



Q16. Ashu and Harish are partners sharing profit and losses as 3:2. They decided to dissolve the firm on December 31, 2014. Their balance sheet on the above date was:

Balance Sheet of Ashu and Harish as on December 31, 2014				
Liabilities		Rs.	Assets	Rs.
Capitals:			Building	80,000
Ashu	1,08,000		Machinery	70,000
Harish	54,000	1,62,000	Furniture	14,000
Creditors		88,000	Stock	20,000
Bank overdraft		50,000	Investments	60,000
			Debtors	48,000
		3,00,000		3,00,000

Ashu is to take over the building at Rs.95,000 and Machinery and Furniture is taking over by Harish at value of Rs.80,000. Ashu agreed to pay Creditor and Harish agreed to meet Bank overdraft. Stock and Investments are taken by both partners in profit sharing ratio. Debtors realized for Rs.46,000. Expenses of Realization amounted to Rs.3,000. Prepare necessary ledger Account.

Solution:

**Books of Ashu and Harish  
Realization Account**

Dr.			Cr.	
Particulars	Amount ₹	Particulars	Amount ₹	
To Building A/c	80,000	By Creditors A/c	88,000	
To Machinery A/c	70,000	By Bank overdraft A/c	50,000	
To Furniture A/c	14,000	By Ashu's Capital A/c (Assets taken)	1,43,000	
To Stock A/c	20,000	By Harish's capital A/c (Assets taken)	1,12,000	
To Investment A/c	60,000	By Cash A/c (Debtors)	46,000	
To Debtors A/c	48,000			
To Ashu's Capital A/c (Creditors)	88,000			
To Harish's Capital A/c (Bank Overdraft)	50,000			
To Cash A/c (Expenses)	3,000			
To Profit transferred to Ashu's Capital A/c	3,600			
Harish's Capital A/c	2,400			
	4,39,000		4,39,000	

**Partner's Capital Accounts**

Dr.			Cr		
Particulars	Ashu	Harish	Particulars	Ashu	Harish
To Realization A/c (Assets taken)	1,43,000	1,12,000	By Balance b/d	1,08,000	54,000
To Cash A/c	56,600		By Realization A/c (Liabilities)	88,000	50,000
			By Realization A/c (Profit)	3,600	2,400
			By Cash A/c		5,600
	1,99,600	1,12,000		1,99,600	1,12,000

**Cash Account**

Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	8,000	By Realization A/c (Expenses)	3,000
To Realization A/c (Debtors)	46,000	By Ashu's Capital A/c	56,600
To Harish's Capital A/c	5,600		
	59,600		59,600

Note: However, the answer mentioned in the book is Rs. 14,000. But, as per the solution, the Profit on Realization is Rs. 6,000;

Working Notes:

	Ashu	Harish
Building	95,000	
Machinery		80,000
Stock (3:2)	12,000	8,000
Investment (3:2)	36,000	24,000
	Rs.1,43,000	Rs.1,12,000

\*\*\*\*\* END \*\*\*\*\*