

1. Vinod, Vijay and Venkat are partners sharing profits and losses in the ratio of 3 : 2 : 1. They decided to dissolve their firm on 31st March, 2023, the date on which their Balance Sheet stood as:

Liabilities	₹	Assets	₹
Creditors	17,000	Bank	3,500
Bills Payable	12,000	Stock	19,800
Vinod's Loan	5,300	Debtors	15,000
General Reserve	6,000	Less: Provision for Doubtful Debts	1,000
Capital A/cs:		Investments	4,000
Vinod	25,000	Furniture	10,000
Vijay	11,000	Machinery	33,000
Venkat	8,000		
	44,000		
	84,300		84,300

The following additional information is given:

- (a) The Investments are taken by Vinod for ₹ 5,000 in settlement of his loan

- (b) Assets realised as follows:

	₹
Stock	17,500
Debtors	14,500
Furniture	6,800
Machinery	30,300

- (c) Expenses on realisation amounted to ₹ 2,000.

Close the books of the firm giving relevant Ledger Accounts.

[Ans.: Loss on Realisation—₹ 8,400; Payment to Vinod—₹ 23,800; Vijay—₹ 10,200; Venkat—₹ 7,600; Total of Bank Account—₹ 72,600.]

2. A, B and C were partners sharing profits in the ratio of 2 : 2 : 1. They decided to dissolve their firm on 31st March, 2023 when the Balance Sheet was:

Liabilities	₹	Assets	₹
Creditors	40,000	Cash	40,000
Bills Payable	46,000	Debtors	70,000
Employees' Provident Fund	32,000	Less: Provision for Doubtful Debts	6,000
Mrs. A's Loan	38,000	Stock	50,000
C's Loan	30,000	Investments	60,000
Investments Fluctuation Reserve	16,000	Furniture	42,000
Capital A/cs:		Machinery	1,36,000
A	1,20,000	Land	1,00,000
B	1,00,000	Goodwill	30,000
C	1,00,000		
	3,20,000		
	5,22,000		5,22,000

Following transactions took place:

- A took over Stock at ₹ 36,000. He also took over his wife's loan.
- B took over half of Debtors at ₹ 28,000.
- C took over Investments at ₹ 54,000 and half of Creditors at their book value.
- Remaining Debtors realised 60% of their book value. Furniture sold for ₹ 30,000; Machinery ₹ 82,000 and Land ₹ 1,20,000.

(e) An unrecorded asset was sold for ₹ 22,000.

(f) Realisation expenses amounted to ₹ 4,000.

Prepare necessary Ledger Accounts to close the books of the firm.

(Foreign 2003, Adapted)

**[Ans.: Loss on Realisation—₹ 77,000 (being A's share—₹ 30,800; B's share—₹ 30,800; C's share—₹ 15,400); Final Payments: A—₹ 91,200; B—₹ 41,200; C—₹ 50,600; Total of Cash Account—₹ 3,15,000.]**

**[Hint:** Employees' Provident Fund is a statutory liability towards employees. It must be paid.]

3. Krishna and Arjun are partners in a firm. They share profits in the ratio of 4 : 1. They decide to dissolve the firm on 31st March, 2023 at which date their Balance Sheet stood as:

Liabilities	₹	Assets	₹
Bank Loan	1,500	Trademarks	1,200
Creditors for Goods	8,000	Machinery	12,000
Bills Payable	500	Furniture	400
Capital A/cs:		Stock	6,000
Krishna	16,000	Debtors	9,000
Arjun	6,000	Less: Provision for Doubtful Debts	400
	22,000	Cash at Bank	2,800
		Advertisement Suspense	1,000
	32,000		32,000

The realisation shows the following results:

- Goodwill was sold for ₹ 1,000.
- Debtors were realised at book value less 10%.
- Trademarks realised ₹ 800.
- Machinery and Stock-in-Trade were taken by Krishna for ₹ 14,400 and ₹ 3,600 respectively.
- An unrecorded asset estimated at ₹ 500 was sold for ₹ 200.
- Creditors for goods were settled at a discount of ₹ 80. The expenses on realisation were ₹ 800.

