

B.Com (Hons) Part I
Hons Paper: I

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Typical Problem of Simple
Dissolution of Partnership firm:

Problem 1. The capital of A, B, C and D on 31st December 2020 were Rs. 26130, Rs. 9540, Rs. 11720 and 37210 respectively. They share profits and losses in the proportion of 7:4:6:8. After having paid their liabilities (creditors), the assets realised Rs. 22100. B and C brought in all that was due from them. Prepare Realisation A/c (I) Partners' Capital A/c (II) Cash A/c.

Solution:

We know:

Capital + Liabilities = Assets

$$C + L = A$$

Capital

	Rs.
A =	26130 = 00
B =	9540 = 00
C =	11720 = 00
D =	37210 = 00

Total Assets: 84,600 = 00

Realization Account

	Rs.		Rs.
By Assets	84,600	By Cash A/c	22,100
		By Loss Transferred to	
		A's Cap. A/c ($\frac{7}{92} \times \frac{2500}{5000}$)	17,500
		B's Capital A/c (4×2500)	10,000
		C's Cap. A/c (6×2500)	15,000
		D's Cap. A/c (8×2500)	20,000
	84,600		84,600

Partners' Capital Account

By Particulars					Particulars				
	A	B	C	D		A	B	C	D
To Realization A/c (Assets)	Rs. 17,500	Rs. 10,000	Rs. 15,000	Rs. 20,000	By Bal. b/d	Rs. 26,130	Rs. 7,540	Rs. 11,700	Rs. 37,210
To Cash A/c	8,630	—	—	17,210	By Cash A/c	—	460	3,280	—
	26,130	10,000	15,000	37,210		26,130	10,000	15,000	37,210

Cash Account

By		Cr	
To Realization A/c	Rs. 22,100	By A's Capital A/c	Rs. 8,630
To B's Capital A/c	460	By D's Capital A/c	17,210
To C's Capital A/c	3,280		
	25,840		25,840