

## CHAPTER 6

### DISSOLUTION OF A PARTNERSHIP FIRM

**Dissolution of a firm:** As per Indian Partnership Act, 1932: “*Dissolution of firm means termination of partnership among all the partners of the firm*”. When a firm is dissolved, the business of the firm terminates. All the assets of the firm are disposed off and all outsiders’ liabilities and partners’ loan and partners capitals are paid.

**Dissolution of Partnership:** *Dissolution of Partnership refers to termination of old partnership agreement (i.e., Partnership Deed) and a reconstruction of the firm.* It may take place on

Change in profit sharing ratio among the existing partner;

- Admission of a partner; and
- Retirement or Death of a partner.

It may or may not result into closing down of the business as the remaining partners may decide to carry on the business under a new agreement.

**Types of dissolution of firms :** A partnership firm can be dissolved in any of the following ways :

(A) Without the intervention of the court :

(1) When all partners agree to dissolve the firm (Sec. 40);

(2) Compulsory Dissolution (Sec. 41)

(i) When all or all but one partner of the firm become insolvent.

(ii) when business of the firm become unlawful.

(3) On the happening of any of the following events : (Sec. 42)

(i) On the insolvency of a partner.

(ii) On the fulfilment of the objective of the firm for which the firm was formed.

(iii) On the expiry of the term (period) for which the firm was formed.

(4) By Notice (Sec. 43) : When the duration of the partnership firm is not fixed and it is at will of the partners. Any partner by giving notice to other partners can dissolve the firm.

(B) Dissolution by order of the court (Sec 44) : A court on application by a partner may order the dissolution of the firm under the following circumstances :

(1) When a partner has become of unsound mind.

(2) When a partner has become permanently incapable of performing his duties as a partner.

(3) When a partner is found guilty of misconduct that may harm the partnership.

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- (4) When a partner consistently and deliberately commits breach of partnership agreement.
- (5) When a partner transfer whole of his interest in the business firm to a third party, without the consent of existing partners.
- (6) When the court is satisfied that the partnership firm cannot be carried on except at a loss.
- (7) When the court find is that the dissolution of firm is justified and equitable.

## **ACCOUNTING TREATMENT ON DISSOLUTION**

On dissolution of a firm, the following accounts are opened to close the books of the firm:

- Realisation Account;
- Partner’s Loan Account;
- Partners’ Capital Accounts; and
- Cash or Bank Account.

**Realisation Account:** It is *nominal account* opened on the dissolution of a firm *to ascertain the profit or loss on realisation of assets and payments of outsiders’ liabilities*. This account is closed by transferring the balance (i.e., profit or loss on realisation) to partner’s capital accounts.

### **Preparation of Realisation Account**

The following Journal Entries are passed:

#### **A. For Closing Assets Accounts :**

Realisation A/C Dr.  
    To Sundry Assets A/C

(Being assets transferred to Realisation A/c)

Note :

1. Cash and Bank balance are not transferred to Realisation Account.
2. Assets (tangible and intangible) are transferred to Realisation Account at their **Gross Value**
3. Fictitious Assets such as Debit balance of Profit and Loss Account or Advertisement Suspense Account etc. are not transferred to Realisation Account. These are directly debited to partners’ capital accounts in their profit sharing ratio by passing the following entry:

**Partner’s capital A/c Dr.**  
**To Profit and Loss A/c**  
**To Advertisement Suspense A/c**

**(Being Balance of losses transferred to capital accounts)**

4. Provisions against assets such as Provision for Depreciation or Provision for Bad & Doubtful debts etc. are transferred to Realisation Account by passing a

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separate entry:

|   |            |
|---|------------|
| <b>Provision's for Bad Debts A/c</b>  | <b>Dr.</b> |
| <b>Provision's for Depreciation A/c</b>   | <b>Dr.</b> |
| <b>Joint Life Policy Reserve A/c</b>  | <b>Dr.</b> |
| <b>Investment Fluctuation Fund A/c</b>  | <b>Dr.</b> |
| <b>Machinery Replacement Reserve A/c</b>  | <b>Dr.</b> |
| <b>To Realisation A/c</b>   |            |
| <b>( Being Provisions &amp; Reserves Against Assets transferred to Realisation Account)</b> |            |

### **B. For Closing Liabilities Accounts :**

|  |            |
|--|------------|
| <b>Sundry Liabilities A/cs</b>                                   | <b>Dr.</b> |
| <b>To Realisation A/c</b>  |            |
| <b>(Being sundry liabilities transferred to Realisation A/c)</b> |            |

