Q. 5. A and B were partners sharing profits and losses in 2 : 1. Their Balance Sheet as at 31st March, 2023 was as follows :

Liabilities		₹	*Assets*		₹
Sundry Creditors		2,10,000	Cash at Bank		60,000
A's Loan @12% p.a.		50,000	Sundry Debtors	1,80,000	
General Reserve		90,000	*Less* : Provision for		
A's Capital	4,00,000		Doubtful Debts	10,000	1,70,000
B's Capital	2,50,000	6,50,000	Stock		2,00,000
			Investments		1,50,000
			Plant & Machinery		4,00,000
			B's Loan		20,000
		10,00,000			10,00,000

Partners decide to dissolve the firm on the above date. Assets and liabilities realised as follows :

(*i*) Plant & Machinery was taken over by *A* at 60% of the book value.

(*ii*) Investments were taken over by *B* at 120%.

(*iii*) Sundry Creditors were paid off by giving them stock at 75% of the book value and the balance in cash.

(*iv*) Debtors realised 20% *less* of the amount due from them.

(*v*) *A*'s loan was paid off with interest for six months.

(*vi*) Realisation expenses amounted to ₹1,000.

You are required to prepare :

(*a*) Realisation Account

(*b*) *A*'s Loan Account and *B*'s Loan Account

(*c*) Partner's Capital Accounts, and

(*d*) Bank Account.

[**Ans.** Loss on Realisation ₹2,10,000; Final Payment to *A* ₹80,000 and *B* ₹30,000; Total of Bank Account ₹2,24,000.]

Hints : 1. Payment to Sundry Creditors ₹60,000.

2. *B*'s Loan ₹20,000 appearing on the assets side is the loan given to *B*. It will be recorded from him and will be recorded on the Dr. Side of Bank A/c.

Q. 8. The following was the Balance Sheet of *X, Y* and *Z* as at 28.2.2021 :

Liabilities	₹	*Assets*	₹
Creditors	30,000	Bank	32,000
Bills Payable	10,000	Debtors	48,000
G's Loan	18,000	Stock	19,000
Y's Loan	20,000	Furniture	43,000
Workmen Compensation Reserve	33,000	Land and Building	1,09,000
Capitals :		*Z*'s Capital	20,000

X	75,000			
Y	85,000	1,60,000		
		2,71,000		2,71,000

The firm was dissolved on the above date on the following terms :

(*i*) Debtors realized ₹29,000 and creditors and bills payable were paid at a discount of 10%.

(*ii*) Stock was taken over by *X* for ₹17,000 and furniture was sold to *K* for ₹20,000.

(*iii*) Land and Building was sold for ₹2,98,000.

(*iv*) *G*'s loan was paid by a cheque of the same amount.

(*v*) Compensation to workmen paid by the firm amounted to ₹15,000.

Prepare Realisation Account, Capital Accounts and Bank Account.

[**Ans.** Profit on Realisation ₹1,49,000. Final Payments : *Y*'s Loan ₹20,000; Capitals : *X* ₹1,13,667; *Y* ₹1,40,667; and *Z* ₹35,666. Total of Bank A/c ₹3,79,000.]

Hint : Workmen Compensation Reserve credited to Realisation A/c ₹15,000 and to capital accounts ₹18,000.

Q. 9 (B). Mrs. Rita Chowdhary and Miss Shobha are partners in a firm, 'Fancy Garments Exports' sharing profits and losses equally. On 1st April, 2022, the Balance Sheet of the firm was as follows :

Liabilities	₹	Assets		₹
Sundry Creditors	75,000	Bank		36,000
Bills Payable	30,000	Stock		75,000
Mr. Chowdhary's Loan	15,000	Book Debts	66,000	
Reserve Fund	24,000	*Less:* Provision for		
Mrs. Rita Chowdhary's Capital	90,000	Doubtful Debts	6,000	60,000
Miss Shobha's Capital	30,000	Plant & Machinery		45,000
		Land & Buildings		48,000
	2,64,000			2,64,000

The firm was dissolved on the date given above. The following transactions took place:

(*i*) Mrs. Rita Chowdhary undertook to pay Mr. Chowdhary's Loan and took over 50 per cent of stock at a discount of 20 per cent.

