



Cambridge International School Dasuya

A Vasal Education School

Worksheet, Session 2024-2025



Class: 12

Subject: Accountancy

Topic: Dissolution of a Firm

Name: _____

Date: _____

Q.1. Pass necessary journal entries for the following transactions at the time of dissolution of the firm of X, Y and Z who share profits and losses equally:

1. Paid Realisation expenses ₹3,000.
2. Realisation Expenses paid ₹2,000. X has to bear realisation expenses.
3. Y took over a machine for ₹20,000.
4. Y took over creditors of ₹30,000 for ₹20,000.
5. X has given loan of ₹10,000 to the firm. It was paid back to him
6. Profit and Loss balance ₹30,000 appeared on the asset side of Balance Sheet.

Q.2. Pass necessary journal entries for the following transactions at the time of dissolution of the firm of James and Haider who were sharing profits and losses in 2:1. The various assets (other than cash) and outside liabilities have been transferred to realisation account.

- (i) James agreed to pay off his brother's loan of ₹10,000.
- (ii) Debtors realized ₹12,000.
- (iii) Haider took over all investments at ₹12,000.
- (iv) Sundry Creditors ₹20,000 were paid at 5% discount.
- (v) Realisation expenses amounted to ₹2,000.
- (vi) Profit on Realisation was ₹10,200.

Q.3. Pass necessary journal entries for the following transactions at the time of dissolution of a firm :

- (i) Expenses of dissolution were ₹9,000.
- (ii) Expenses of dissolution ₹3,400 were paid by a partner Vishal.
- (iii) Shiv, a partner, agreed to do the dissolution work for a commission of ₹4,500. He also agreed to bear the dissolution expenses. Actual dissolution expenses ₹3,900 were paid from the firm's bank account.

Q.4. Arshdeep, Chirag and Kartik were partners in a firm sharing profits in the ratio of 4:3:3. Pass necessary journal entries for the following transactions at the time of dissolution of the firm.

- (i) The firm had stock of ₹80,000. Arshdeep took over 50% of the stock at a discount of 20% while remaining stock was sold off at a profit of 30% on cost.
- (ii) A liability under a suit for damages included in creditors was valued at ₹32,000 as against only ₹13,000 provided in the books. Total creditors of the firm were ₹50,000.
- (iii) Chirag's sister's loan of ₹20,000 was paid off along with interest of ₹2,000.
- (iv) Kartik's loan of ₹12,000 was settled at ₹12,500.

Q.5. Supriya and Monika are partners, who share profits in the ratio of 3:2. Following is the Balance Sheet as on March 31, 2020

| Liabilities | Amount(₹) | Assets | Amount(₹) |
|-------------------|-----------|-------------------------|-----------|
| Supriya's Capital | 32,500 | Cash at Bank | 40,500 |
| Monika's Capital | 11,500 | Stock | 7,500 |
| Sundry Creditors | 48,000 | Sundry Debtors | 21,500 |
| Reserve Fund | 13,500 | Less: Provision for D/D | 500 |
| | | Fixed Assets | 36,500 |
| | 1,05,500 | | 1,05,500 |

The firm was dissolved on March, 31, 2020. Close the books of the firm with the following information:

- (i) Debtors were realised through a debt collecting agency which charged 5% commission.
- (ii) Stock included obsolete items worth ₹500, which could not be realised, remaining stock realised in full.
- (iii) Fixed assets realised at ₹42,000.
- (iv) Realisation expenses amounted to ₹1,500 which was paid by the firm.

Pass Journal Entries, Prepare Revaluation a/c, Partner's Capital accounts and Cash/ Bank account.

Q.6. Sumit, Anit and Vinit are partners sharing profits in 5:3:2. Their Balance Sheet as on March 31, 2020 was as follows:

| Liabilities | Amount(₹) | Assets | Amount(₹) |
|---------------------|-----------|--------------|-----------|
| Capitals: | | Machinery | 80,000 |
| Sumit | 40,000 | Investments | 1,50,000 |
| Amit | 50,000 | Stock | 10,000 |
| Vinit | 60,000 | Debtors | 35,000 |
| Profit and Loss a/c | 10,000 | Cash at Bank | 15,000 |
| Mrs Amit's Loan | 40,000 | | |
| S. Creditors | 90,000 | | |
| | 2,90,000 | | 2,90,000 |

The firm was dissolved on that Amit took over his wife's loan. One of the creditors for ₹2,600 did not claim the amount. Other assets realised as follows:

1. Machinery was sold for ₹70,000.
2. Investments with book value of ₹1,00,000 were given to Creditors in full settlement of their account. The remaining investments were taken over by Vinit at an agreed valuation of ₹45,000.
3. Stock was sold for ₹11,000 and Debtors for ₹3,000 proved to be bad,
4. Realisation expenses were ₹1,500.

Prepare ledger accounts to close the books of the firm.

Q.7. Rose and Lily shared profits in the ratio of 2:3. Their Balance Sheet on March 3, 2020 was as follows:

| Liabilities | Amount(₹) | Assets | Amount(₹) |
|---------------------|-----------|-------------------|-----------|
| Creditors | 40,000 | Cash | 16,000 |
| Lily's Loan | 32,000 | Debtors | 80,000 |
| Profit and Loss A/c | 50,000 | Less: Provision | (3,600) |
| Capitals: | | Inventory | 1,09,600 |
| Lily | 1,60,000 | Bills Receivables | 40,000 |
| Rose | 2,40,000 | 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 ₹4,84,000. Creditors were payable after two months but were settled immediately at 5% discount. Cost of Realisation was ₹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 to Lily for ₹10,000. There was a contingent liability in respect of outstanding electricity bill of ₹5,000. Bills Receivables was taken over by Rose at ₹33,000. Prepare the necessary accounts.

Q.8. Following is the Balance Sheet of Vinit and Yogesh as on 31st March, 2020.

| Liabilities | Amount(₹) | Assets | Amount(₹) |
|-----------------------------|-----------|-----------------|-----------|
| Creditors | 3,60,000 | Bank | 80,000 |
| Mrs Vinit's Loan | 60,000 | Stock | 70,000 |
| Yogesh's Loan | 1,00,000 | Investments | 1,00,000 |
| Investment Fluctuation Fund | 30,000 | Debtors | 2,00,000 |
| Capitals: | | Less: Provision | (20,000) |
| Vinit | 2,00,000 | Fixed assets | 3,80,000 |
| Yogesh | 1,00,000 | Profit and Loss | 40,000 |
| | 8,50,000 | | 8,50,000 |

The firm was dissolved on 31st March, 2020. The assets were realised and liabilities were paid as under:

- (i) Vinit promised to pay off his wife's loan and took away stock at 20% discount.
- (ii) Yogesh took away 90% of the investments at 10% discount.
- (iii) Sunil, a debtor of ₹50,000 had to pay the amount due 3 months after the dissolution date. He was allowed 5% discount for making the payments immediately. The remaining debtors were collected in full.
- (iv) Creditors were paid ₹3,50,000 in full settlement of their claim.
- (v) Fixed Asset realised ₹2,82,000 and remaining investments realised ₹7,500.
- (vi) There was an old furniture which had been written off completely. Yogesh took the same at ₹7,500.
- (vii) Realisation expenses were ₹2,000, paid by Vinit.

Prepare the necessary accounts. (Realisation Loss = ₹64,000)