

DISSOLUTION

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All partners solvent

Problem 2

A, B and C are in partnership sharing profits and losses in 5:3:2. They decide to dissolve their partnership and the Balance Sheet at the date of dissolution is as follows :-

<u>Liabilities</u>		<u>Assets</u>	
Sundry Creditors	6000	Frehold	
Bills payable	3000	Property	52000
Bank Overdraft	1500	Plant	30000
Reserve	5000	Stock	40000
Capital		Furniture	5000
— A	53500	Debtors	17500
— B	44100	(-) Prov.	500
— C	39400		17000
		Cash	8500
	<u>1, 52, 500</u>		<u>1, 52, 500</u>

Date: / /

A is to take the freehold property of ₹ 35,000. B is to take the stock at ₹ 35,000 and C is to take furniture at ₹ 3000. Sundry Debtors realized ₹ 16000 and Plant realized ₹ 40,000. Cost of dissolution was ₹ 2000. Close the book of accounts.