(*ii*) Book-debts realised ₹54,000; balance of the stock was sold off at a profit of 30 per cent on cost.

(*iii*) Sundry Creditors were paid out at a discount of 10 per cent. Bills payable were paid in full.

(*iv*) Plant and Machinery realised ₹75,000 and Land and Buildings ₹1,20,000.

(*v*) Mrs. Rita Chowdhary took over the goodwill of the firm at a valuation of ₹30,000.

(*vi*) Realisation expenses were ₹5,250.

Show the Realisation Account, Bank Account and Partner's Capital Accounts in the books of the firm.

[Ans. Profit on realisation ₹1,32,000; Final Payments :— Rita ₹1,23,000 and Shobha ₹1,08,000, Total of Bank A/c ₹3,33,750.]

Q. 10. Anurag and Prem were partners sharing profits and losses in 2 : 1. On 31st March, 2023 their Balance Sheet was as follows :

Liabilities	₹	Assets		₹
Sundry Creditors	60,000	Bank		83,000
Mrs. Anurag's Loan	80,000	Sundry Debtors	60,000	
Anurag's Loan	50,000	*Less* : Provision for		
Workmen's Compensation		Doubtful Debts	3,000	57,000
Reserve	1,20,000	Stock		1,00,000
Investment Fluctuation Reserve	10,000	Furniture		20,000
Profit and Loss	5,000	Plant		4,00,000
Capitals :		Investments		45,000

Anurag	3,50,000		Advertisement Expenses	15,000
Prem	45,000	3,95,000		
		7,20,000		7,20,000

The firm was dissolved on the above date :

(*i*) Anurag took over 60% of the stock at a discount of 20%; 25% of the remaining stock was sold at a profit of 40% on cost; Remaining stock was found obsolete and realised nothing.

(*ii*) Firm had to pay ₹90,000 as compensation to workers.

(*iii*) Sundry Creditors took over investments in full settlement.

(*iv*) Sundry Debtors realised at 75% and plant realised 20% less.

(*v*) Prem agreed to take over the responsibility of completing dissolution work and he was given furniture as his remuneration.

(*vi*) Realisation expenses amounted to ₹10,000.

Prepare Realisation Account.

[**Ans.** Loss on Realisation ₹1,35,000.]

Hints :

(*i*) Book value of remaining 25% stock : 25% of 40,000 = ₹10,000

Realised value of stock : $10,000 \times \frac{140}{100}$ = ₹14,000

(*ii*)

Workmen's Compensation Reserve A/c	Dr.	90,000	
To Realisation A/c			90,000
Realisation A/c	Dr.	90,000	
To Bank A/c			90,000

Workmen Compensation Reserve amounting to ₹30,000 will be transferred to the Cr. side of Capital Accounts.

(*iii*) There will be no entry of Sundry Creditors taking over the investments.

(*iv*) There will be no entry of Prem taking over furniture as his remuneration.

Q. 11. The following is the Balance Sheet of *A* and *B* as at 31st March, 2021 :

Liabilities	₹	*Assets*		₹
Mrs. *A*'s Loan	15,000	Cash		4,200
Mrs. *B*'s Loan	10,000	Bank		3,400
Trade Creditors	30,000	Debtors	30,000	
Bills Payable	10,000	*Less* : Provision	2,000	28,000
Outstanding Expenses	5,000	Investments		10,000
A : Capital	1,00,000	Stock		40,000
B : Capital	80,000	Truck		75,000
		Plant and Machinery		80,000
		B : Drawings		9,400
	2,50,000			2,50,000

Firm was dissolved on this date.

