



Q12. Rose and Lily decided to dissolve the firm on the above date. Assets (except bills receivables) realized Rs.4,84,000. Bills Receivable was taken over by Rose at Rs.30,000. Creditors agreed to take Rs.38,000. Cost of Realization was Rs.2,400. There was a Motor Cycle in the firm which was bought out of the firm's money, was not shown in the books of the firm. It was now sold for Rs.10,000. There was a contingent liability in respect of outstanding electric bill of Rs.5,000, Bill Receivable taken over by Rose at Rs.33,000. Show Realisation Account, Partners Capital Account, Loan Account and Cash Account.
Solution :

Balance Sheet of Shilpa, Meena and Nanda as on March 31,2014			
Liabilities	Rs.	Assets	Rs.
Capitals:		Land	81,000
Shhilpa	80,000	Stock	56,760
Meena	40,000	Debtors	18,600
Bank loan	20,000	Nanda's Capital Account	23,000
Creditors	37,000	Cash	10,840
Provision for doubtful debts	1,200		
General Reserve	12,000		
	1,90,200		1,90,200

The Rs.41,660 are taken over by Shilpa for Rs.35,000 and she agreed to discharge bank loan. The remaining stock was sold at Rs.14,000 and debtors amounting to Rs.10,000 realized Rs.8,000. land is sold for Rs.1,10,000. The remaining debtors realized 50% at

their book value. Cost of Realization amounted to Rs.1,200. There was a typewriter not recorded in the books worth Rs.6,000 which were taken over by one of the Creditors at this value. Prepare Realization Account.

Solution:

In the Books of Shilpa, Meena and Nanda Realization Account					
Dr.			Cr.		
Particulars		Amount ₹	Particulars		Amount ₹
To Land A/c		81,000	By Bank loan A/c		20,000
To Stock A/c		56,760	By Creditors A/c		37,000
To Debtors A/c		18,600	By Provision for doubtful debts A/c		1,200
To Shilpa's Capital A/c		20,000	By Shilpa's Capital A/c (Stock)		35,000
To Cash:			By Cash:		
To Creditors	31,000		Stock	14,000	
To Realization Expenses	1,200	32,200	Debtors	12,300	
To Profit transferred to			land	1,10,000	1,36,300
Shilpa's Capital A/c	10,470				
Meena's Capital A/c	6,980				
Nanda's Capital A/c	3,490	20,940			
		2,29,500			2,29,500

Partner's Capital Accounts							
Dr.				Cr.			
Particulars	Shilpa	Meena	Nanda	Particulars	Shilpa	Meena	Nanda
To Balance b/d	-	-	23,000	By Balance b/d	80,000	40,000	-
To Realization A/c (Stock)	35,000			By General Reserve A/c	6,000	4,000	2,000
To Cash A/c	81,470	50,980		By Realization A/c (Bank Loan)	20,000		
				By Realization A/c (Profit)	10,470	6,980	3,490
				By Cash A/c			17,510
	1,16,470	50,980	23,000		1,16,470	50,980	23,000

Cash Account			
Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	10,840	By Realization (Expenses)	32,200
To Realization A/c (Assets)	1,36,300	By Shilpa capital A/c	81,470
To Nanda's Capital A/c	17,510	By Meena's Capital A/c	50,980
	1,64,650		1,64,650

***** END *****