

Week 4 : Partnership Account – Dissolution

In effect students are closing down the partnership by selling off the assets and starting to calculate any balance (refund or liabilities) to each partner.

3 accounts are required



- 1] Dissolution
- 2] Bank or Cash
- 3] Capital Account
- 4] Current Account

Week 4 : Partnership Account – Dissolution

- 1] Open up dissolution account and transfer from all assets and all liabilities (except cash and bank and bank overdraft) at ***Book Value*** into dissolution account
- 2] Transfer the balances from current account (***Balance b/d***) to capital account
- 3] Open up bank or bank overdraft account
- 4] Record cash received from sale of assets, assets taken from partners and Record cash received from debtors (***after discount***)

Week 4 : Partnership Account – Dissolution

5] Record cash paid to settle all liabilities (*after discount*)

6] Record cash paid to settle all liabilities (*after discount*)

7] Balance on dissolution account = Profit / Loss on dissolution account, then transfer this amount to Capital Account in profit sharing ratio

8] Balance the bank account with capital account