1. Half the stock was sold at 10% less than the book value and the remaining half was taken over by *A* at 20% more than the book value.
2. During the course of dissolution a liability under action for damages was settled at ₹12,000 against ₹10,000 included in the creditors.
3. Assets realised as follows :
   Plant & Machinery — ₹1,00,000; Truck — ₹1,20,000; Goodwill was sold for ₹25,000; Bad Debts amounted to ₹5,000. Half the investments were sold at book value.
4. *A* promised to pay off Mrs. *A*'s Loan and took away half the investments at 10% discount.
5. Trade Creditors and Bills Payable were due on average basis of one month after 31st March, but were paid immediately on 31st March, at 12% discount per annum.

Prepare necessary accounts.

[**Ans.** Profit on Realisation ₹86,800 ; Final Payment to *A* ₹1,29,900 and *B* ₹1,14,000; Total of Bank A/c ₹3,00,600]

Hints : 1. Discount received on payment to Creditors $= 20{,}000 \times \frac{12}{100} \times \frac{1}{12} =$ ₹200

2. Discount received on payment to B/P $= 10{,}000 \times \frac{12}{100} \times \frac{1}{12} =$ ₹100

3. Cash balance of ₹4,200 has been transferred to the debit of Bank Account.

Q. 23 (B). Following is the balance sheet of *P*, *Q* and *R* who were sharing profits and losses in the ratio of 3 : 2 : 1.

Liabilities	₹	*Assets*		₹
Bank Overdraft	12,000	Debtors	20,000	
Creditors	70,000	*Less* : Provision	1,200	18,800
Mrs. *P*'s Loan	25,800	Stock		40,000

Capital Accounts :		3,000 Shares in 'A' Ltd.	30,000
P	1,20,000	Motor Car	75,000
Q	95,000	Plant	80,000
R	5,000	Advertisement Suspense A/c	84,000
	3,27,800		3,27,800

The firm was dissolved on that date and the following arrangements were made:

I. Assets realised as follows: Debtors ₹15,000; Plant at 30% discount.

II. Stock was valued at ₹36,000 and this was taken over by *P* and *Q* equally.

III. Market value of the shares of *A* Ltd. is ₹16 per share. Half the shares were sold in the market and the balance half were taken over by *P* and *Q* in their profit sharing ratio.

IV. A creditor for ₹50,000 took over Motor Car in full settlement of his claim and the balance of creditors were paid at a discount of 2%.

V. Expenses of realisation amounted to ₹6,000. *P* agreed to discharge his wife's Loan.

Prepare Journal entries and Ledger accounts.

[**Ans.** Loss on Realisation ₹44,400. *R* brings in ₹16,400; Final payment to *P* ₹49,200 and *Q* ₹24,600. Total of Bank A/c ₹1,11,400.]

Note : Bank Overdraft is short-term borrowing. It will be first transferred to the Cr. of Realisation A/c and then paid off.

Q. 25. *A*, *B* and *C* were partners in a firm sharing profits & losses in the ratio of 2 : 2 : 1. The Balance Sheet of the firm at the date of dissolution was as follows:

Liabilities	₹	*Assets*	₹
Bank Overdraft	21,000	Debtors	40,000
Creditors	86,000	Stock	60,000
Provident Fund	18,000	Investments	25,000
Capital Accounts :		Machinery	80,000
A	1,05,000	Prepaid Expenses	3,200
B	42,000	Goodwill	38,800
		C's Capital Account	25,000
	2,72,000		2,72,000

You are informed that :

(1) They appointed *B* to realise the assets. He is to receive 5% of the amounts realised from Debtors, Stock and Machinery, and is to bear all expenses of realisation.

(2) Bad Debts amounted to ₹2,000; Stock realised ₹36,000 and Machinery realised ₹46,000. There was an unrecorded asset of ₹10,000 which was taken over by *A* at ₹8,000.

