	7,870		
	97,870	56667	33333		97870	56,667	33,333

Cash Account

Dr. **Cr.**

Particulars	Amount

Q10 :

Anup and Sumit are equal partners in a firm. They decided to dissolve the partnership on December 31, 2006. When the balance sheet is as under:

Balance Sheet of Anup and Sumit as on December 31, 2006

Liabilities		Amount Rs	Assets	Amount Rs
Sundry Creditors		27,000	Cash at bank	11,000
Reserve fund		10,000	Sundry Debtors	12,000
Loan		40,000	Plants	47,000
Capital			Stock	42,000
Anup	60,000		Lease hold land	60,000
Sumit	60,000	1,20,000	Furniture	25,000

	1,97,000		1,97,000

The Assets were realised as follows:

	Rs
Lease hold land	72,000
Furniture	22,500
Stock	40,500
Plant	48,000
Sundry Debtors	10,500

The Creditors were paid Rs 25,500 in full settlement. Expenses of Realisation amount to Rs 2,500.

Prepare Realisation Account, Bank Account, Partners Capital Accounts to close the books of the firm.

Answer :

Books of Anup and Sumit

Realisation Account

Dr. **Cr.**

Particulars	**Amount Rs**	**Particulars**	**Amount Rs**
Sundry Debtors	12,000	Sundry Creditors	27,000

Plants		47,000	Loan		40,000
Stock		42,000	Bank:		
Lease hold land		60,000	Lease hold Land	72,000	
Furniture		25,000	Furniture	22,500	
Bank:			Stock	40,500	
Creditors	25,500		Plant	48,000	
Loan	40,000		Sundry Debtors	10,500	1,93,500
Expenses	2500	68,000			
Profit transferred to					
Anup's Capital A/c	3,250				
Sumit's Capital A/c	3250	6,500			
		2,60,500			2,60,500

Partners' Capital Account

Dr. **Cr.**

Particulars	Anup	Sumit	Particulars	Anup	Sumit
Bank	68,250	68,250	Balance b/d	60,000	60,000
			Reserve Fund	5,000	5,000
			Realisation	3,250	3,250
	68,250	68,250		68,250	68,250

Bank Account

Dr. **Cr.**

Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	11,000	Realisation (Expenses and Liabilities)	68,000
Realisation (Assets)	1,93,500	Anup's Capital A/c	68,250
		Sumit's Capital A/c	68,250
	2,04,500		2,04,500

Q11 :

Ashu and Harish are partners sharing profit and losses as 3:2. They decided to dissolve the firm on December 31, 2006. Their balance sheet on the above date was:

Balance Sheet of Ashu and Harish as on December 31, 2006

Liabilities		Amount Rs	Assets	Amount Rs
Capitals:			Building	80,000
Ashu	1,08,000		Machinery	70,000
Harish	54,000	1,62,000	Furniture	14,000
Creditors		88,000	Stock	20,000
Bank overdraft		50,000	Investments	60,000
			Debtors	48,000
			Cash in hand	8,000
		3,00,000		3,00,000

Ashu is to take over the building at Rs 95,000 and Machinery and Furniture is take over by Harish at value of Rs 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 Rs 46,000, expenses of Realisation amounted to Rs 3,000. Prepare necessary ledger Account.

Answer :

Books of Ashu and Harish

Realisation Account

Dr. Particulars		Amount Rs	Particulars	Cr. Amount Rs
Building		80,000	Creditors	88,000
Machinery		70,000	Bank overdraft	50,000
Furniture		14,000	Ashu's Capital A/c (Assets taken)	1,43,000
Stock		20,000	Harish's Capital A/c (Assets taken)	1,12,000
Investments		60,000	Cash (Debtors)	46,000
Debtors		48,000		
Ashu's Capital A/c (Creditors)		88,000		
Harish's Capital A/c (Bank Overdraft)		50,000		
Cash (Expenses)		3,000		
Profit transferred to				
Ashu's Capital A/c	3,600			
Harish's Capital A/c	2,400	6,000		
		4,39,000		4,39,000