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

**[Ans.: Loss on Realisation—₹ 820. Final Payment to Arjun—₹ 5,636; Cash brought in by Krishna—₹ 3,456.]**

4. Ashok and Kishore were in partnership sharing profits in the ratio of 3 : 1. They agreed to dissolve the firm. The assets (other than cash of ₹ 2,000) of the firm realised ₹ 1,10,000. The liabilities and other particulars on that date were:

Creditors	₹ 40,000	
Ashok's Capital	₹ 1,00,000	
Kishore's Capital	₹ 10,000	(Dr. Balance)
Profit & Loss A/c	₹ 8,000	(Dr. Balance)
Realisation Expenses	₹ 1,000	

You are required to close the books of the firm.

**[Ans.: Loss on Realisation—₹ 11,000; Amount paid to Ashok—₹ 85,750; Amount received from Kishore—₹ 14,750.]**

5. X, Y and Z entered into a partnership and contributed ₹ 9,000; ₹ 6,000 and ₹ 3,000 respectively. They agreed to share profits and losses equally. The business lost heavily during the very first year and they decided to dissolve the firm. After realising all assets and paying off liabilities, there remained a cash balance of ₹ 6,000. Prepare Realisation Account and Partners' Capital Accounts.

**[Ans.: Loss on Realisation—₹ 12,000; X receives—₹ 5,000; Y receives—₹ 2,000; Z brings in—₹ 1,000.]**

6. On 1st April, 2022, A, B and C commenced business in partnership sharing profits and losses in proportion of 1/2, 1/3 and 1/6 respectively. They paid into their Bank A/c as their capitals ₹ 22,000; ₹ 10,000 by A, ₹ 7,000 by B and ₹ 5,000 by C. During the year, they drew ₹ 5,000; being ₹ 1,900 by A, ₹ 1,700 by B and ₹ 1,400 by C.

On 31st March, 2023, they dissolved their partnership, A taking up Stock at an agreed valuation of ₹ 5,000, B taking up Furniture at ₹ 2,000 and C taking up Debtors at ₹ 3,000. After paying up their Creditors, there remained a balance of ₹ 1,000 at Bank. Prepare necessary accounts showing the distribution of the cash at the Bank and of the further cash brought in by any partner or partners as the case required.

[Ans.: Loss on Realisation—₹ 6,000.]

7. X, Y and Z entered into partnership on 1st April, 2021. They contributed capital ₹ 40,000, ₹ 30,000 and ₹ 20,000 respectively and agreed to share profits in the ratio of 3 : 2 : 1. Interest on capital was to be allowed @ 15% p.a. and interest on drawings was to be charged at an average rate of 5%. During the two years ended 31st March, 2023, the firm made profit of ₹ 21,600 and ₹ 25,140 respectively before allowing or charging interest on capital and drawings. The drawings of each partner were ₹ 6,000 per year.

On 31st March, 2023, the partners decided to dissolve the partnership due to difference of opinion. On that date, the creditors amounted to ₹ 20,000. The assets, other than cash ₹ 2,000, realised ₹ 1,21,000. Expenses of dissolution amounted to ₹ 760.

Draw up necessary Ledger Accounts to close the books of the firm.

[Ans.: Capitals on 31st March, 2023: X—₹ 50,530; Y—₹ 33,580; Z—₹ 16,630; Assets on 31st March, 2023: ₹ 1,18,740; Gain (Profit) on Realisation: ₹ 1,500; Final Payment: X—₹ 51,280; Y—₹ 34,080; Z—₹ 16,880; Total of Bank Account: ₹ 1,23,000.]

8. X, Y and Z are partners in a firm sharing profits in the ratio of 3 : 2 : 1 respectively. The firm was dissolved on 1st March, 2013. After transferring assets (other than cash) and third party liabilities to the 'Realisation Account' you are provided with the following information:

- There was a balance of ₹ 18,000 in the firm's Profit & Loss Account.
- There was an unrecorded bike of ₹ 50,000 which was taken over by X.
- Creditors of ₹ 5,000 were paid ₹ 4,000 in full settlement of accounts.

Pass necessary Journal entries for the above at the time of dissolution of firm.

(Delhi 2013 C)

9. Balance Sheet of a firm as at 31st March, 2023, when it was decided to dissolve the same, was:

Liabilities	₹	Assets	₹
Sundry Creditors	14,000	Cash at Bank	640
General Reserve	500	Stock	4,740
Capital A/cs:		Debtors	5,540
X	4,000	Machinery	10,580
Y	3,000		
	21,500		21,500

₹ 19,500 were realised from all assets except Cash at Bank. The cost of winding up came to ₹ 440.

