INDIAN SCHOOL AL WADI AL KABIR

Class: XII	**Department: Commerce.**
Worksheet no: 2	**Dissolution of partnership firm.**

1. Pass the necessary journal entries for the following transactions on dissolution of the firm of Varun and Vivek after various assets (other than cash) and outside liabilities were transferred to Realisation Account :
(i) Varun paid creditors ₹ 18,500 in full settlement of their claim of ₹20,000.
(ii) Stock of ₹ 70,000 was realised at 30% less.
(iii) The firm had unrecorded investments of ₹ 2,00,000, which were sold at a loss of 20%.
(iv) The firm had stock of ₹ 1,00,000. Varun took over the stock at a discount of 10%.
(v) Reema, a debtor whose account for ₹ 2,000 was written off as a bad debt in the previous year, paid 70% of the amount.
(vi) Expenses of realisation ₹4,900 were paid by partner, Vivek.

2. Pass Journal entries in the following cases:
(a) Expenses of realisation ₹1,500.
(b) Expenses of realisation ₹ 600 but paid by Mohan, a partner.
(c) Mohan, one of the partners of the firm, was asked to look into the dissolution of the firm for which he was allowed a commission of ₹2,000.
(d) Realisation expenses of ₹ 15,000 were to be met by Rahul, a partner, but were paid by the firm.
(e) Ramesh, a partner, was paid remuneration of ₹25,000 and he was to meet all expenses.
(f) Anuj, a partner, was paid remuneration of ₹ 20,000 and he was to meet all expenses. Firm paid an expense of ₹5,000.

3. The firm of R, K and S was dissolved on 31.3.2023. Pass necessary journal entries for the following after various assets (other than cash and Bank) and the third party liabilities had been transferred to realisation account.

(i)K agreed to pay off his wife's loan of ₹ 6,000.
(ii)Total Creditors of the firm were ₹ 40,000. Creditors worth ₹10,000 were given a piece of furniture costing ₹8,000 in full and final settlement. Remaining creditors allowed a discount of 10%.
(iii) A machine that was not recorded in the books was taken over by K at ₹ 3,000 whereas its expected value was ₹ 5,000.
(iv) The firm had a debit balance of ₹ 15,000 in the profit and loss A/c on the date of dissolution.

4. Pass necessary journal entries in the following cases on the dissolution of a partnership firm of partners X, Y, A and B:
(i)Realization expenses of ₹5,000 were to borne by X, a partner. However, it was paid by Y.
(ii)Investments costing ₹ 25,000 (comprising 1000 shares), had been written off from the books completely. These shares are valued at ₹ 20 each and were divided amongst the partners.

(iii) Y's loan of ₹50,000 settled at ₹48,000.
(iv) Machinery (book value ₹6,00,000) was given to creditor at a discount of 20%.

5. Sun and Kiran are partners sharing profits and losses equally. They decided to dissolve their firm. Assets and Liabilities have been transferred to Realisation Account.
Pass necessary Journal entries for the following:
a) All partners are agreed that the process of realisation at the time dissolution will be accomplished by Sun for which he will be paid ₹10,000 along with the amount of expense which amounted to 2% of total value realised from the Assets on dissolution. Some assets were sold for Cash at a cumulative Value of ₹12,00,000 and the remaining were taken over by creditors at a valuation of ₹3,00,000.
b) Deferred Advertisement Expenditure A/c appeared in the books at ₹28,000.
c) Out of the Stock of ₹1,20,000; Kiran (a partner) took over 1/3 of the stock at a discount of 25% and 50% of remaining stock was took over by a Creditor of ₹30,000 in full settlement of his claim. Balance amount of stock realized at ₹25,000.
d) An outstanding bill for repairs and renewal of₹3,000 was settled through an unrecorded asset which was valued at ₹10,000. Balance being settled in Cash.

6. Nandu, Bandu and Chandu were partners in a firm. On 31st March, 2023 they decided to dissolve the firm. Pass necessary journal entries for the following transactions after the various assets (other than cash and bank) and outside liabilities have been transferred to Realisation Account :
(i) Stock of ₹1,40,000 was taken by Nandu at a discount of 30%.
(ii) Creditors to whom the firm owed ₹40,000 accepted stock at ₹4,000 and the balance amount was paid to them by a cheque.
(iii) An old computer which had been written off completely from the books was sold for ₹4,000, whereas its estimated market value was ₹10,000.
(iv) Chandu had given a loan of ₹1,00,000 to the firm, which was paid to him through a cheque.
(v) ₹ 24,000 were recovered from a debtor which was written off as bad debt in the previous year.
(vi) Bandu was appointed to look after the dissolution work for which he was allowed a remuneration of ₹ 26,000. Bandu agreed to bear the dissolution expenses. Actual dissolution expenses of ₹36,000 were paid by Bandu.

7. Madhav, Madhusudan and Mukund were partners in Jaganath Associates. They decided to dissolve the firm on 31st March 2023. Pass necessary journal entries for the following transactions after various assets (other than cash) and third-party liabilities have been transferred to realization account:
(i) Old machine fully written off was sold for ₹ 42,000 while a payment of ₹ 6,000 is made to bank for a bill discounted being dishonoured.
(ii) Madhusudan accepted an unrecorded asset of ₹80,000 at ₹75,000 and the balance through cheque, against the payment of his loan to the firm of ₹1,00,000.
(iii) Stock of book value of ₹30,000 was taken by Madhav, Madhusudan and Mukund in their profit sharing ratio.
(iv) The firm had paid realization expenses amounting to ₹5,000 on behalf of Mukund.
(v) There was a vehicle loan of ₹ 2,00,000 which was paid by surrender of asset to the bank at an agreed value of ₹ 1,40,000 and the shortfall was met from firm's bank account.

8.Pass the necessary journal entries for the following transactions on the dissolution of the partnership firm of Tony and Rony after the various assets (other than cash) and external liabilities have been transferred to Realization Account :
(i) An unrecorded asset of ₹ 2,000 and cash ₹ 3,000 was paid for liability of ₹ 6,000 in full settlement.
(ii) 100 shares of ₹10 each have been taken over by partners at market value of ₹20 per share in their profit sharing ratio, which is 3 : 2.
(iii) Stock of ₹30,000 was taken over by a creditor of ₹40,000 at a discount of 30% in full settlement.
(iv) Expenses of realisation ₹4,000 were to be borne by Rony. Rony used the firm's cash for paying these expenses.

9. Aman and Harsh were partners in a firm. They decided to dissolve their firm. Pass necessary Journal entries for the following after various assets (other than Cash and Bank) and third party liabilities have been transferred to Realisation Account:
(a) There was furniture worth ₹50,000. Aman took over 50% of the furniture at 10% discount and the remaining furniture was sold at 30% profit on book value.
(b) Profit and Loss Account was showing a credit balance of ₹15,000 on the date of dissolution.
(c) Harsh's loan of ₹ 6,000 was discharged at ₹ 6,200.
(d) The firm paid realisation expenses amounting to ₹5,000 on behalf of Harsh who had to bear these expenses.
(e) There was a bill for ₹1,200 under discount. The bill was received from Soham who proved insolvent and a first and final dividend of 25% was received from his estate.
(f) Creditors to whom the firm owed ₹6,000, accepted stock of ₹5,000 at a discount of 5% and the balance in cash.