

END OF SEMESTER EXAMINATIONS, NOVEMBER - 2017
PARTNERSHIP ACCOUNTS
SUBJECT CODE: 12UACO13

MAJOR: B.COM
TIME : 3 HOURS

SEMESTER : IV
MAX. MARKS: 75

SECTION - A (10 X 1 = 10)

Answer ALL the questions:

1. What is a Partnership Deed?
2. What is gaining ratio?
3. What is joint life policy?
4. What is amalgamation of firms?
5. What do you mean by dissolution of a partnership firm?
6. Explain the meaning of 'proportionate capitals'.
7. What is purchase consideration?
8. What is sale to a company?
9. What is deficiency account?
10. What is a statement of affairs?

SECTION - B (5 X 4 = 20)

Answer any FIVE questions:

11. Following is the Balance sheet of Mohan and Madan on 31st Dec.1990, after adjustment of profit for 1990 and drawings

Rs.		Rs.	
Capitals: Mohan	40,000	Land	16,000
Madan	48,000	Buildings	72,000
Creditors	32,000	Other Assets	48,000
P&L Appropriation A/c	24,000	Madan's Drawings	8,000
	1,44,000		1,44,000

During the year 1990: i) Profits were Rs. 40,000 ii) Drawings of Mohan were Rs. 12,000 iii) Interest is to be charged at 5% p.a. on opening capitals. Calculate interest on capitals of Mohan and Madan.

12. Calculate the amount of goodwill at three year's purchase of last five years average profits. The profits were
I Year - Rs.9,600 II Year - Rs.14,400 III Year - Rs.20,000
IV Year - Rs.6,000 V Year - Rs.10,000
13. What is joint life policy? Explain its accounting procedure.
14. What are the steps necessary in closing the books of the existing firm in case of amalgamation of firm?
15. P, Q and R share profits in proportion of 1/2, 1/4 and 1/4. On the date of dissolution their Balance Sheet was as follows.

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry Assets	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

The assets realized Rs. 35,500. Creditors were paid in full. Realisation expenses amounted to Rs. 1,500. Close the books of the firm. Prepare Realisation Account.

16. The following is the Balance Sheet of X, Y and Z as at 30.12.94

Liabilities	Rs.	Assets	Rs.
Capitals		Plant & Machinery	50,000
X	75,000	Land & Building	1,00,000
Y	22,500	Stock	20,000
Z	67,500	Debtors	70,000
Y's loan	13,000		
Creditors	62,000		
	2,40,000		2,40,000

On the above date, they decided to dissolve the firm and to repay the amounts due to partners as and when the assets were realized via.

	Rs.
I Realisation	45,000
II Realisation	1,09,500
III Realisation	70,500

Prepare the statement showing how the distribution should be made.

17. X, Y and Z are equal partners, whose Balance Sheet on 31.12.1992 is as follows

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Liabilities	Rs.	Assets	Rs.
Capital A/c's		Plant & Machinery	4,000
X	1,600	Land & Buildings	4,000
Y	1,000	Furniture	1,600
X's loan	2,000	Debtors	2,000
Sundry Creditors	10,000	Stock	1,600
		Cash in hand	100
		Y's Capital (overdrawn)	1,300
	14,600		14,600

Due to lack of liquidity and weak financial position of the partners, the firm is dissolved. X and Z are not able to contribute anything and a sum of Rs. 400 received from Y. All of them are declared insolvent.

The assets are realised: Stock Rs. 1,000; Plant & Machinery Rs. 2,000; Furniture Rs.400; Land & Buildings Rs. 1,600; and Debtors Rs. 1,100 only. Realisation expenses amounted to Rs. 100. You are required to close the books of the firm.