X and Y shared profits in the ratio of 2 : 1 respectively.

Prepare Realisation Account and Capital Accounts of Partners.

[Ans.: Loss on Realisation—₹ 1,800; Cash paid to X and Y ₹ 3,133 and ₹ 2,567 respectively.  
Total of Bank Account—₹ 20,140.]

- 10.** Pass Journal entries for the following transactions at the time of dissolution of the firm:
- Loan of ₹ 10,000 advanced by a partner to the firm was refunded.
  - X, a partner, takes over an unrecorded asset (Typewriter) at ₹ 300.
  - Undistributed balance (Debit) of Profit & Loss Account ₹ 30,000. The firm has three partners X, Y and Z.
  - Assets of the firm realised ₹ 1,25,000.
  - Y who undertakes to carry out the dissolution proceedings is paid ₹ 2,000 for the same.
  - Creditors are paid ₹ 28,000 in full settlement of their account of ₹ 30,000. (Delhi, AI, Foreign 2004)
- 11.** Book Value of assets (other than cash and bank) transferred to Realisation Account is ₹ 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. (NCERT)
- [Hints:**
- Dr. Realisation A/c and Cr. Sundry Assets A/c by ₹ 1,00,000.
  - Dr. Atul's Capital A/c and Cr. Realisation A/c by ₹ 40,000 [(50/100 × ₹ 1,00,000) – 20% of ₹ 50,000].
  - Dr. Bank A/c and Cr. Realisation A/c by ₹ 26,000 [(40% of ₹ 50,000) + 30% of ₹ 20,000].
  - No Entry will be passed for 5% of remaining assets being obsolete and remaining assets handed over to a creditor in full settlement.]
- 12.** X, Y and Z carrying on business as merchants and sharing profits and losses in the ratio of 2 : 2 : 1, dissolved their firm as at 31st March, 2023 on which date their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	41,500	Cash at Bank	22,500
Bills Payable	20,000	Stock	80,000
Bank Loan	40,000	Debtors	50,000
General Reserve	50,000	Less: Provision for Doubtful Debts	2,500
Investments Fluctuation Reserve	40,000	Investments	55,000
Capital A/cs:		Premises	1,51,500
X	75,000	Loan to Z	10,000
Y	75,000		
Z	25,000		
	1,75,000		
	3,66,500		3,66,500

A bill for ₹ 5,000 received from Mohan discounted from bank is not met on maturity.

The assets except Cash at Bank and Investments were sold to a company which paid ₹ 3,25,000 in cash. The Investments were sold and ₹ 56,500 were received. Mohan proved insolvent and a dividend of 50% was received from his estate. Sundry Creditors (including Bills Payable) were paid ₹ 57,500 in full settlement. Realisation Expenses amounted to ₹ 15,000.

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

**[Ans.: Gain (Profit) on Realisation—₹ 74,000; Final Payment: X—₹ 1,24,600;  
Y—₹ 1,24,600; Z—₹ 49,800; Total of Bank Account—₹ 4,16,500.]**

13. Ram and Rahim were partners in a firm sharing profits and losses in the ratio of 2 : 3. They decided to dissolve the firm on 1st May, 2022. From the information given below, complete Realisation Account, Partners' Capital Accounts and Bank Account:

REALISATION ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Stock A/c	60,000	By Provision for Doubtful Debts A/c	5,000
To Debtors A/c	90,000	By Creditors A/c	3,25,000
To Plant and Machinery A/c	1,50,000	By Ram's Capital A/c (Investment)	40,000
To Investment A/c	50,000	By Bank A/c (Assets):	
To Bank A/c (Realisation Expenses)	?	Stock	?
To Bank A/c (Creditors)	3,08,750	Debtors	82,500
		Plant and Machinery	1,35,000
		By Loss transferred to:	
		Ram's Capital A/c (2/5)	?
		Rahim's Capital A/c (3/5)	?
	6,68,750		6,68,750

PARTNERS' CAPITAL ACCOUNTS					
Dr.					Cr.
Particulars	Ram (₹)	Rahim (₹)	Particulars	Ram (₹)	Rahim (₹)
To Profit & Loss A/c	10,000	15,000	By Balance b/d	40,000	50,000
To ?	?	?	By General Reserve A/c	10,000	15,000
To ?	?	?	By Bank A/c	?	?
To Bank A/c (Final Payment)		25,250	(Cash Brought in)		
	66,500	65,000		66,500	65,000

