



INDIAN SCHOOL AL WADI AL KABIR

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

1. 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.
2. Record necessary Journal entries in the following cases:
 - (a) Creditors worth ` 85,000 accepted ` 40,000 as cash and Investment worth ` 43,000, in full settlement of their claim.
 - (b) Creditors were ` 16,000. They accepted Machinery valued at ` 18,000 in settlement of their claim.
 - (c) Creditors were ` 90,000. They accepted Building valued at ` 1,20,000 and paid cash to the firm ` 30,000.
3. Pass Journal entries for the following at the time of dissolution of a firm:
 - (a) Sale of Assets – 50,000.
 - (b) Payment of Liabilities – 10,000.
 - (c) A commission of 5% allowed to Mr. X, a partner, on sale of assets.
 - (d) Realisation expenses amounted to 15,000. The firm had agreed with Amrit, a partner, to reimburse him up to 10,000.
 - (e) Z, an old customer, whose account for 6,000 was written off as bad in the previous year, paid 60% of the amount written off.
 - (f) Investment (Book Value 10,000) realised at 150%.

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

5. Pass necessary Journal entries for the following transactions on the dissolution of the firm P and Q after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account:
 - (a) Bank Loan ₹ 12,000 was paid.
 - (b) Stock worth ₹ 16,000 was taken over by partner Q.
 - (c) Partner P paid a creditor ₹ 4,000.
 - (d) An asset not appearing in the books of accounts realised ₹ 1,200.
 - (e) Expenses of realisation ₹ 2,000 were paid by partner Q.
 - (f) Profit on realisation ₹ 36,000 was distributed between P and Q in 5 : 4 ratio.

6. Pass necessary Journal entries to record the following unrecorded assets and liabilities in the books of Paras and Priya:
 - (a) There was an old furniture in the firm which had been written off completely in the books. This was sold for ₹ 3,000.
 - (b) Ashish, an old customer whose account for ₹ 1,000 was written off as bad in the previous year, paid 60%, of the amount.
 - (c) Paras agreed to take over the firm's goodwill (not recorded in the books of the firm), at a valuation of ₹ 30,000.
 - (d) There was an old typewriter which had been written off completely from the books. It was estimated to realise ₹ 400. It was taken by Priya at an estimated price less 25%.
 - (e) There were 100 shares of Rs 10 each in Star Limited acquired at a cost of 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.

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

transferred to Realisation Account:

- (a) There was furniture worth ` 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.