Partners' Capital Account

Dr. Particulars	Ashu	Harish	Particulars	Ashu	Cr. Harish
Realisation (Assets taken)	1,43,000	1,12,000	Balance b/d	1,08,000	54,000
Cash	56,600		Realisation (Liabilities)	88,000	50,000
			Realisation (Profit)	3,600	2,400
			Cash		5,600
	1,99,600	1,12,000		1,99,600	1,12,000

Cash Account

Dr. Particulars	Amount	Particulars	Cr. Amount

	Rs		Rs
Balance b/d	8,000	Realisation (Expenses)	3,000
Realisation (Debtors)	46,000	Ashu's Capital A/c	56,600
Harish's Capital A/c	5,600		
	59,600		59,600

NOTE: As per the solution, the Profit on Realisation is Rs 6,000; however, the answer mentioned in the book is Rs 14,000.

Working Notes:

	Ashu	Harish

Q12 :

Sanjay, Tarun and Vineet shared profit in the ratio of 3:2:1. On December 31,2006 their balance sheet was as follows:

Balance Sheet of Sanjay, Tarun and Vineet as on December 31, 2006

Liabilities		Amount Rs	Assets	Amount Rs
Capitals:			Plant	90,000
Sanjay	1,00,000		Debtors	60,000
Tarun	1,00,000		Furniture	32,000
Vineet	70,000	2,70,000	Stock	60,000
Creditors		80,000	Investments	70,000
Bills payable		30,000	Bills receivable	36,000
			Cash in hand	32,000
		3,80,000		3,80,000

On this date the firm was dissolved. Sanjay was appointed to realise the assets. Sanjay was to receive 6% commission on the sale of assets (except cash) and was to bear all expenses of Realisation.

Sanjay realised the assets as follows: Plant Rs 72,000, Debtors Rs 54,000, Furniture Rs 18,000, Stock 90% of the book value, Investments Rs 76,000 and Bills receivable Rs 31,000. Expenses of Realisation amounted to Rs 4,500.

Prepare Realisation Account, Capital Accounts and Cash Account

Answer :

Books of Sanjay, Tarun and Vineet

Realisation Account

Dr. **Cr.**

Particulars		Amount Rs	Particulars		Amount Rs
Plant		90,000	Creditors		80,000
Debtors		60,000	Bills Payable		30,000
Furniture		32,000	Cash:		
Stock		60,000	Plant	72,000	
Investment		70,000	Debtors	54,000	
Bills Receivable		36,000	Furniture	18,000	
Cash :			Stock	54,000	
Creditors	80,000		Investments	76,000	
Bills Payable	30000	1,10,000	Bills Receivable	31,000	3,05,000
Sanjay's Capital A/c		18,300	Loss transferred to		

(6% commission)		Sanjay's Capital	30650	
		Tarun's Capital A/c	20433	
		Vineet's Capital A/c	10217	61,300
	4,76,300			4,76,300

Partners' Capital Account

Dr. **Cr.**

Particulars	Sanjay	Tarun	Vineet	Particulars	Sanjay	Tarun	Vineet
Realisation (Loss)	30,650	20,433	10,217	Balance b/d	1,00,000	1,00,000	70,000
Cash	87,650	79,567	59,783	Realisation (commission)	18,300		
	1,18,300	1,00,000	70,000		1,18,300	1,00,000	70,000

Cash Account

Dr. **Cr.**

Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	32,000	Realisation	1,10,000
Realisation	3,05,000	Sanjay's Capital A/c	87,650
		Tarun's Capital A/c	79,567

Q13 :

The following is the Balance Sheet of Gupta and Sharma as on December 31,2006:

Balance Sheet of Gupta and Sharma as on December 31, 2006

Liabilities		Amount Rs	Assets	Amount Rs
Sundry Creditors		38,000	Cash at Bank	12,500
Mrs.Gupta's loan		20,000	Sundry Debtors	55,000
Mrs.Sharma's loan		30,000	Stock	44,000
Reserve fund		6,000	Bills Receivable	19,000
Provision of doubtful debts		4,000	Machinery	52,000
Capital			Investment	38,500
Gupta	90,000		Fixtures	27,000
Sharma	60,000	1,50,000		
		2,48,000		2,48,000