BANK ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Balance b/d	70,000	By Realisation A/c (Realisation Expenses)	10,000
To Realisation A/c	?	By Realisation A/c (Creditors)	?
To Ram's Capital A/c (Cash Brought in)	16,500	By Rahim's Capital A/c (Final Payment)	?
	3,44,000		3,44,000

**Solution:**

REALISATION ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Stock A/c	60,000	By Provision for Doubtful Debts A/c	5,000
To Debtors A/c	90,000	By Creditors A/c	3,25,000
To Plant and Machinery A/c	1,50,000	By Ram's Capital A/c (Investment)	40,000
To Investment A/c	50,000	By Bank A/c (Assets):	
To Bank A/c (Realisation Expenses)	<b>10,000</b>	Stock	<b>40,000</b>
To Bank A/c (Creditors)	3,08,750	Debtors	82,500
		Plant and Machinery	1,35,000
		By Loss transferred to <b>(WN)</b> :	
		Ram's Capital A/c (2/5)	<b>16,500</b>
		Rahim's Capital A/c (3/5)	<b>24,750</b>
	6,68,750		6,68,750

PARTNERS' CAPITAL ACCOUNTS					
Dr.					Cr.
Particulars	Ram (₹)	Rahim (₹)	Particulars	Ram (₹)	Rahim (₹)
To Profit & Loss A/c	10,000	15,000	By Balance b/d	40,000	50,000
To <b>Realisation A/c (Investment)</b>	<b>40,000</b>		By General Reserve A/c	10,000	15,000
To <b>Realisation A/c (Loss)</b>	<b>16,500</b>	<b>24,750</b>	By Bank A/c	<b>16,500</b>	
To Bank A/c (Final Payment)		25,250	(Cash Brought in)		
	66,500	65,000		66,500	65,000

BANK ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Balance b/d	70,000	By Realisation A/c (Realisation Expenses)	10,000
To Realisation A/c (Assets)	<b>2,57,500</b>	By Realisation A/c (Creditors)	<b>3,08,750</b>
To Ram's Capital A/c (Cash Brought in)	16,500	By Rahim's Capital A/c (Final Payment)	<b>25,250</b>
	3,44,000		3,44,000

**Working Note:** After taking the value of Realisation Expenses from the Bank Account, the balancing figure of ₹ 41,250 is the Realisation Loss, which is divided between Ram and Rahim in the ratio of 2 : 3.

14. Pass necessary Journal entries for the following transactions on the dissolution of the firm of P and Q after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account:
- Bank Loan ₹ 12,000 was paid.
  - Stock worth ₹ 16,000 was taken over by partner Q.
  - Partner P paid a creditor ₹ 4,000.
  - An asset not appearing in the books of accounts realised ₹ 1,200.
  - Expenses of realisation ₹ 2,000 were paid by partner Q.
  - Profit on realisation ₹ 36,000 was distributed between P and Q in 5 : 4 ratio. (Delhi 2011)
15. P, Q and R were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. They agreed to dissolve their partnership firm on 31st March, 2023. P was deputed to realise the assets and pay the liabilities. He was paid ₹ 1,000 as commission for his services. The financial position of the firm was:

BALANCE SHEET as at 31st March, 2023			
Liabilities	₹	Assets	₹
Creditors	10,000	Stock	5,500
Bills Payable	3,700	Investments	15,000
Investments Fluctuation Reserve	4,500	Debtors	7,100
Capital A/cs:		Less: Provision for Doubtful Debts	450
P	37,550	Cash	5,600
Q	15,000	R's Capital A/c	8,000
	52,550	Plant and Machinery	30,000
	70,750		70,750

P took Investments for ₹ 12,500. Stock and Debtors realised ₹ 11,500. Plant and Machinery were sold to Q for ₹ 22,500 for cash. Unrecorded assets realised ₹ 1,500. Realisation expenses paid amounted to ₹ 900.

Prepare necessary Ledger Accounts to close the books of the firm.

[Ans.: Loss on Realisation—₹ 6,550; Cash paid to P—₹ 22,775 and Q—₹ 13,035; Cash brought in by R—₹ 9,310. Total of Cash Account—₹ 50,410.]