(3) Market value of Investments was ascertained to be ₹20,000, and one of the creditors agreed to accept the Investments at this value. Remaining creditors were paid at a discount of ₹6,000.

(4) An office typewriter, not shown in the books of accounts, realised ₹20,000.

(5) There were outstanding expenses amounting to ₹6,000. These were settled for ₹4,500. Expenses of realisation met by *B* amounted to ₹2,000.

Prepare necessary accounts.

[Ans. Loss on Realisation ₹83,500; *C* brings in ₹41,700; Final payment to *A* ₹63,600; and *B* ₹14,600. Total of Bank A/c ₹1,81,700.]

Q. 26. *A*, *B* and *C* are partners sharing profits and losses in the ratio of 4 : 2 : 1. On 31st March 2022, their Balance Sheet was as follows :

Liabilities		₹	*Assets*		₹
Sundry Creditors		35,400	Goodwill		12,700
Mrs. *B*'s Loan		15,000	Leasehold Premises		1,00,000
Capital Accounts :			Plant and Machinery		60,000
A	1,30,000		Stock		60,000
B	1,02,700		Sundry Debtors	30,000	
C	5,000	2,37,700	*Less* : Provision	700	29,300
			Cash at Bank		17,700
			Profit & Loss A/c		8,400
		2,88,100			2,88,100

It was decided to dissolve the firm, *A* agreeing to take over the business (except Cash at Bank) at the following valuations :

Leasehold Premises at ₹60,000

Plant and Machinery at ₹12,000 less than the book value.

1/4 th stock at $33\frac{1}{3}\%$ more than its book value.

Remaining Stock at 20% more than the book value.

Sundry Debtors subject to a provision of 5%.

Mrs. *B*'s Loan was paid in full and the creditors were proved at ₹32,000 and were taken over by *A*. Expenses of dissolution came to ₹900.

Prepare necessary accounts to close the books of the firm and prepare the Balance Sheet of *A*.

[Ans. Loss on Realisation ₹49,000; Cash brought in by *A* ₹81,300 and by *C* ₹3,200; Cash paid to *B* ₹86,300; Total of Bank A/c ₹1,02,200; B/S Total ₹2,10,500.]

Q. 30. Gaurav, Saurabh and Vaibhav were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. They decided to dissolve the firm on 31st March, 2018. After transferring Sundry assets (other than cash in hand and cash at Bank) and third party liabilities to realisation account, the assets were realized and liabilities were paid off as follows :

(*i*) A machinery with a book value of ₹6,00,000 was taken over by Gaurav at 50% and stock worth ₹5,000 was taken over by a creditor of ₹9,000 in full settlement of his claim.

(*ii*) Land and building (book value ₹3,00,000) was sold for ₹4,00,000 through a broker who charged 2% commission.

(*iii*) The remaining creditors were paid ₹76,000 in full settlement of their claim and the remaining assets were taken over by Vaibhav for ₹17,000.

(*iv*) Bank loan of ₹3,00,000 was paid along with interest of ₹21,000.

Pass necessary journal entries for the above transactions in the books of the firm.

(C.B.S.E. 2019, M.P.)

[Ans. (*i*) Debit Gaurav's Capital A/c and Credit Realisation A/c by ₹3,00,000.

Q. 31. Adiraj and Karan were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31st March, 2018 the firm was dissolved. After the transfer of assets (other than cash in hand and at bank) and third party liabilities to the Realisation Account, the following information was provided :

(*i*) Furniture of ₹70,000 was sold for ₹68,000 by auction and auctioneer's commission amounted to ₹2,000.

(*ii*) Adiraj's loan amounting to ₹35,000 was settled at ₹37,500.

(*iii*) Out of the stock of ₹80,000, Karan took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.

(*iv*) A bills receivable of ₹3,000 under discount was dishonoured as the acceptor had become insolvent and hence the bill had to be met by the firm.