**Note:**

1. Only third parties liabilities/outside's liabilities are transferred to Realisation A/c.
2. Balance of Partner's Loan Accounts are not transferred to Realisation Account. Separate accounts are opened to settle such liabilities.
3. Undistributed profits and reserves are also not transferred to Realisation A/c. These are directly credited to partners' capital accounts in their profit – sharing ratio by passing the following entry:

|                                  |            |
|----------------------------------|------------|
| <b>Profit and Loss A/c</b>       | <b>Dr.</b> |
| <b>General Reserves A/c</b>      | <b>Dr.</b> |
| <b>Reserve Fund A/c</b>          | <b>Dr.</b> |
| <b>Contingency Reserve A/c</b>   | <b>Dr.</b> |
| <b>To Partners' Capital A/cs</b> |            |

**(Being balance of undistributed profits transferred to capital accounts)**

4. *Provident Fund is a liability on the firm towards employees and hence it is transferred to Realisation A/c*
5. If any liability is expected to arise against any fund or reserve e.g., Workmen's Compensation Fund, then an amount equal to such liability is transferred to Realisation A/c and balance, if any, is distributed among the partners in their profit-sharing ratio by passing the following entry:

|  |                          |
|--|--------------------------|
| <b>Workmen's Compensation Fund A/c</b> | <b>Dr.</b>               |
| <b>To Realisation A/c</b>              | <b>(Liability)</b>       |
| <b>To Partners' Capital A/cs</b>       | <b>(Balance, if any)</b> |

**(Being liability against workmen's compensation fund transferred to Realisation A/c and balance)**

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**distributed among partners)**

Example. Workmen's Compensation Fund shown in the liability side of Balance Sheet is Rs. 50,000. At the time of dissolution liability against this fund is estimated at Rs. 30,000. Pass necessary Journal Entry.

|  |               |               |
|--|---------------|---------------|
| <b>Workmen's Compensation Fund A/c Dr.</b> | <b>50,000</b> |               |
| <b>To Realisation A/c</b>                  |               | <b>30,000</b> |
| <b>To A's Capital A/cs</b>                 |               | <b>10,000</b> |
| <b>To B's Capital A/cs</b>                 |               | <b>10,000</b> |

**(Being liability against workmen's compensation fund transferred to Realisation A/c and balance distributed among partners)**

### **C. For Realisation of Assets (whether recorded or unrecorded**

*a. When assets are sold for cash*

**Cash/Bank A/c** **Dr.**

**To Realisation A/c**

(Being assets sold for cash)

*b. When assets are taken over by any partner*

**Partner's Capital A/c** **Dr.**

**To Realisation A/c**

(Being assets taken over by any partner)

*c. When assets are taken over by any creditor in part or full payment of his dues :*

**I. In case of Full Settlement :**

i. NO ENTRY is passed for the transfer of assets to the creditor

ii. NO ENTRY is passed for the payment to creditor

**II. In case of Part Settlement :**

i. NO ENTRY is passed for the transfer of assets to the creditor.

ii. The agreed amount of asset is deducted from the claims of the creditor and

the balance is paid to him.

Note:

**1. If nothing is stated regarding the realisation of any tangible assets then such assets should be assumed to be realized at book value**

**2. If nothing is stated regarding the realisation of any intangible assets like goodwill, patents, trade marks etc. then it is assumed that such assets have not realized any amount.**

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## D. For Payments of Liabilities

a. *When liabilities are paid in cash*

**Realisation A/c** **Dr.**  
**To Cash/Bank A/c**

(Being liabilities paid in cash)

b. *When liabilities are taken over by any partner*

**Realisation A/c** **Dr.**  
**To Partner's Capital A/c**

(Being liabilities taken over by a partner)

c. *When assets are taken over by any creditor in part or full payment of his dues :*

**I. In case of Full Settlement:**

i. NO ENTRY is passed for the transfer of assets to the creditor

ii. NO ENTRY is passed for the payment to creditor

**II. In case of Part Payment:**

i. NO ENTRY is passed for the transfer of assets to the creditor

ii. The agreed amount of asset is deducted from the claims of the creditor and the balance is paid to him.