**16.** Following is the Balance Sheet of Arvind and Balbir as at 31st March, 2023:

Liabilities	₹	Assets	₹
Trade Creditors	45,000	Cash	750
Bills Payable	12,000	Bank	12,000
Loan by Mrs. Arvind	7,500	Stock	7,500
Loan by Mrs. Balbir	15,000	Investments	15,000
Reserve Fund	15,000	Book Debts	30,000
Investments Fluctuation Reserve	1,500	Less: Provision for Doubtful Debts	3,000
Capital A/cs:		Building	22,500
Arvind	15,000	Plant	30,000
Balbir	15,000	Goodwill	6,000
	30,000	Profit & Loss A/c	5,250
	1,26,000		1,26,000

The firm was dissolved on the above date under the following arrangement:

- Arvind promised to pay off Mrs. Arvind's Loan and took Stock at ₹ 6,000.
- Balbir took half the Investments @ 10% discount.
- Book Debts realised ₹ 28,500.
- Trade Creditors and Bills Payable were due one month after 31st March, but were paid immediately on 31st March @ 2% discount per annum.
- Plant realised ₹ 37,500; Building ₹ 60,000; Goodwill ₹ 9,000 and remaining Investments ₹ 6,750.
- An old typewriter, written off completely from the firm's books, now estimated to realise ₹ 450. It was taken by Balbir at this estimated price.
- Realisation expenses were ₹ 1,500.

Show Realisation Account, Capital Accounts of Partners and Bank Account.

[Ans.: Gain (Profit) on Realisation—₹ 47,045; Total of Bank Account—₹ 1,54,500.]

**17.** Anju, Manju and Sanju were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On 31st March, 2023, their Balance Sheet was:

Liabilities	₹	Assets	₹
Creditors	50,000	Cash	60,000
Bank Loan	35,000	Debtors	75,000
Employees' Provident Fund	15,000	Stock	40,000
Investments Fluctuation Reserve	10,000	Investments	20,000
Commission Received in Advance	8,000	Plant	50,000
Capital A/cs:		Profit & Loss A/c	3,000
Anju	50,000		
Manju	50,000		
Sanju	30,000		
	1,30,000		
	2,48,000		2,48,000

On this date, the firm was dissolved. Anju was appointed to realise the assets. Anju was to receive 5% commission on the sale of assets (except cash) and was to bear all expenses of realisation.

Anju realised the assets as follows: Debtors ₹ 60,000; Stock ₹ 35,500; Investments ₹ 16,000; Plant 90% of the book value. Expenses of Realisation amounted to ₹ 7,500. Commission received in advance was returned to customers after deducting ₹ 3,000.

Firm had to pay ₹ 8,500 for Outstanding Salary, not provided for earlier. Compensation paid to employees amounted to ₹ 17,000. This liability was not provided for in the above Balance Sheet. ₹ 20,000 had to be paid for Employees' Provident Fund.

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

**[Ans.: Loss on Realisation—₹ 53,825 (being Anju's share—₹ 21,530; Manju's share—₹ 21,530 and Sanju's share—₹ 10,765). Final Payments: Anju—₹ 35,095; Manju—₹ 27,270 and Sanju—₹ 18,635; Total of Cash Account—₹ 2,16,500.]**

**18.** A and B dissolved their partnership. Their position as at 31st March, 2023 was:

Particulars	₹
A's Capital	25,000
B's Capital	15,000
Sundry Creditors	20,000
Cash in Hand and at Bank	750

The balance of A's Loan Account to the firm stood at ₹ 10,000. The realisation expenses amounted to ₹ 350. Stock realised ₹ 20,000 and Debtors ₹ 25,000. B took a machine at the agreed valuation of ₹ 7,500. Other fixed assets realised ₹ 20,000.

You are required to close the books of the firm.

**[Ans.: Gain (Profit) on Realisation—₹ 2,900; A receives—₹ 26,450; B receives—₹ 8,950.]**

### Missing Value Questions

**19. (Dissolution of Firm).** Ashish and Neha were partners in a firm sharing profits and losses in the ratio of 4 : 3. They decided to dissolve the firm on 1st May, 2014. From the information given below, complete Realisation Account, Partners' Capital Accounts and Bank Account:

