



Q13. Surjit and Rahi were sharing profits (losses) in the ratio of 3:2, their Balance Sheet as on March 31,2014 is as follows:

Balance Sheet of Surjit and Rahi as on March 31,2014			
Liabilities	Rs.	Assets	Rs.
Creditors	38,000	Bank	11,500
Mrs. Surjit loan	10,000	Stock	6,000
Reserve	15,000	Debtors	19,000
Rahi's Loan	5,000	Furniture	4,000
Capital's		Plant	28,000
Surjit	10,000	Investment	10,000
Rahi	8,000	Profit and Loss	7,500
	86,000		86,000

The firm was dissolved on March 31, 2014 on the following terms:

1. Surjit agreed to take the investments at Rs.8,000 and to pay Mrs. Surjit's loan.
2. Other assets were realized as follows:

Stock Rs.5,000

Debtors Rs.18,500

Furniture

Rs.4,500

Plant

Rs.25,000

Expenses on Realization amounted to Rs.1,600.

3. Creditors agreed to accept Rs.37,000 as a final settlement.

4. You are required to prepare Realization Account, Partners' Capital Account and Bank Account.

Solution:

Books of Surjit and Rahi Realization Account				
Dr.			Cr.	
Particulars	Amount ₹	Particulars	Amount ₹	
To Stock A/c	6,000	By Creditors A/c	38,000	
To Debtors A/c	19,000	By Mrs. Surjit's Loan A/c	10,000	
To Furniture A/c	4,000	By Surjit's Capital A/c (Investment)	8,000	
To Plant A/c	28,000	By Bank :		
To Investment A/c	10,000	Stock	5,000	
To Surjit's Capital A/c (Mrs. Surjit's Loan)	10,000	Debtors	18,500	
To Bank:		Furniture	4,500	
Expenses	1,600	Plant	25,000	53,000
Creditors	37,000	By Loss transferred to:		
		Surjit's Capital A/c	3,960	
		Rahi's Capital A/c	2,640	6,600
	1,15,600			1,15,600

Partner's Capital Accounts					
Dr.			Cr.		
Particulars	Surji	Rahi	Particulars	Surjit	Rahi
To Realization A/c (Investment)	8,000		By Balance b/d	10,000	8,000
To Realization A/c (Loss)	3,960	2,640	By Realization A/c (Mrs. Surjit Loan)	10,000	
To Profit and Loss A/c	4,500	3,000	By Reserve A/c	9,000	6,000
To Bank A/c	12,540	8,360			
	29,000	14,000		29,000	14,000

Rahi's Loan Account			
Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Bank A/c	5,000	By Balance b/d	5,000
	5,000		5,000

Bank Account			
Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	11,500	By Realization A/c (Creditors and Expenses)	38,600
To Realization A/c (Assets realized)	53,000	By Rahi's Loan A/c	5,000
		By Surjit's Capital A/c	12,540
		By Rahi's Capital A/c	8,360
	64,500		64,500

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