



Q7. The book value of assets (other than cash and bank) transferred to Realisation Account is Rs.1,00,000. 50% of the assets are taken over by a partner Atul, at a discount of 20%; 40% of the remaining assets are sold at a profit of 30% on cost; 5% of the balance being obsolete, realised nothing and remaining assets are handed over to a Creditor, in full settlement of his claim. You are required to record the journal entries for Realisation of assets.

Solution:

Journal

Particulars	L.F.	Debit ₹	Credit ₹
Realization A/c To Sundry Assets A/c (Being assets other than cash and bank transferred to Realization Account)	Dr.	1,00,000	1,00,000
Atul's Capital A/c To Realization A/c (Being Atul took over 50% of assets worth ₹1,00,000 at 20% discount) $\left[1,00,000 \times \frac{50}{100} \times \frac{80}{100} \right]$	Dr.	40,000	40,000
Bank A/c To Realization A/c (Being assets worth ₹20,000, i.e. 40% of assets of ₹50,000 are sold at a profit of 30%) $\left[50,000 \times \frac{40}{100} \times \frac{130}{100} \right]$	Dr.	26,000	26,000
No entry is made for obsolescence of the assets and the assets given to the creditors in the full settlement as these are already transferred to the Realization Account and adjusted)			

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