(*v*) Profit and Loss Account showed a debit balance of ₹56,000.

(*vi*) Realization expenses amounted to ₹2,000 which were paid by Adiraj.

Pass the necessary journal entries for the above transactions on the dissolution of the firm. *(C.B.S.E. 2019, Chennai)*

[**Ans.** (*i*) Debit Bank A/c and Credit Realisation A/c by ₹66,000.

(*ii*) Debit Adiraj's Loan A/c by ₹35,000 and Realisation A/c by ₹2,500 and Credit Bank A/c by ₹37,500.

(*iii*) Debit Karan's Capital A/c by ₹32,000 and Bank A/c by ₹52,000 and Credit Realisation A/c by ₹84,000.

(*iv*) Debit Realisation A/c and Credit Bank A/c by ₹3,000.

(*v*) Debit Partners Capital A/cs by ₹33,600 and ₹22,400 and Credit P&L A/c by ₹56,000.

(*vi*) Debit Realisation A/c and Credit Adiraj's Capital A/c by ₹2,000.]

Q. 32. Give the necessary journal entries for the following transactions on dissolution of the firm of Aman and Rajat on 31st March, 2016, after the transfer of various assets (other than cash) and the third party liabilities to Realisation Account. They shared profits and losses in the ratio of 2 : 1.

(*a*) There was a bill of exchange of ₹10,000 under discount. The bill was received from Derek who became insolvent.

(*b*) Bills Payable of ₹30,000 falling due on 30th April, 2016 was discharged at ₹29,550.

(*c*) Creditors of ₹30,000 took over stock of ₹10,000 at 10% discount and the balance was paid to them in cash.

(*d*) There was an old typewriter which had been written off completely. It was estimated to realize ₹600. It was taken away by Rajat at 25% less than the estimated price.

(e) Aman agreed to take over the responsibility of completing dissolution at an agreed remuneration of ₹1,000 and to bear all realization expenses. Actual realisation expenses ₹800 were paid by the firm.

(f) Loss on realization was ₹54,000. *(C.B.S.E. 2017, Comptt. Delhi)*

[Ans. (a) (b) & (c) : Debit Realisation A/c and Credit Bank A/c.
(d) Debit Rajat's Capital A/c and Credit Realisation A/c.
(e) Debit Realisation A/c by ₹1,000; Credit Bank A/c by ₹800 and Aman's Capital A/c by ₹200.
(f) Debit Aman's Capital A/c by ₹36,000 and Rajat's Capital A/c by ₹18,000; Credit Realisation A/c by ₹54,000.]

Q. 33. Disha, Mohit and Nandan are partners. They decide to dissolve their firm. Pass necessary Journal Entries for the following after various Assets (other than Cash and Bank) and the third party liabilities have been transferred to Realisation Account :

(a) An old typewriter which was not recorded in the books was sold for ₹2,000 whereas its expected value was ₹5,000.

(b) Stock of ₹70,000 was taken by Disha at a discount of 30%.

(c) Total creditors of the firm were ₹20,000. A creditor for ₹2,000 was untraceable and other creditors accepted payment allowing 10% discount.

(d) Mohit paid realisation expenses of ₹18,000 out of his private funds, who was to get remuneration of ₹13,000 for completing the dissolution process and was responsible to bear all the realisation expenses.

(e) Nandan had taken a loan of ₹50,000 from the firm, which was paid fully by him to the firm.

(f) ₹12,000 was recovered from a debtor which was written off as Bad debts last year.

[Ans. (a) Debit Bank A/c and Credit Realisation A/c by ₹2,000.
(b) Debit Disha's Capital A/c and Credit Realisation A/c by ₹49,000.
(c) Debit Realisation A/c and Credit Bank A/c by ₹16,200.
(d) Debit Realisation A/c and Credit Mohit's Capital A/c by ₹13,000.
(e) Debit Bank A/c and Credit Nandan's Loan A/c by ₹50,000.
(f) Debit Bank A/c and Credit Realisation A/c by ₹12,000.]