Note:

**If nothing is stated regarding the settlement of any outside liability, then it should be assumed that the amount equal to book value is paid.**

## E. For Realisation Expenses

a. When expenses are paid by firm and borne by firm:

**Realisation A/c** **Dr.**  
**To Cash/Bank A/c**

(Being realisation expenses paid in cash)

b. When expenses are paid by any partner and borne by firm:

**Realisation A/c** **Dr.**  
**To Partner's Capital A/c**

(Being realisation expenses paid by a partner)

c. When expenses are paid by firm (on behalf of any partner) and borne by any partner:

**Partner's Capital A/c** **Dr.**  
**To Cash/Bank A/c**

(Being realisation expenses paid on behalf of a partner)

d. When expenses are paid by any partner and borne by same partner :

**NO ENTRY**

e. When a partner is paid a fixed amount for bearing realisation expenses then :

i. Actual expenses are not to be considered; and

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ii. **Realisation A/c**

**Dr. [With Fixed Amount]**

**To Partner's Capital A/c**

(Being realisation expenses paid by a partner)

f. When expenses are paid by one partner and borne by another partner:

**Partner's Capital A/c**

**Dr. (Who borne the expenses)**

**To Partner's Capital A/c**

**(Who pays the expenses)**

(Being realisation expenses paid by one partner and borne by another partner)

## **F. For Closing Realisation Account**

a. When Realisation A/c discloses profit ( in case total of credit side is more than the total of debit side)

**Realisation A/c**

**Dr.**

**To Partners' Capital A/cs**

(Being profit on realisation transferred to partners' capital A/cs)

b. When Realisation A/c discloses loss ( in case total of debit side is more than the total of credit side)

**Partners' Capital A/cs**

**Dr.**

**To Realisation A/c**

(Being loss on realisation transferred to partners' capital A/cs)

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## FORMAT OF REALISATION ACCOUNT

### Realisation Account

Dr.

Cr.

| Particulars  | Rs. | Particulars   | Rs. |
|--|-----|---|-----|
| <p><b>To Sundry Assets A/c</b><br/>(Excluding cash or bank balance, fictitious assets, Dr. balance of P &amp; L A/c, Dr. balance of partners' capital/current A/cs, Loans to partners)</p> <p><b>To Cash/Bank A/c</b><br/>(Amount paid for discharging liabilities-recorded and unrecorded)</p> <p><b>To Cash Bank A/c</b><br/>(Expenses on Realisation)</p> <p><b>To Partner's Capital A/cs</b><br/>(Liabilities taken over by a commission payable to him or any expenses payable to him or</p> <p><b>To partners' Capital A/cs</b><br/>(For transferring profit on Realisation)</p> |     | <p><b>By Sundry Liabilities A/c</b><br/>(Excluding Cr. Balance of P &amp; L A/c, Reserves, Partners' capital/current A/cs, Loan from Partner and Bank Overdraft)</p> <p><b>By Provision on any Assets A/c</b><br/>(Such as Provision for Depreciation, Provision for Doubtful Debts, Joint Life Policy Reserve etc.)</p> <p><b>By Cash/Bank A/c</b><br/>(Amount received on realisation of assets-recorded and unrecorded)</p> <p><b>By Partners' Capital A/cs</b><br/>(Assets taken over by a partner - recorded or unrecorded)</p> <p><b>By Partners' Capital A/cs</b><br/>(For transferring loss on Realisation)</p> |     |

### Preparation of Partners' Loan Account

If a partner has given any loan to firm, his loan will be paid

- After payment of all the outside liabilities : but
- Before making any payment to partners on account of capital

|                                       |            |
|---------------------------------------|------------|
| <b>Partner's Loan A/c</b>             | <b>Dr.</b> |
| <b>To Cash/Bank A/c</b>               |            |
| <b>(Being loan of a partner paid)</b> |            |

| Dr.              | Partner's Loan A/c | Cr.            |       |
|------------------|--------------------|----------------|-------|
| Particulars      | Rs.                | Particulars    | Rs.   |
| To Cash/Bank A/c | _____              | By Balance b/d | _____ |
|                  | _____              |                | _____ |

Note :

*If the firm has given a loan to any partner then such loan account will show a debit balance and will appear on the asset side of Balance Sheet of the firm. Such loan accounts are settled through partner's capital account by passing the following entry :*

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*Partner's Capital A/c*

*Dr.*

*To Partner's Loan A/c*

(Being loan to partner transferred to his Capital A/c)

## Preparation of Partner's Capital Accounts

After the transfer of

- Undistributed profits and reserves
- Profit on Realisation
- Any liability taken over by any partner

