

S. NO.: 466

BATCH: 87-2013, 2016

Reg. No.:

END OF SEMESTER EXAMINATIONS, APRIL / MAY - 2018

PARTNERSHIP ACCOUNTS

SUBJECT CODE : 16UACO13

MAJOR : B. COM  
TIME : 3 HOURS

17

SEMESTER : IV  
MAX. MARKS: 75**SECTION A - (10 X 1 = 10)****Answer All the questions:**

1. What is fixed capital?
2. What is profit and loss Appropriation Account?
3. What is amalgamation of firm.
4. How will you treat the share of Goodwill of retiring partner?
5. What is capital ratio?
6. How will you treat the liabilities which are not taken over by the new firm?
7. Who are preferential creditors?
8. What does list G refer in insolvency?
9. What is the purpose of preparing Memorandum of revaluation a/c.
10. What is sacrificing ratio?

**SECTION B - (5 X 4 = 20)****Answer any FIVE questions:**

11. Give the provisions of Partnership Act applicable to accounts in the absence of agreement.
12. A partner makes drawing of Rs.4,000 p.m. Under the partnership deed. Interest is to be charged @ 12% p.a. What is the interest that should be charged to the partner if the amount was drawn:
  - a) in the beginning of the month.
  - b) in the middle of the month and
  - c) at the end of the month.
13. State the circumstances under which goodwill of a partnership firm may have to be valued.
14. Distinguish between sacrificing Ratio and Gaining Ratio.
15. A and B are partners in a firm. On 1<sup>st</sup> April 2004 they took out a joint life policy without profits for Rs.30,000 upon which an annual premium of Rs.1,400 is payable. A and B share profits and losses in the ratio of 2:1. On March 31, 2005, B died and Rs.30,000 is received from the insurance company. Journalise the above transactions. Premium is to be adjusted through profit and loss account.
16. The Balance sheet of x,y and z who were sharing profits in the ratio of 3:1:1 stood as follows on 31.12.2009 (i.e) the date of dissolution.

Liabilities	Amount Rs.	Assets	Amount Rs.
Sundry Liabilities	1,05,000	Cash	1,000
X's Capital	15,000	Bills Receivable	4,000
Y's Capital	10,000	Debtors	25,000
		Stock	40,000
		Plant	30,000
		Goodwill	10,000
		Z's capital	20,000
	1,30,000		1,30,000

Assets realized Rs.79,750. Realisation Expenses are Rs.2,000. Prepare Realization Account.

17. From the following distribute cash under proportionate capital method.

Capitals of partners	:	A Rs.20,000
	:	B Rs.10,000
Profit sharing ratio	:	3:2
I Instalment (cash)	:	Rs.5,000
II Instalment (cash)	:	Rs.2,000
III Instalment (cash)	:	Rs.1,000

18. Prepare a Deficiency Account from the following details.

	Rs.
Excess of assets over liabilities	20,000
Net loss from business	6,500
Income from other sources	4,000
Household expenses	32,000
Loss from betting	8,000
Net profit from Business	10,000
Bad debts	12,000
Loss on realisation of assets	9,640

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## SECTION C - ( 3 X 15 = 45 )

**Answer any THREE questions:**

19. Rajesh and Ravi are partners sharing profits in the ratio of 3:2. Their Balance sheet stood as under on 31<sup>st</sup> March 2009.

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	38,500	Cash	2,000
Outstanding liabilities	4,000	Stock	15,000
Capitals:		Prepaid Insurance	1,500
Rajesh 29,000		Debtors 9400	
Ravi 15,000	44,000	(-) provision 400	9,000
		Machinery	19,000
		Buildings	35,000
		Furniture	5,000
	86,500		86,500

Raman is admitted as a new partner introducing a capital of Rs.16,000. The new profit sharing ratio is decided as 5:3:2. Following revaluations are made:

- Stock to depreciate 5%.
- Provision for doubtful debts is to be Rs.500
- Furniture to depreciate 10%.
- Building is valued at Rs.40,000.

Pass Journal entries and prepare Revaluation Account and Balance sheet after admission of Raman.

20. Kin, Min and Tin are partners sharing profits and losses equally. Their Balance sheet as on 31.03.2011 is:

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	47,000	Cash	36,000
General Reserve	30,000	Debtors 84,000	
Capital A/c		(-) PBDD 6,000	78,000
Kin 82,000		Stock	19,000
Min 82,000		Furniture	56,000
Tin 90,000	2,54,000	Fixture	42,000
		Machinery	1,00,000
	3,31,000		3,31,000

Tin died on 1<sup>st</sup> April 2011 and the following agreement was to be put into effect.

- Goodwill was valued at Rs.60,000 and Tin was to be credited with his share.
- Assets were revalued: Machinery to Rs.1,17,000; Furniture to Rs.46,000; Stock to Rs.15,000.
- Rs.21,000 was to be paid away to the Tin's executors on 1<sup>st</sup> April 2011.

Pass Journal entries and prepare Revaluation Account, Capital Account and Balance sheet of new firm.

- Define goodwill and state the factors upon which it depends and the methods which may be adopted to evaluate it.
- What do you mean by amalgamation of firms? Explain the objectives of amalgamation of firms.
- Mr. Chandran of Calcutta finds himself insolvent on 31.12.2013. His position was as follows:

Leasehold property Rs.10,000 (estimated to realise Rs.9,000)

Plant & Machinery Rs.4,000 (estimated to realise Rs.3,000)

Stock in trade Rs.2,000 (estimated to realise Rs.1,400)

Book Debts – Good Rs.6,000

Doubtful Debts Rs.500 (estimated to realise 50%)

Bad debts Rs.1,400

Bills in hand – Rs.375

Life policy for Rs.2,500 whose surrender value is Rs.500 is held by insurance company against a loan of Rs.200.

Household furniture Rs.360; household debt Rs.290

Bills discounted Rs.600 (Rs.200 likely to be dishonoured)

Loan on Mortgage of Leasehold Rs.5,000.

Cash in hand Rs.10.

Bank overdraft secured by personal guarantee of Chandran's brother and second mortgage on leasehold Rs.5,000.

Unsecured Creditors Rs.15,000.

Loan from Nathan Rs.250 secured by second charge on life policy.

Ground Rent on Leasehold for three months secured Rs.25.

He could not pay his office clerk's (two in number)

Salaries for six months, Rs.150 and also rates and taxes amounting to Rs.150.

Prepare a statement of affairs.

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