Q. 34. Angad, Raman and Harshit 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 the third party liabilities have been transferred to Realisation Account :

(i) There was a stock of ₹90,000. Raman took over 50% of the stock at 10% discount and remaining stock was sold at 40% profit on book value.

(ii) Profit and Loss A/c was showing a debit balance of ₹15,000 which was distributed among the partners.

(*iii*) A machinery which was not recorded in the books was sold for ₹2,000.

(*iv*) Angad was paid only ₹5,000 (in full settlement) for his loan to the firm which amounted to ₹5,500.

(*v*) Realisation expenses amounting to ₹5,000 paid by Harshit.

(*vi*) There were 100 shares of ₹10 each in DCM Ltd. acquired at a cost of ₹1,200 which had been written off completely from the books. These shares are valued at ₹9 each and divided among the partners in their profit sharing ratio.

[**Ans.** (*i*) Debit Raman's Capital A/c by ₹40,500 and Bank A/c by ₹63,000 and Credit Realisation A/c by ₹1,03,500.

(*ii*) Debit Partner's Capital A/cs by ₹5,000 each and credit Profit & Loss Account by ₹15,000.

(*iii*) Debit Bank A/c and Credit Realisation A/c by ₹2,000.

(*iv*) Debit Angad's Loan A/c by ₹5,500 and Credit Bank A/c by ₹5,000 and Realisation A/c by ₹500.

(*v*) Debit Realisation A/c and Credit Harshit's Capital A/c by ₹5,000.

(*vi*) Debit Partner's Capital A/cs by ₹300 each and Credit Realisation A/c by ₹900.]

Q. 37. *X* and *Y* are partners. They decided to dissolve their firm. Pass necessary entries assuming that various assets and external liabilities have been transferred to Realisation Account :

(1) *X*'s loan was appearing on the liabilities side of Balance Sheet at ₹40,000. He accepted an unrecorded asset of ₹60,000 in full settlement of his account.

(2) Raman, a Creditor to whom ₹25,000 were due to be paid, accepted an unrecorded computer of ₹18,000 at a discount of 10% and the balance was paid to him in Cash.

(3) Sudhir, an unrecorded creditor of ₹40,000 accepted an unrecorded vehicle of ₹20,000 at ₹25,000 and the balance was paid to him in Cash.

(4) There was a Contingent liability in respect of bill discounted but not matured ₹20,000.

(5) Furniture of ₹20,000 and goodwill of ₹30,000 were appearing in the Balance Sheet but no other information was provided regarding these two items.

[Ans.

(1) Debit X's Loan A/c and Credit Realisation A/c by ₹40,000.

(2) Debit Realisation A/c and Credit Bank A/c by ₹8,800

(3) Debit Realisation A/c and Credit Bank A/c by ₹15,000

(4) No entry.

(5) Debit Bank A/c and Credit Realisation A/c by ₹20,000

Note : Intangible Asset *i.e.*, Goodwill realised no value.

ADDITIONAL QUESTIONS
(For Practice)

Q. 38. Harish and Gopal were partners in a firm sharing profits in the ratio of 3 : 2. On 31st March, 2018, their Balance Sheet was as follows :

BALANCE SHEET OF HARISH AND GOPAL
as at March 31, 2018

Liabilities		*Amount*	*Assets*	*Amount*
		₹		₹
Creditors		36,000	Cash	47,000
Outstanding Expenses		10,000	Bank	93,000
Gopal's Wife's Loan		50,000	Debtors	76,000
Capitals :			Stock	2,00,000
Harish	2,80,000		Furniture	20,000
Gopal	1,60,000	4,40,000	Leasehold Premises	1,00,000
		5,36,000		5,36,000

On the above date the firm was dissolved. Various assets were realized and liabilities were settled as under :

(*i*) Gopal agreed to pay his wife's loan.

