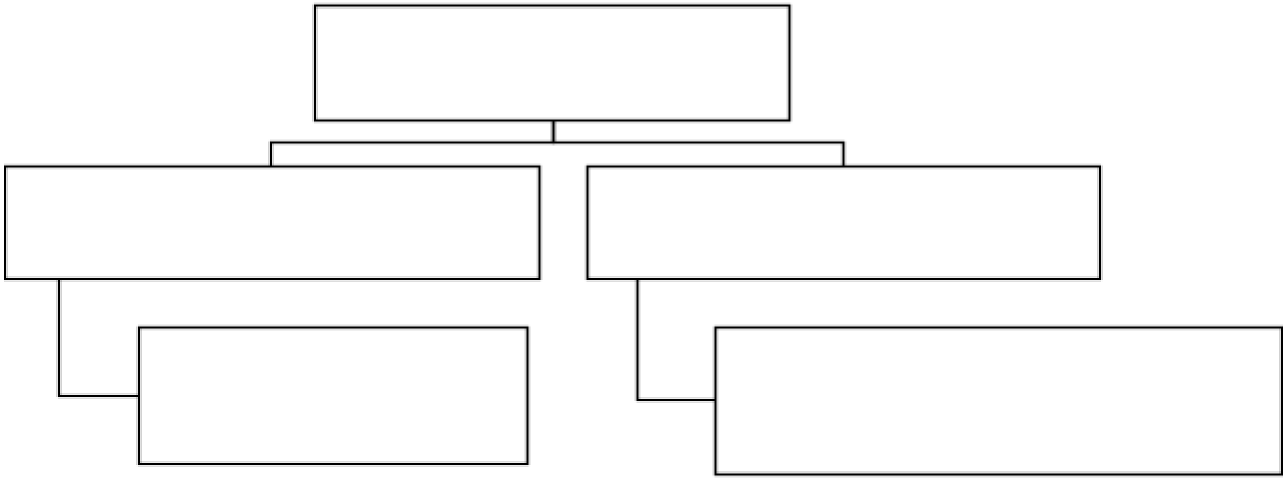
Treatment of Investment Fluctuation fund
During Dissolution of Partnership firm



Investment fluctuation Fund A/c Dr
To Realisation A/c

Investment fluctuation Fund A/c Dr
To Partner’s Capital A/c

Questions for Practice

1. Investment (book value ₹18000) was sold for ₹12000. The firm has three partners A, B and C having profit-sharing ratio (5:4:3) . Investment fluctuation fund appearing in Balance Sheet is ₹90,000. At the time of dissolution of Partnership firm ,this fund should be transferred to (choose the correct option)
a. Realisation A/c Debit side
b. Realisation A/c Credit side
c. Partner’s capital A/c Credit side
d. Partner’s capital A/c Debit side

2. The firm has three partners A, B and C having profit-sharing ratio (4:3:2). Investment fluctuation fund appearing in Balance sheet is ₹ 90,000 but there is no investments. At the time of dissolution of Partnership firm, this fund should be transferred to (choose the correct option)
a. Realisation A/c Debit side
b. Realisation A/c Credit side
c. Partner’s capital A/c Credit side
d. Partner’s capital A/c Debit side

3. A and B share profits and losses in the ration of 5:2. They have decided to dissolve the firm. Investment fluctuation fund appearing in Balance sheet is ₹ 70,000. There is no investment appearing in Balance Sheet. What journal entry will be passed?

4. Kumar, Shyam and Ratan were partners in a firm sharing profits in the ratio of 5: 3 :2 respectively. They decided to dissolve the firm with effect from 1st April, 2019. On that date, the Balance Sheet of the firm has Investment ₹ 50,000 and Investment fluctuation fund of ₹ 20,000. Investment was sold at a loss of ₹5,000. What will be the journal entry for treatment of Investment fluctuation fund?