

Q1	Distinguish between ‘Dissolution of Partnership’ and ‘Dissolution of Partnership Firm’ on the basis of Economic Relationship.	1																																
Q2	Give the journal entry for the treatment of partner’s loan appearing on the asset side of the Balance Sheet, on dissolution of a partnership firm.	1																																
	<p>Harish and Gopal were partners in a firm sharing profits in the ratio of 3 : 2. On 31st March, 2018, their Balance Sheet was as follows :</p> <p style="text-align: center;">Balance Sheet of Harish and Gopal as at March 31, 2018</p> <table><tr><th>Liabilities</th><th>Amount (₹)</th><th>Assets</th><th>Amount (₹)</th></tr><tr><td>Creditors</td><td>36,000</td><td>Cash</td><td>47,000</td></tr><tr><td>Outstanding expenses</td><td>10,000</td><td>Bank</td><td>93,000</td></tr><tr><td>Gopal's wife's loan</td><td>50,000</td><td>Debtors</td><td>76,000</td></tr><tr><td>Capitals :</td><td></td><td>Stock</td><td>2,00,000</td></tr><tr><td> Harish 2,80,000</td><td></td><td>Furniture</td><td>20,000</td></tr><tr><td> Gopal 1,60,000</td><td>4,40,000</td><td>Leasehold premises</td><td>1,00,000</td></tr><tr><td></td><td><u>5,36,000</u></td><td></td><td><u>5,36,000</u></td></tr></table> <p>On the above date the firm was dissolved. The various assets were realized and liabilities were settled as under :</p> <p>(i) Gopal agreed to pay his wife’s loan.</p> <p>(ii) Leasehold premises realised Rs.1,50,000 and Debtors Rs. 12,000 less.</p> <p>(iii) Half of the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 10% less.</p> <p>(iv) 50% stock was taken over by Harish on payment by cheque of Rs. 90,000 and remaining stock was sold for Rs.94,000.</p> <p>(v) Realization expenses of Rs.10,000 were paid by Gopal on behalf of the firm.</p> <p>Prepare Realization Account, Partner Capital Account & Bank Account</p>	Liabilities	Amount (₹)	Assets	Amount (₹)	Creditors	36,000	Cash	47,000	Outstanding expenses	10,000	Bank	93,000	Gopal's wife's loan	50,000	Debtors	76,000	Capitals :		Stock	2,00,000	Harish 2,80,000		Furniture	20,000	Gopal 1,60,000	4,40,000	Leasehold premises	1,00,000		<u>5,36,000</u>		<u>5,36,000</u>	6
Liabilities	Amount (₹)	Assets	Amount (₹)																															
Creditors	36,000	Cash	47,000																															
Outstanding expenses	10,000	Bank	93,000																															
Gopal's wife's loan	50,000	Debtors	76,000																															
Capitals :		Stock	2,00,000																															
Harish 2,80,000		Furniture	20,000																															
Gopal 1,60,000	4,40,000	Leasehold premises	1,00,000																															
	<u>5,36,000</u>		<u>5,36,000</u>																															
Q3	<p>Pass necessary journal entries on the dissolution of a partnership firm in the following cases :</p> <p>(i) Dissolution expenses were Rs. 800.</p> <p>(ii) Dissolution expenses Rs. 800 were paid by Prabhu, a partner.</p> <p>(iii) Geeta, a partner, was appointed to look after the dissolution work, for which she was allowed a remuneration of Rs. 10,000. Geeta agreed to bear the dissolution expenses. Actual dissolution expenses Rs. 9,500 were paid by Geeta.</p> <p>(iv) Janki, a partner, agreed to look after the dissolution work for a commission of Rs. 5,000. Janki agreed to bear the dissolution expenses. Actual dissolution expenses Rs. 5,500 were paid by Mohan, another partner, on behalf of Janki</p>	6																																

	<p>(v) A partner, Kavita, agreed to look after the dissolution process for a commission of Rs. 9,000. She also agreed to bear the dissolution expenses. Kavita took over furniture of Rs. 9,000 for her commission. Furniture had already been transferred to realisation account.</p> <p>(vi) A debtor, Ravinder, for Rs. 19,000 agreed to pay the dissolution expenses which were Rs. 18,000 in full settlement of his debt.</p>	
Q4	<p>Pass necessary journal entries on the dissolution of a firm in the following cases :</p> <p>(i) Dissolution expenses were Rs. 700.</p> <p>(ii) Dissolution expenses Rs. 1,100 were paid by partner 'A'.</p> <p>(iii) Partner 'B' agreed to do the work of dissolution for a commission of Rs. 2,000. He also agreed to bear the dissolution expenses. Actual dissolution expenses Rs. 2,100 were paid by B.</p> <p>(iv) Partner 'C' was appointed to look after the dissolution work for a remuneration of Rs. 10,000. He also agreed to bear the dissolution expenses. Actual dissolution expenses Rs. 9,800 were paid from the firm's bank account.</p> <p>(v) Partner 'D' was appointed to look after the dissolution work for a remuneration of Rs. 15,000. He also agreed to bear the dissolution expenses. Actual dissolution expenses Rs. 13,000 were paid by partner 'E' on behalf of partner 'D'.</p> <p>vi) Partner 'F' was appointed to look after the process of dissolution for a remuneration of Rs. 9,000. He also agreed to pay the dissolution expenses. 'F' took away furniture of Rs. 9,000 as his remuneration. Furniture had already been transferred to realisation account.</p>	6