(*ii*) Leasehold premises realised ₹1,50,000 and Debtors ₹12,000 less.

(*iii*) Half of the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 10% less.

(*iv*) 50% stock was taken over by Harish on payment by cheque of ₹90,000 and remaining stock was sold for ₹94,000.

(*v*) Realization expenses of ₹10,000 were paid by Gopal on behalf of the firm.

Prepare Realization Account. *(C.B.S.E. 2020, Punjab)*

[Ans. Profit on Realisation ₹11,800.]

Q.2. (*i*) Expenses of realisation ₹8,000.

(*ii*) Expenses of realisation ₹10,000 were paid by a partner.

(*iii*) Realisation expenses of ₹12,000 were to be met by Tushar, a partner, but were paid by the firm.

(*iv*) Suresh, a partner, was paid remuneration of ₹10,000 and he was to meet all expenses.

(*v*) Viru, a partner, was paid remuneration of ₹15,000 and he was to meet all expenses. Actual Expenses amounted to ₹20,000 which were paid by the firm.

(*vi*) Realisation expenses amounting to ₹15,000 were paid by the firm. ₹10,000 were to be borne by a partner and the balance by the firm.

(*vii*) Gauri, a partner, was allowed a remuneration of ₹25,000 and he was to meet all expenses. Firm paid an expense of ₹5,000.

Ans. (*i*) Debit Realisation A/c and Credit Bank A/c.

(*ii*) Debit Realisation A/c and Credit Partner's Capital A/c.

(*iii*) Debit Tushar's Capital A/c and Credit Bank A/c.

(*iv*) Debit Realisation A/c and Credit Suresh's Capital A/c.

(*v*) Debit Realisation A/c by ₹15,000, Debit Viru's Capital A/c by ₹5,000 and Credit Bank A/c by ₹20,000.

(*vi*) Debit Partner's Capital A/c by ₹10,000, Debit Realisation A/c by ₹5,000 and Credit Bank A/c by ₹15,000.

(*vii*) Debit Realisation A/c by ₹25,000; Credit Gauri's Capital A/c by ₹20,000 and Bank A/c by ₹5,000.

Q. 3. Pass necessary Journal Entries on the dissolution of a partnership firm in the following cases :

(*i*) *L*, a partner, was appointed to look after the dissolution process for which he was given a remuneration of ₹10,000.

(*ii*) Dissolution expenses ₹8,000 were paid by the partner, *M*.

(*iii*) Dissolution expenses were ₹5,000.

(*iv*) *P*, a partner, was appointed to look after the process of dissolution for which he was allowed a remuneration of ₹7,000. *P* agreed to bear the dissolution expenses. Actual dissolution expenses ₹4,000 were paid by *P*.

(*v*) *N*, a partner, was appointed to look after the process of dissolution for which he was allowed a remuneration of ₹9,000. *N* agreed to bear the dissolution expenses. Actual dissolution expenses ₹4,000 were paid by the firm.

(*vi*) *Q* a partner was appointed to look after the process of dissolution for which he was allowed a remuneration of ₹18,000. *Q* agreed to take over stock worth ₹18,000 as his remuneration. The stock had already been transferred to Realisation Account. *(C.B.S.E. 2016, Delhi)*

[**Ans.** (*i*) Debit Realisation A/c and Credit *L*'s Capital A/c.
(*ii*) Debit Realisation A/c and Credit *M*'s Capital A/c.
(*iii*) Debit Realisation A/c and Credit Bank A/c.
(*iv*) Debit Realisation A/c and Credit *P*'s Capital A/c.
(*v*) Debit Realisation A/c by ₹9,000; Credit *N*'s Capital A/c by ₹5,000 and Bank A/c by ₹4,000.
(*vi*) No Entry.]