



Q19. ASHOK, BABU AND CHETAN ARE IN PARTNERSHIP SHARING PROFIT IN THE PROPORTION OF $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{6}$ RESPECTIVELY. THEY DISSOLVE THE PARTNERSHIP OF THE DECEMBER 31, 2014, WHEN THE BALANCE SHEET OF THE FIRM AS UNDER:

Balance Sheet of Ashok, Babu and Chetan as on December 31, 2014				
Liabilities		Rs.	Assets	Rs.
Sundry Creditors		20,000	Bank	7,500
Bills payable		25,500	Sundry Debtors	58,000
Babu's loan		30,000	Stock	39,500
Capital's			Machinery	48,000
Ashok	70,000		Investment	42,000
Babu	55,000		Freehold Property	50,500
Chetan	27,000	1,52,000		
Current Accounts:				
Ashok	10,000			
Babu	5,000			
Chetan	3,000	18,000		
		2,45,500		2,45,500

The Machinery was taken over by Babu for Rs.45,000, Ashok took over the Investment for Rs.40,000 and Freehold property took over by Chetan at Rs.55,000. The remaining Assets realized as follows: Sundry Debtors Rs.56,500 and Stock Rs.36,500. Sundry Creditors were settled at discount of 7%. A Office computer, not shown in the books of Accounts realized Rs.9,000. Realization expenses amounted to Rs.3,000.

Prepare Realization Account, Partners Capital Account, and Bank Account.

Realization Account					
Dr.			Cr.		
Particulars		Amount ₹	Particulars		Amount ₹
To Sundry Debtors A/c		58,000	By Sundry Creditors A/c		20,000
To Stock A/c		39,500	By Bill's payable A/c		25,500
To Machinery A/c		48,000	By Ashok's Current A/c (Investment)		40,000
To Investment A/c		42,000	By Babu's Current A/c (Machinery)		45,000
To Freehold property A/c		50,500	By Chetan's Current A/c (Freehold property)		55,000
To Bank:			By Bank:		
Sundry Creditors	18,600		Sundry Debtors	56,500	
Bills payable	25,500		Stock	36,500	
Expenses	3,000	47,100	Unrecorded computer	9,000	1,02,000
To Profit transferred to Ashok's Current A/c	1,200				
Babu's Current A/c	800				
Chetan's Current A/c	400	2,400			
		2,87,500			2,87,500

Partner's Current Accounts							
Dr				Cr			
Particulars	Ashok	Babu	Chetan	Particulars	Ashok	Babu	Chetan
To Realization A/c (Assets taken)	40,000	45,000	55,000	By Balance b/d	10,000	5,000	3,000
				By Realization A/c (Profit)	1,200	800	400
				By Ashok's capital A/c	28,800		
				By Babu's capital A/c		39,200	
				By Chetan capital A/c			51,600
	40,000	45,000	55,000		40,000	45,000	55,000

Partner's Capital Accounts							
Dr				Cr			
Particulars	Ashok	Babu	Chetan	Particulars	Ashok	Babu	Chetan
To Ashok's Current A/c	28,800			By Balance b/d	70,000	55,000	27,000
To Babu's Current A/c		39,200		By Bank A/c			24,600
To Chetan's Current A/c			51,600				
To Bank A/c	41,200	15,800					
	70,000	55,000	51,600		70,000	55,000	51,600

Babu's Loan Account			
Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Cash A/c	30,000	By Balance b/d	30,000
	30,000		30,000

Bank Account			
Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	7,500	By Realization A/c (Expenses and Liabilities)	47,100
To Realization A/c (Assets realized)	1,02,000	By Babu's Loan A/c	30,000
To Chetan's Capital A/c	24,600	By Ashok's Capital A/c	41,200
		By Babu's Capital A/c	15,800
	1,34,100		1,34,100

Note: However, the answer provided in the book is Rs. 1,200. But, as per the solution, profit on realization is Rs. 2,400.

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