18. Write short notes on
i) Unsecured Creditors

SECTION – C (3 X 15 = 45)

Answer any THREE questions:

19. Define Goodwill and describe the various methods of valuation of Goodwill.
20. X, Y and Z were partners sharing profits equally. Z died on 31.3.91. The Balance Sheet of the firm as at 31.12.1990 was as under

Liabilities	Rs	Assets	Rs
Capital A/c's		Goodwill	40,500
X	90,000	Buildings	90,000
Y	75,000	Investment (at cost)	24,000
Z	63,000	Debtors	54,000
Reserve Fund	18,000	Less: Provision	5,400
Investment fluctuation		Stock	48,600
Fund	6,300	Cash at Bank	84,000
Creditors	46,800		12,000
	2,99,100		2,99,100

On the date of death it was found that

- Debtors were all good
- Investments were valued at Rs. 22,500 and were taken over by X at that value.
- Stock were valued at Rs. 75,000
- Building was valued at Rs. 1,71,000
- A liability for workmen's compensation for Rs. 9,000 was to be provided for.
- Goodwill was to be valued at one year's purchase of average profits of last 5 years.
- Z's Share of profit upto the date of death was to be calculated on the basis of last year's profit.

The Profit of the last 5 years were as under:

1986 – Rs.34,500; 1987-Rs.37,500; 1988-Rs.24,000; 1989-Rs.30,000; 1990-

Rs.36,000 Prepare Revaluation A/c, Capital A/c's and balance sheet of the remaining partners.

21. Anand and Ashok were in partnership sharing profits and losses in the ratio of 2:1. The summarised partnership Balance Sheet as on 31-3-2001 was as follows.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Fixed Capital A/c s:			Fixed Assets		1,40,000
Anand	1,00,000		Current Assets:		
Ashok	80,000	1,80,000	Stock	70,000	
Current A/cs:			Debtors	1,30,000	
Anand	40,000		Bank Balance	30,000	2,30,000
Less:					
Ashok	20,000	20,000			
Loan-Ashok		60,000			
Creditors		1,10,000			
		3,70,000			3,70,000

The fixed assets included two Motor-Cars having book value of Rs. 16,000 and Rs. 12,000 respectively. The partners desiring to retire from business, accepted the offer of Wellington Ltd. To acquire the stock and fixed assets, other than Motor Cars, at an agreed purchase price of Rs. 3,20,000.

The purchase consideration was to be satisfied by (1) Cash payment of Rs. 1,12,000 (2) The allotment of 800 5% Preference shares of Rs. 100 each and (3) The balance by the allotment of 1,800 equity shares of Rs. 100 each.

The Debtors realized Rs. 1,22,000 and the creditors were settled for Rs. 1,02,000. The partners agreed that the following should be the basis of distribution on dissolution of the partnership.

- Anand to take over one car at a valuation of Rs. 24,000 and Ashok the other at Rs. 16,000.

- (ii) Ashok to be allotted Preference shares to the value of his loan, the remainder to be allotted to Anand.
- (iii) The equity shares to be allotted in proportion of fixed capitals.
- (iv) Both the Preference and equity shares to be valued at Rs. 80 per shares.
- (v) Any balance to be settled in Cash.

You are required to prepare

- a) Realisation A/c b) Bank A/c and c) The partner's Capital A/c's showing the final Settlement.

22. D,E,F and G are partners sharing 4:3:2:1. Their Position statement was as follows

Liabilities	Rs.	Assets	Rs
Capital Accounts:		Cash at Bank	4,500
D	90,000	Machinery	1,32,000
E	60,000	Stock	60,000
Sundry Creditors	1,20,000	Debtors	1,20,000
Bank Loan	60,000	Capital accounts :	
		F	10,500
		G	3,000
	3,30,000		3,30,000

The firm is dissolved. All assets realized Rs. 2,46,000. The sundry creditors and Bank loan were paid Rs. 1,77,000 in full satisfaction. The expenses of dissolution are Rs. 1,800. G became insolvent and F paid only Rs. 9,000.

Prepare ledger accounts to close the books of the firm.

23. Is there any difference between insolvency of an individual and insolvency of a partnership firm?
