

21.7.20

Financial Accounts.

B. Com Part I

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Question.

Pass the necessary Journal Entries for the following transaction on the dissolution of the firm of P and Q after the various (other than cash) and outside liabilities have been transferred to Realisation Account.

- (i) Bank loan Rs 12000 was paid
- (ii) Stock worth 16000 was taken over by partner Q.
- (iii) Partner P paid a creditor Rs 4000
- (iv) An Asset not appearing in the book of Accounts realised 1200
- (v) Expenses of Realisation Rs 2000 paid by a partner Q.
- (vi) Profit on Realisation 36000 was distributed between P & Q in the ratio of 5:4 ratio

Journal Entries

Ans. Date	Particulars	L.F.	Amount	Amount
(i)	Realisation a/c Dr To Bank — Me (Being Bank loan was paid)		12000	12000
(ii)	Q's capital A/c Dr To Realisation a/c (Being Q took over stock)		16000	16000
(iii)	Realisation a/c Dr To P. capital a/c (Being P paid creditors)		4000	4000
(iv)	Bank a/c Dr To Realisation a/c (Being unworked assets realised)		1200	1200
(v)	Realisation a/c Dr To Q capital a/c (Being expenses of Realisation paid by Q)		2000	2000
(vi)	Realisation a/c Dr To P capital " Q capital (Being profit divided in 5:4 ratio)		36000	20000 16000
			71200	71200