The firm was dissolved on December 31, 2006 and asset realised and settlements of liabilities as follows:

(a) The Realisation of the assets were as follows:

	Rs
Sundry Debtors	52,000
Stock	42,000
Bills receivable	16,000
Machinery	49,000

(b) Investment was taken over by Gupta at agreed value of Rs 36,000 and agreed to pay of Mrs. Gupta's loan.

(c) The Sundry Creditors were paid off *less* 3% discount.

(d) The Realisation expenses incurred amounted to Rs 1,200.

Journalise the entries to be made on the dissolution and prepare Realisation Account, Bank Account and Partners Capital Accounts.

Answer :

Books of Gupta and Sharma

Journal

Date	Particulars		L.F.	Amount Rs	Amount Rs
2006 Dec. 31	Realisation A/c	Dr.		2,35,500	
	To Sundry Debtors A/c				55,000
	To Stock A/c				44,000
	To Bills Receivable A/c				19,000
	To Machinery A/c				52,000
	To Investment A/c				38,500
	To Fixtures A/c				27,000
	(Assets transferred to Realisation Account)				
Dec. 31	Sundry Creditors A/c	Dr.		38,000	
	Mrs. Gupta's Loan A/c	Dr.		20,000	
	Mrs. Sharma's Loan A/c	Dr.		30,000	
	Provision for Doubtful Debts	Dr.		4,000	
	To Realisation A/c				92,000
	(Liabilities transferred to Realisation Account)				
Dec. 31	Bank A/c	Dr.		1,86,000	
	To Realisation A/c				1,86,000
	(Assets realised: Sundry Debtors Rs 52,000, Stock Rs 42,000, Bills Receivable Rs 16,000, Machinery Rs 49,000, Fixtures Rs 27,000)				

Dec. 31	Realisation A/c Dr.		20,000	
	To Gupta's Capital A/c			20,000
	(Gupta took over Mrs. Gupta's Loan)			
Dec. 31	Gupta's Capital A/c Dr.		36,000	
	To Realisation A/c			36,000
	(Investment taken over by Gupta)			

Q14 :

Ashok, Babu and Chetan are in partnership sharing profit in the proportion of 1/2, 1/3, 1/6 respectively. They dissolve the partnership of the December 31, 2006, when the balance sheet of the firm as under:

Balance Sheet of Ashok, Babu and Chetan as on December 31, 2006

Liabilities		Amount Rs	Assets	Amount Rs
Sundry Creditors		20,000	Bank	7,500
Bills payable		25,500	Sundry Debtors	58,000
Babu's loan		30,000	Stock	39,500
Capital's:			Machinery	48,000
Ashok	70,000		Investment	42,000
Babu	55,000		Freehold Property	50,500
Chetan	27,000	1,52,000		
Current Accounts :				
Ashok	10,000			
Babu	5,000			
Chetan	3,000	18,000		
		2,45,500		2,45,500

The Machinery was taken over by Babu for Rs 45,000, Ashok took over the Investment for Rs 40,000 and Freehold property took over by Chetan at Rs 55,000. The remaining Assets realised as follows: Sundry Debtors Rs 56,500 and Stock Rs 36,500. Sundry Creditors were settled at discount of 7%. A Office computer, not shown in the books of Accounts realised Rs 9,000. Realisation expenses amounted to Rs 3,000.

Prepare Realisation Account, Partners Capital Account, Bank Account.

