



Q6. On what account realization account differs from revaluation account.

Solution:

Basic of Difference	Realisation Account	Revaluation Account
Meaning	It records the proceeds due to sale of various assets and payment of various liabilities.	It records the effect of revaluation of assets and liabilities on the event of admission, retirement or death of a partner.
Time	It is prepared at the time of dissolution of the firm.	It is prepared at the time of admission, retirement or death of a partner.
Objective	To ascertain profit or loss on realisation (sale) of assets and payment of liabilities.	To ascertain profit or loss on revaluation of assets and liabilities.
Profit/Loss Distribution	Realisation profit or loss will be distributed among all the partners in their profit-sharing ratio.	Revaluation profit or loss will be distributed among the old partner of the firm in the old profit-sharing ratio.
Amount	Assets and liabilities are shown at the book value.	Increase or decrease in the value of assets and liabilities are shown in this account.
Records	All assets and liabilities are recorded here.	Only those assets and liabilities are recorded whose values have changed over a period of time.
Effect	All accounts of assets and liabilities are closed.	No account is closed on revaluation of assets and liabilities.

***** END *****