

29.7.20.

Financial Accounts

B. Com Part I

Chapter Dissolution. S.M. Shukla,
Numerical. (2) exercise.

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Question:

The following Balance Sheet shows the position of A B C on 31 Dec 2018

| Capital & liabilities | | Amount | Assets | | Amount |
|-----------------------|-------|--------------|------------------|--|--------------|
| Creditor - | | 20000 | Cash. | | 6000 |
| Reserve fund - | | 15000 | Stock - | | 20000 |
| Capital. | 25000 | | Plant & Machine. | | 20000 |
| A | | | Debtors - | | 10000 |
| B | 15000 | 40000 | B/R - | | 10000 |
| | | | C Capital. | | 9000 |
| | | <u>75000</u> | | | <u>75000</u> |

It was decided to dissolve the firm. C is insolvent and only 2000 are realised from his estate. The assets realised as follows -
 Bills Receivable - Rs. 7000, Stock & Debtors 25% less than book value, Machinery Rs. 14000
 Expenses of winding up Rs. 2500. Assuming that Capitals Accounts to be fixed. Show Realisation A/c and Capital Accounts of all partners according to Rules of Garner vs Murray Order.

Ans:

Realisation A/c

| | |
|--------------|--------------|
| To Share - | 20000 |
| " Machines - | 20000 |
| " Debtor - | 10000 |
| " B/R - | 10000 |
| Cash (Exp) | 2500 |
| " Cash (Cr) | 20000 |
| | <u>82500</u> |

| | |
|----------------|--------------|
| By Creditors - | 20000 |
| " Cash - | 43500 |
| (Assets sold) | 6333 |
| " A Capital - | 6333 |
| B - | 6334 |
| C - | 1 |
| | <u>82500</u> |

Cash to

| | |
|-------------------|--------------|
| To Bal B/d | 6000 |
| " A Capital | 6333 |
| B - | 6333 |
| C - | 2000 |
| " Realisation A/c | 43500 |
| | <u>64166</u> |

| | |
|--------------------|--------------|
| By Realisation | 2500 |
| " Realisation (Cr) | 20000 |
| A - | 24791 |
| B - | 16875 |
| | <u>64166</u> |

| Particulars | A | B | C | Particulars | A | B | C |
|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| To Bal B/d | | | 9000 | By Bal B/d | 25000 | 15000 | 2000 |
| " Realisation | 6333 | 6333 | 6334 | " Cash | | | 5000 |
| " C - | 5209 | 9125 | | " Gen Res Acc | 5000 | 5000 | 5209 |
| " Cash | 24791 | 16875 | | A Capital | | | 3125 |
| | | | | B - | | | |
| | | | | " Cash | 6333 | 6333 | |
| | <u>36333</u> | <u>26333</u> | <u>15334</u> | | | | |
| | | | | | <u>36333</u> | <u>26333</u> | <u>15334</u> |