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**Subject- Financial Accounting**

**Topic**

**Dissolution of Partnership-1**



**"Nothing is more important than Education"**

*Journal Entries:*

1. For Asset Transfer:

Realisation A/c    Dr.  
    To Asset A/c

2. For Liabilities Transfer

Liabilities A/c    Dr.  
    To Realisation A/c

3. For fictitious assets:

Partner's Capital A/c Dr.  
To Profit and Loss A/c  
To Deferred Revenue Expenditure A/c

(Being fictitious assets transferred to partner's capital account in profit sharing ratio)

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b) Realisation A/c Dr.

To Cash A/c (Payments)

(Being the creditors {liabilities} balance paid off after taking over the assets)

#### **4. When Liabilities are paid off:**

Realisation A/c Dr.

To Cash A/c

#### **5. Liabilities paid by partners:**

Realisation A/c Dr.

Partner's capital A/c