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets:		By Sundry Liabilities:			
Machinery	5,60,000	Creditors	40,000		
Stock	90,000	Ashish's Wife's Loan	25,000		
Debtors	55,000	By Bank A/c:			
To Bank A/c:		Machinery	4,80,000		
Creditors	?	Debtors	10,000		
To Ashish's Capital A/c:		By Ashish's Capital A/c:			
Ashish's Wife's Loan	34,000	Stock	1,28,000		
To Neha's Capital A/c:		Typewriter	70,000	1,98,000	
Realisation Expenses	7,000	By Neha's Capital A/c:			
To Gain (Profit) transferred to:		Debtors	40,000		
Ashish's Capital A/c	4,000				
Neha's Capital A/c	3,000				
	7,000				
	7,93,000				7,93,000



Dr.	PARTNERS' CAPITAL ACCOUNTS				Cr.
Particulars	Ashish (₹)	Neha (₹)	Particulars	Ashish (₹)	Neha (₹)
To Realisation A/c	?	?	By ?	?	?
To Bank A/c	4,00,000	4,50,000	By ?	?	?
			By ?	?	?
	?	?		?	?

Dr.	BANK ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Balance b/d	?	By Realisation A/c	?
To Realisation A/c	4,90,000	By Ashish's Loan A/c	4,000
		By Ashish's Capital A/c	4,00,000
		By Neha's Capital A/c	?
	?		?

(CBSE Sample Paper 2015)

**Solution:**

Dr.	REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Sundry Assets:		By Sundry Liabilities:	
Machinery	5,60,000	Creditors	40,000
Stock	90,000	Ashish's Wife's Loan	25,000
Debtors	55,000	By Bank A/c:	
To Bank A/c:		Machinery	4,80,000
Creditors (WN 1)	<b>40,000</b>	Debtors	10,000
To Ashish's Capital A/c:		By Ashish's Capital A/c:	
Ashish's Wife's Loan	34,000	Stock	1,28,000
To Neha's Capital A/c:		Typewriter	70,000
Realisation Expenses	7,000	By Neha's Capital A/c:	
To Gain (Profit) transferred to:		Debtors	40,000
Ashish's Capital A/c	4,000		
Neha's Capital A/c	3,000		
	<u>7,000</u>		
	<b>7,93,000</b>		<b>7,93,000</b>

Dr.	PARTNERS' CAPITAL ACCOUNTS				Cr.
Particulars	Ashish (₹)	Neha (₹)	Particulars	Ashish (₹)	Neha (₹)
To Realisation A/c (WN 2)	<b>1,98,000</b>	<b>40,000</b>	By Balance b/d (WN 5)	<b>5,60,000</b>	<b>4,80,000</b>
To Bank A/c	4,00,000	4,50,000	By Realisation A/c (WN 3)	<b>34,000</b>	<b>7,000</b>
			By Realisation A/c (WN 4)	<b>4,000</b>	<b>3,000</b>
	<b>5,98,000</b>	<b>4,90,000</b>		<b>5,98,000</b>	<b>4,90,000</b>

Dr.	BANK ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Balance b/d (WN 7)	4,04,000	By Realisation A/c (WN 1)	40,000
To Realisation A/c	4,90,000	By Ashish's Loan A/c	4,000
		By Ashish's Capital A/c	4,00,000
		By Neha's Capital A/c (WN 6)	4,50,000
	8,94,000		8,94,000

**Working Notes:**

1. The amount of ₹ 40,000 paid to creditors is calculated on the balancing figure of Realisation Account. It is also credited to Bank Account.
2. The amount of ₹ 1,98,000 debited to Ashish's Capital Account for the assets taken over by him. It is also shown on the credit side of Realisation Account. The amount of ₹ 40,000 debited to Neha's Capital A/c is for assets (Debtors) taken over by her. It is shown on the credit side of Realisation Account.
3. The amount of ₹ 34,000 credited to Ashish's Capital A/c is for his wife's loan taken over by him. It is shown on the debit side of Realisation Account.  
The amount of ₹ 7,000 credited to Neha's Capital A/c is for Realisation Expenses. It is shown on the debit side of Realisation Account.
4. The amount of ₹ 4,000 and ₹ 3,000 credited to Ashish's and Neha's Capital A/c is for the share of Realisation Gain (Profit).
5. The amount of ₹ 5,60,000 and ₹ 4,80,000 represented the opening balance of their capitals, calculated as the balancing figure of their Capital Accounts.
6. The amount of ₹ 4,50,000 credited to Bank Account is the final payment made to Neha. It is shown on the debit side of Neha's Capital Account.
7. Opening Bank Balance of ₹ 4,04,000 is calculated as the balancing figure.

