



Q2. Record necessary journal entries in the following cases:
 Solution: Creditors worth Rs.85,000 accepted Rs.40,000 as cash and Investment worth Rs.43,000, in full settlement of their claim.
 Creditors were Rs.16,000. They accepted Machinery valued at Rs.18,000 in settlement of their claim.
 Creditors were Rs.90,000. They accepted Buildings valued Rs.1,20,000 and paid cash to the firm Rs.30,000.

Journal Entries				
Date	Particulars	L.F.	Debit ₹	Credit ₹
(a)	Realization A/c To Cash A/c (Being creditors worth ₹85,000 accepted ₹40,000 as cash and investment worth ₹43,000 in their full settlement)	Dr.	40,000	40,000
(b)	No Entry (Being creditors ₹16,000 accepted Machinery ₹18,000 in the full settlement. No entry is required since both asset and liability are already transferred to the Realization Account)			
(c)	Cash A/c To Realization A/c (Being creditors worth ₹ 90,000 accepted buildings worth ₹ 1,20,000 and returned ₹30,000 as cash after settlement of claim to the firm)	Dr.	30,000	30,000

***** END *****