

Memorandum B/S

Some times B/S is not given in the question, so you need to prepare a Memorandum B/S after that you solve the question in the normal way.

Eg: £ Outside liabilities as on 31-3-2010 : 100000
 £ A's Capital A/c : 200000
 £ B's Capital A/c : 300000

The firm got dissolved. At the time of dissolution of the firm the firm had a cash balance of £ 10,000. Sundry Assets realised at £ 80000. Realisation exp. £ 1000.

Prepare various A/cs.

Memorandum B/S

Liabilities	£	Assets	£
Outside Liabilities	100000	Cash A/c.	10000
Capital A/c	200000	Sundry Assets	590000
Capital A/c.	300000	(B/F)	

Realisation A/c

To sundry Assets A/c. 590000	By outside Liabilities A/c. 100000
To Cash 100000 (Payment of outside Liabilities)	By Cash A/c 800000 (Assets realised)
To Cash (Realisation Exp) 1000	
To Profit on Realisation A/c. 209000	
900000	900000

Partners' Capital A/c

DR.			Particulars	CR	
Particulars	A	B		A	B
To Cash A/c	304500	404500	By Bal. b/d.	200000	300000
			By Realisation A/c	104500	104500
	304500	404500		304500	404500

Cash A/c

DR.			Particulars	CR.	
To Bal. b/d.	10,000		By A's Capital A/c.	304500	
To Realisation	800000		By B's Capital A/c.	404500	
			By Realisation A/c.	100000	
			By Realisation A/c.	1000	
	810000			810000	

Partners: A & B, Ratio: 2:1

Date
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WCR Treatment In DOPF

Case	Book Value (WCR)	Information	DR.	CR.
1.	150000	No info or No liability towards WCR	WCR — Dr. 150000	A's Capital A/c 100000 B's Capital A/c 50000
2.	150000	Liability : ₹ 90000	WCR — Dr. 150000 Realisation : 90000	Realisation A/c 90000 A's Capital A/c 40000 B's Capital A/c 20000 Cash A/c : 90000
3.	150000	Liability : ₹ 150000	WCR : 150000 Realisation : 150000	Realisation : 150000 Cash A/c : 150000
4.	150000	Liability ₹ 200000	WCR : 150000 Realisation : 200000	Realisation : 150000 Cash A/c : 200000
5.	150000 NIL	Liability towards partner : ₹ 40000	Realisation : 40000	Cash A/c : 40000

(iv). A, partner of the firm paid realization expenses of ₹ 10000. & these are to be borne by A.

→ No entry

(v). Realization expenses are to be borne by the partner. But these are paid by the firm. (₹ 15000)

whose liability - Partner.
who met - firm.
Cash outflow of - Yes.
the firm

Partner's Capital A/c — ₹. 15000
To Cash A/c 15000



Goodwill appearing in the B/S

B/S.

	Goodwill 20000
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Case 1: No info given.

Case 2: Goodwill Realised ₹ 25000

Case 3: Goodwill taken over by A (partner) at Book Value + 10%.

Case 1: Transfer Entry

Realisation A/c	Dr. 20000
	To Goodwill A/c
	20000

Information Entry

No entry

Case 2: Transfer Entry

Realisation A/c	Dr. 20000
	To Goodwill A/c
	20000

Information Entry

Cash A/c	Dr. 25000
	To Realisation A/c
	25000

Case 3: Transfer Entry

Realisation A/c	Dr. 20000
	To Goodwill A/c
	20000

Information Entry

A's Capital A/c	Dr. 22000
	To Realisation A/c
	22000