And

- Undistributed losses and fictitious assets
- Loss on realisation
- Any assets taken over by any partner

The balance of partners' capital A/cs are closed in the following manner

a. For making final payment to a partner (if total of credit side is more than the total of debit side)

**Partner's Capital A/c**

**Dr.**

**To Cash/Bank A/c**

(Being excess paid to partner in cash)

b. For any amount received from a partner against debit balance in his capital account

**Cash/Bank A/c**

**Dr.**

**To Partners' Capital**

(Being cash brought in by any partner)

**Dr.**

**Partner's Capital A/cs**

**Cr.**

| Particulars                                 | Rs. | Rs. | Particulars                                   | Rs. | Rs. |
|---|-----|-----|---|-----|-----|
| To Balance b/d<br>(Dr. Balance)             |     |     | By balance b/d<br>(Cr. Balance)               |     |     |
| To Profit and Loss A/c                      |     |     | By General Reserve<br>A/c                     |     |     |
| To Advertisement                            |     |     | By Profit and Loss<br>A/c                     |     |     |
| To Realisation A/c<br>(Assets taken)        |     |     | Compensation Fund                             |     |     |
| To Realisation A/c<br>(Loss on Realisation) |     |     | By Realisation A/c<br>(Liabilities taken)     |     |     |
| To Cash/Bank A/c<br>(Excess cash paid)      |     |     | By Realisation A/c<br>(Profit on Realisation) |     |     |
|   |     |     | By Cash/Bank A/c<br>(Cash brought in)         |     |     |
|   |     |     |   |     |     |



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## Preparation of Cash or Bank Account

This account is prepared at the end and closed last of all. This account helps in verification of the arithmetical accuracy of accounts as both sides of this account must be equal.

**There should be no balance left in Cash or Bank A/c.**

**Note :**

If cash and bank balance (or Bank Overdraft) both are given in the Balance Sheet, only one A/c is prepared, either a Cash A/c or a Bank A/c. If Cash A/c is opened, an entry for withdrawing the bank balance is made :

**Cash A/c                      Dr.**  
**To Bank A/c**  
 (Being cash withdrawn from Bank)

If Bank A/c is opened, an entry for depositing the cash into bank is passed.

**Bank A/c                      Dr.**  
**To Cash A/c**  
 (Being cash deposited into Bank)

| Dr.  | Cash/Bank/A/c  | Cr.   |  |
|--|--|---|--|
| Particulars  | Rs.  | Particulars   | Rs.  |
| To Balance b/d<br>(Cash in Hand or Cash at Bank)<br>To Realisation A/c<br>(Assets Realised)<br>To Partners' Capital A/cs<br>(Cash brought in by partner) | <hr style="border: none; border-top: 1px solid black; width: 100%;"/> <hr style="border: none; border-top: 3px double black; width: 100%;"/> | By Balance b/d<br>(Bank Overdraft)<br>By Realisation A/c<br>(Liabilities Paid)<br>By Realisation A/c<br>(Realisation Expenses Paid)<br>By Partner's Loan A/c<br>(Partner's Loan Paid)<br>By Partners' Capital A/cs<br>(Excess cash paid to partner) | <hr style="border: none; border-top: 1px solid black; width: 100%;"/> <hr style="border: none; border-top: 3px double black; width: 100%;"/> |

### Distinction between Revaluation Account and Realisation Account

| Basis of Difference           | Revaluation Account  | Realisation Account  |
|-------------------------------|--|--|
| <b>Purpose</b>                | It is prepared to show assets and liabilities in the books at their revised values   | It is prepared to ascertain the profit or loss on sale of assets and repayment of liabilities. |
| <b>When to be prepared</b>    | It is prepared at the time of change in profit sharing ratio among the existing partner, admission, retirement and death of a partner. | It is prepared at the time of dissolution of a firm  |
| <b>Preparation of Account</b> | This account may be prepared at a number of times during the life of a firm  | This account is prepared only once during the life of a firm                                   |

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|                 |  |   |
|-----------------|--|---|
| <b>Contents</b> | This account records only those assets and liabilities whose book values have been changed | This account records all assets (except cash, fictitious assets etc.) and all outside liabilities |
| <b>Result</b>   | A firm continues its business even after the preparation of revaluation account.           | A firm comes to an end after preparation of realisation account                                   |

### Preparation of Memorandum Balance Sheet

If a balance sheet on the date of dissolution is not given in the question, then it is always advisable to prepare Memorandum Balance Sheet on the date of dissolution to ascertain the amount of balancing figure.