Answer :

Realisation Account

Dr. **Cr.**

Particulars		**Amount Rs**	**Particulars**		**Amount Rs**
Sundry Debtors		58,000	Sundry Creditors		20,000
Stock		39,500	Bills Payable		25,500
Machinery		48,000	Ashok's Current A/c (Investment)		40,000
Investment		42,000	Babu's Current A/c (Machinery)		45,000
Freehold property		50,500	Chetan's Current A/c (Free hold property)		55,000
Bank:			Bank:		
Sundry Creditors	18,600		Sundry Debtors	56,500	
Bills payable	25,500		Stock	36,500	
Expenses	3,000	47,100	Unrecorded computer	9,000	1,02,000
Profit Transferred to					
Ashok's Current A/c	1,200				
Babu's Current A/c	800				
Chetan's Current A/c	400	2,400			
		2,87,500			2,87,500

Partners' Current Account

Dr.							Cr.
Particulars	**Ashok**	**Babu**	**Chetan**	**Particulars**	**Ashok**	**Babu**	**Chetan**
Realisation	40,000	45,000	55,000	Balance b/d	10,000	5,000	3,000
(Assets taken)				Realisation (Profit)	1,200	800	400
				Ashok's Capital A/c	28,800		
				Babu's Capital A/c		39200	
				Chetan's Capital A/c			51600
	40,000	45,000	55,000		40,000	45,000	55,000

Q15 :

The following is the Balance sheet of Tanu and Manu, who shares profit and losses in the ratio of 5:3, On December 31,2006:

Balance Sheet of Tanu and Manu as on December 31, 2006

Liabilities		**Amount Rs**	**Assets**	**Amount Rs**
Sundry Creditors		62,000	Cash at Bank	16,000
Bills Payable		32,000	Sundry Debtors	55,000
Bank Loan		50,000	Stock	75,000
Reserve fund		16,000	Motor car	90,000
Capital:			Machinery	45,000
Tanu	1,10,000		Investment	70,000
Manu	90,000	2,00,000	Fixtures	9,000
		3,60,000		3,60,000

On the above date the firm is dissolved and the following agreement was made: Tanu agree to pay the bank loan and took away the sundry debtors. Sundry creditors accepts stock and paid Rs 10,000 to the firm. Machinery is taken over by Manu for Rs 40,000 and agreed to pay of bills payable at a discount of 5%.. Motor car was taken over by Tanu for Rs 60,000. Investment realized Rs 76,000 and fixtures Rs 4,000. The expenses of dissolution amounted to Rs 2,200.

Prepare Realisation Account, Bank Account and Partners Capital Accounts.

Answer :

Books of Tanu and Manu

Realisation Account

Dr. **Cr.**

Particulars	Amount Rs	Particulars		Amount Rs
Sundry Debtors	55,000	Sundry Creditors		62,000
Stock	75,000	Bills Payable		32,000
Motor Car	90,000	Bank Loan		50,000
Machinery	45,000	Tanu's Capital A/c:		
Investment	70,000	Sundry Debtors	55,000	
Fixtures	9,000	Motor Car	60,000	1,15,000
Manu's Capital A/c (Bills Payable)	30,400	Bank:		
Bank (Expenses)	2,200	Stock	10,000	
Tanu's Capital A/c (Bank Loan)	50000	Investment	76,000	
		Fixtures	4,000	90,000
		Manu's Capital (Machinery)		40,000
		Loss transferred to		
		Manu's Capital A/c	23,500	
		Manu's Capital A/c	14,100	37,600
	4,26,600			4,26,600

Partners' Capital Account

Dr. **Cr.**

Particulars	Tanu	Manu	Particulars	Tanu	Manu
Realisation (Assets taken)	1,15,000	40,000	Balance b/d	1,10,000	90,000
Realisation (Loss)	23,500	14,100	Realisation (Liabilities)	50,000	30,400
Bank	31,500	72,300	Reserve Fund	10,000	6,000
	1,70,000	1,26,400		1,70,000	1,26,400

Bank Account

Dr. **Cr.**

Particulars	Amount Rs	Particulars	Amount Rs
Balance b/d	16,000	Realisation (Expenses)	2,200
Realisation (Assets)	90,000	Tanu's Capital A/c	31,500
		Manu's Capital A/c	72,300