20. Bora, Singh and Ibrahim were partners in a firm sharing profits in the ratio of 5 : 3 : 1. On 2nd March, 2022, their firm was dissolved. The assets were realised and the liabilities were paid off. Given below are the Realisation Account, Partners' Capital Accounts and Bank Account of the firm. The accountant of the firm left a few amounts unposted in these accounts. You are required to complete these accounts by posting the correct amounts.

Dr.	REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Stock	10,000	By Provision for Bad Debts	5,000
To Debtors	25,000	By Sundry Creditors	16,600
To Plant and Machinery	40,000	By Bills Payable	3,400
To Bank:		By Mortgage Loan	15,000
Sundry Creditors	16,000	By Bank—Assets Realised:	
Bills Payable	3,400	Stock	6,700
Mortgage Loan	15,000	Debtors	12,500
	34,400	Plant and Machinery	36,000
To Bank (Outstanding Repairs)	400		55,200
To Bank (Expenses)	620	By Bank—Unrecorded assets realised	6,220
		By ?	?
	1,10,420		1,10,420

Dr. PARTNERS' CAPITAL ACCOUNTS				Cr.			
Particulars	Bora (₹)	Singh (₹)	Ibrahim (₹)	Particulars	Bora (₹)	Singh (₹)	Ibrahim (₹)
?	?	?	?	By Balance b/d	22,000	18,000	10,000
?	?	?	?	By General Reserve A/c	2,500	1,500	500
	24,500	19,500	10,500		24,500	19,500	10,500

Dr. BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	19,500	By Realisation A/c (Liabilities)	34,400
To Realisation A/c (Assets Realised)	55,200	By Realisation A/c (Unrecorded Liabilities)	400
?	?	By ?	?
		By ?	?
	80,920		80,920

(Delhi 2015, Modified)

**Solution:**

Dr. REALISATION ACCOUNT				Cr.			
Particulars	₹	Particulars	₹				
To Stock	10,000	By Provision for Bad Debts	5,000				
To Debtors	25,000	By Sundry Creditors	16,600				
To Plant and Machinery	40,000	By Bills Payable	3,400				
To Bank:		By Mortgage Loan	15,000				
Sundry Creditors	16,000	By Bank—Assets Realised:					
Bills Payable	3,400	Stock	6,700				
Mortgage Loan	15,000	Debtors	12,500				
To Bank (Outstanding Repairs)	400	Plant and Machinery	36,000				
To Bank (Expenses)	620	By Bank—Unrecorded assets realised (Note 4)	6,220				
		<b>By Loss transferred to Partners'</b>					
		<b>Capital A/cs: (Bal. Fig.) (Note 1)</b>					
		<b>Bora (5/9)</b>	<b>5,000</b>				
		<b>Singh (3/9)</b>	<b>3,000</b>				
		<b>Ibrahim (1/9)</b>	<b>1,000</b>				
	1,10,420		<b>9,000</b>				

Dr. PARTNERS' CAPITAL ACCOUNTS				Cr.			
Particulars	Bora (₹)	Singh (₹)	Ibrahim (₹)	Particulars	Bora (₹)	Singh (₹)	Ibrahim (₹)
<b>To Realisation A/c (Note 1)</b>	<b>5,000</b>	<b>3,000</b>	<b>1,000</b>	By Balance b/d	22,000	18,000	10,000
<b>To Bank A/c (Bal. Fig.) (Note 2)</b>	<b>19,500</b>	<b>16,500</b>	<b>9,500</b>	By General Reserve A/c	2,500	1,500	500
	24,500	19,500	10,500		24,500	19,500	10,500

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	19,500	By Realisation A/c (Liabilities)	34,400		
To Realisation A/c (Assets Realised)	55,200	By Realisation A/c (Unrecorded Liabilities)	400		
<b>To Realisation A/c—Unrecorded Assets (Note 4)</b>	<b>6,220</b>	By <b>Realisation A/c—Expenses (Note 3)</b>	<b>620</b>		
		By <b>Bora's Capital A/c (Note 2)</b>	<b>19,500</b>		
		By <b>Singh's Capital A/c (Note 2)</b>	<b>16,500</b>		
		By <b>Ibrahim's Capital A/c (Note 2)</b>	<b>9,500</b>	<b>45,500</b>	
	80,920			80,920	