#### Note :

- In the absence of any other information "Sundry Assets" should be treated as balancing figure on the assets side of Balance Sheet.
- If the balances of Partners' Capital A/cs are not given as on the date of dissolution, first we will find the balance of partners' capital accounts as on the date of dissolution by recasting the capital accounts.
- When "Sundry Assets" are given in the question and nothing is specified about the difference on the asset side of Balance Sheet, the difference should be treated as Dr. balance of Profit and Loss A/c.

#### Some common mistakes committed by the students in Examination

- Entries for Assets or liabilities taken by partners
  - Dissolution Expenses
  - Realisation of unrecorded assets
  - Payments of Unrecorded Liabilities
  - Treatment of Fictitious Assets
- Due care should be taken while showing the effect of above mentioned items.

#### Practical Problem

Q1. : Following is the Balance Sheet of X and Y, who share profits and losses in the ratio of 4:1, as at 31st March, 2011 :

Balance Sheet  
As on 31st March, 2011

| Liabilities                 | Rs.      | Assets              | Rs.      |
|-----------------------------|----------|---------------------|----------|
| Sundry Creditors            | 8,000    | Bank                | 20,000   |
| Bank Overdraft              | 6,000    | Debtors             | 17,000   |
| X's Wife Loan               | 8,000    | Less : Provision    | (2,000)  |
| Y's Loan                    | 3,000    | Stock               | 15,000   |
| Investment Fluctuation Fund |          | Investments         | 25,000   |
| Capital                     | 5,000    | Buildings           | 25,000   |
| X                           |          | Goodwill            | 10,000   |
| Y                           | 50,000   | Profit and Loss A/c | 10,000   |
|                             | 40,000   |                     |          |
|                             | 1,20,000 |                     | 1,20,000 |

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The firm was dissolved on the above date and the following arrangements were decided upon :

- (i) X agreed to pay off his wife's loan.
- (ii) Debtors of Rs.5,000 proved bad.
- (iii) Others assets realised - Investments 20% less; and Goodwill at 60%
- (iv) One of the creditors for Rs.5,000 was paid only Rs.3,000
- (v) Buildings were auctioned for Rs.30,000 and auctioneer's commission amounted to Rs.1,000.
- (vi) Y took over part for Stock at Rs.4,000 (being 20% less that the book value). Balance stock realised 50%.
- (vii) Realisation expenses amounted to Rs.2,000.

Prepare Realisation A/c, Partners' Capital A/cs and Bank A/c

**Solution :**

| Dr.                                      | Realisation Account |                                 | Cr.      |
|--|---------------------|---------------------------------|----------|
| Particulars                              | Rs.                 | Particulars                     | Rs.      |
| To Goodwill                              | 10,000              | By Investment Fluctuation Fund  | 5,000    |
| To Buildings                             | 25,000              | By Provision for Doubtful Debts | 2,000    |
| To Investments                           | 25,000              | By Creditors                    | 8,000    |
| To Stock                                 | 15,000              | By X's Wife Loan                | 6,000    |
| To Debtors                               | 17,000              | By Bank A/c :                   | 8,000    |
| To X's Capital A/c<br>(X's brother loan) | 8,000               | (Asset realised                 |          |
|  |                     | Debtors                         | 12,000   |
| (Creditors)                              | 6,000               | Investments                     | 20,000   |
| To Bank A/c                              |                     | Goodwill                        | 6,000    |
| (Expenses on Realisation)                | 6,000               | Buildings                       | 29,000   |
|  |                     | Stock                           | 5,000    |
|  |                     |                                 | 72,000   |
|  |                     | By Y's Capital A/c<br>(Stock)   | 4,000    |
|  |                     | By Loss transferred to :        |          |
|  |                     | X's Capital A/cs                | 7,200    |
|  |                     | Y's Capital A/cs                | 1,800    |
|  |                     |                                 | 9,000    |
|  | 1,08,000            |                                 | 1,08,000 |

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| Dr.   | Partner's Capital A/cs |          |   |          | Cr.      |
|---|------------------------|----------|---|----------|----------|
| Particulars                                 | X<br>Rs.               | Y<br>Rs. | Particulars                               | X<br>Rs. | Y<br>Rs. |
| To Profit and Loss A/c                      | 8,000                  | 2,000    | By Balance b/d                            | 50,000   | 40,000   |
| To Realisation A/c<br>(Assets taken)        | -                      | 4,000    | (Cr. Balance)                             |          |          |
| To Realisation A/c<br>(Loss on Realisation) | 7,200                  | 1,800    | By Realisation A/c<br>(Liabilities taken) | 8,000    |          |
| To Bank A/c<br>(Excess cash paid)           | 42,800                 | 42,800   |   |          |          |
|   | 58,000                 | 58,000   |   | 58,000   | 40,000   |

### Cash/Bank A/c

| Dr.  | Rs.    | Cr.  | Rs.    |
|--|--------|--|--------|
| Particulars  | Rs.    | Particulars                                      | Rs.    |
| To Balance b/d<br>(Cash at Bank)                         | 20,000 | By Balance b/d<br>(Bank Overdraft)               | 6,000  |
| To Realisation A/c<br>(Assets Realised)                  | 72,000 | By Realisation A/c<br>(Liabilities Paid)         | 6,000  |
| To Partners' Capital A/c<br>(Cash brought in by Partner) |        | By Realisation A/c<br>Realisation Expenses Paid) | 2,000  |
|  |        | By Y's Loan A/c<br>(Partner's Loan Paid)         | 3,000  |
|  |        | By X' Capital A/c                                | 42,800 |
|  |        | By Y's Capital A/c                               | 32,200 |
|  | 92,000 |  | 92,000 |

Q2. A and B were partners in a firm from 1-4-2008 with capitals of Rs.60,000 and Rs.40,000 respectively. They shared profits and losses in the ratio of 3:2. The carried on business for 2 years. In the first year, they made a profit of Rs.50,000 and in the 2nd year ending on 31st March 2010, they incurred a loss of Rs.20,000. As the business was no longer profitable, they decided to wind up. Creditors on that date were Rs.20,000. The partners withdrew Rs.8,000 each per year for their personal expenses. The assets realised Rs.1,00,000. The expenses on realisation were Rs.3,000. Prepare Realisation A/c and Partner's Capital A/c and show your working clearly.

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**Solution :**

## Book of A and B Realisation Account

| Particulars                              | Rs.      | Particulars   | Rs.      |
|--|----------|---|----------|
| To Sundry Assets                         | 1,18,000 | By Creditors  | 20,000   |
| To Bank A/c<br>(Creditors)               | 20,000   | By Bank A/c<br>(Assets realised)  |          |
| To Bank A/c<br>(Expenses on Realisation) | 3,000    | By Loss transferred to :<br>A's Capital A/cs 12,600<br>B's Capital A/cs 8,400 | 21,000   |
|  | 1,41,000 |   | 1,41,000 |

**Working Notes :**

(i)

## Partner's Capital A/cs

| Dr.        |                              |          |          | Cr.      |                           |          |          |
|------------|------------------------------|----------|----------|----------|---------------------------|----------|----------|
| Date       | Particulars                  | A<br>Rs. | B<br>Rs. | Date     | Particulars               | A<br>Rs. | B<br>Rs. |
| 2008 ?     | To Bank A/c<br>(Drawings)    | 8,000    | 8,000    | 1.04.08  | By Cash A/c               | 60,000   | 60,000   |
| 31.03.2009 | To Balance<br>c/d            | 82,000   | 52,000   | 31.03.09 | By Profit and<br>Loss A/c | 30,000   | 30,000   |
|            |                              | 90,000   | 60,000   |          |                           | 90,000   | 60,000   |
| 2009 ?     | To Bank A/c<br>(Drawings)    | 8,000    | 8,000    | 1.04.09  | By Balance<br>b/d         | 82,000   | 52,000   |
| 31.03.09   | To Profit and<br>Loss A/c    | 12,000   | 8,000    |          |                           |          |          |
| 31.03.09   | To Balance<br>c/d            | 62,000   | 36,000   |          |                           |          |          |
|            |                              | 82,000   | 52,000   |          |                           | 82,000   | 52,000   |
| 01.04.10   | To Realisation<br>A/c (Loss) | 12,600   | 8,400    | 1.4.10   | By Balance<br>b/d         | 62,000   | 36,000   |
|            | To Bank A/c                  | 49,400   | 27,600   |          |                           |          |          |
|            |                              | 62,000   | 36,000   |          |                           | 62,000   | 36,000   |