**Notes:**

- The balancing figure of Realisation Account ₹ 9,000 shows the loss on realisation, which is transferred to Partners' Capital Accounts in their profit-sharing ratio, i.e., Bora's Share ₹ 5,000; Singh's ₹ 3,000 and Ibrahim's ₹ 1,000.
  - After transferring the realisation loss to Partners' Capital Accounts, balancing figures show the final payment to partners through Bank Account.
  - Expenses ₹ 620 paid on realisation are transferred to the credit side of Bank Account.
  - Amount realised from unrecorded assets ₹ 6,220 are transferred from the credit side of Realisation Account to the debit side of the Bank Account.
21. Ajay, Vijay and Sanjay are partners sharing profits and losses in the ratio of 2 : 1 : 1. They decided to dissolve their firm on 1st April, 2022. Complete the Realisation Account, Partners' Capital Accounts and Bank Account from the information given on the next page:

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets (Transfer):		By Creditors	50,000		
Goodwill                      30,000		By Bank A/c—Assets Realised:			
Land and Building            80,000		Goodwill                      20,000			
Plant and Machinery        56,000		Land and Building        1,00,000			
Motor Car                      54,000		Plant and Machinery       50,000			
Debtors                        ?	2,68,000	Motor Car                    28,000			
To Bank A/c (Creditors)	?	Debtors                       ?	2,22,000		
To Bank A/c (Expenses)	2,000	By Loss on Realisation transferred to:			
		Ajay's Capital A/c            ?			
		Vijay's Capital A/c          ?			
		Sanjay's Capital A/c        ?	?		
	3,20,000		3,20,000		

Dr.				PARTNERS' CAPITAL ACCOUNTS				Cr.			
Particulars		Ajay (₹)	Vijay (₹)	Sanjay (₹)	Particulars		Ajay (₹)	Vijay (₹)	Sanjay (₹)		
To Realisation A/c		?	?	?	By Balance b/d (Balancing Figure)	?	?	?			
—Loss											
To Bank A/c		?	?	?							
(Final Payment)											
		?	?	?		?	?	?			

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	2,000	By ?	?		
To ?	?	By ?	?		
		By Ajay's Capital A/c—Final Payment	56,000		
		By Vijay's Capital A/c—Final Payment	68,000		
		By Sanjay's Capital A/c—Final Payment	48,000		
	?		?		

**Solution:**

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets (Transfer):		By Creditors	50,000		
Goodwill 30,000		By Bank A/c—Assets Realised:			
Land and Building 80,000		Goodwill 20,000			
Plant and Machinery 56,000		Land and Building 1,00,000			
Motor Car 54,000		Plant and Machinery 50,000			
Debtors 48,000	2,68,000	Motor Car 28,000			
To Bank A/c (Creditors paid) (Note 4)	50,000	Debtors (Note 1) 24,000	2,22,000		
To Bank A/c (Expenses)	2,000	By Loss on Realisation transferred to (Note 2):			
		Ajay's Capital A/c 24,000			
		Vijay's Capital A/c 12,000			
		Sanjay's Capital A/c 12,000	48,000		
	3,20,000		3,20,000		

Dr.		PARTNERS' CAPITAL ACCOUNTS						Cr.	
Particulars	Ajay (₹)	Vijay (₹)	Sanjay (₹)	Particulars	Ajay (₹)	Vijay (₹)	Sanjay (₹)		
To Realisation A/c —Loss	24,000	12,000	12,000	By Balance b/d (Balancing Figure)	80,000	80,000	60,000		
To Bank A/c (Note 3) (Final Payment)	56,000	68,000	48,000						
	80,000	80,000	60,000		80,000	80,000	60,000		

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	2,000	By Realisation A/c—Creditors Paid (Note 5)	50,000		
To Realisation A/c (Assets Realised) (Note 1)	2,22,000	By Realisation A/c—Expenses (Note 5)	2,000		
		By Ajay's Capital A/c—Final Payment	56,000		
		By Vijay's Capital A/c—Final Payment	68,000		
		By Sanjay's Capital A/c—Final Payment	48,000		
	2,24,000		2,24,000		

**Notes:**

1. Amount realised from assets is a balancing figure from Dr. Side of Bank Account, i.e., transferred from Bank Account to Realisation Account.
2. Loss on Realisation = ₹ 3,20,000 – ₹ 50,000 – ₹ 2,22,000 = ₹ 48,000.
3. Figures of final payment to partner is collected from Bank Account.
4. Balancing Figure of Realisation Account.
5. From Realisation Account.