

END OF SEMESTER EXAMINATIONS, NOVEMBER - 2018  
PARTNERSHIP ACCOUNTS  
SUBJECT CODE: 16UAC013

MAJOR: B.COM  
TIME : 3 HOURS

SEMESTER : IV  
MAX.MARKS : 75

**SECTION - A ( 10 X 1 = 10 )**

**Answer All the questions:**

1. What is fluctuating capital?
2. What is meant by 'Goodwill'?
3. What is Joint Life Policy?
4. What do you mean by deceased partner?
5. What is the purpose of preparing realization account?
6. Name the method of piecemeal distribution.
7. What is meant by revaluation?
8. What does the list D refer in Insolvency Act?
9. What is meant by purchase consideration?
10. Who is an insolvent person?

**SECTION - B ( 5 X 4 = 20 )**

**Answer any FIVE questions:**

11. What are the Rules Applicable in the absence of partnership deed?
12. A firm earned profits of Rs. 8,000, Rs. 10,000, Rs. 12,000 and Rs. 16,000 during 2002, 2003, 2004 and 2005 respectively. The firm has capital investment of Rs. 50,000. A fair rate of return on investment is 15% p.a. Calculate goodwill of the firm based on three year's purchase of average super profits of last four years.
13. X, Y and Z were partners sharing profits in proportion of 5:3:2. Goodwill does not appear in the books but it is agreed to be worth Rs. 1,00,000. X retires from the firm and Y and Z decide to share future profits equally. You are required to make adjustment entry for goodwill without opening goodwill account at all.
14. Distinguish between Realisation Account and Revaluation Account.
15. Ram, Rahim and Suresh share profits in the ratio 3:2:1. On 31.12.2014, their Balance Sheet was as follows.

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	12,000	Machinery	25,000
General Reserve	3,000	Stock	11,000
Capital:	20,000	Debtors	9,500
Ram	15,000	Goodwill	13,000
Rahim	10,000	Cash	1,500
Suresh			
	<b>60,000</b>		<b>60,000</b>

On the above date, the firm was dissolved. The assets except cash realized Rs. 60,000. The creditors were settled at Rs. 11,500. Dissolution expenses amounted to Rs. 800. Prepare Realisation Account.

16. X and Y are two partners having capitals of Rs. 20,000 and Rs. 10,000 and sharing profits in the ratio of 3:2 and assets realize (i) Rs. 4,000 (ii) Rs. 2,000 and (iii) Rs. 1,000 from the above information distribute cash under proportionate capital method.

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17. Prepare a deficiency account from the following particulars.

	Rs.
(i) Excess of assets over liabilities	4,000
(ii) Loss in Business	7,500
(iii) Profits	12,000
(iv) Drawings	15,000

18. State the different methods of Dissolution of Firm.

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

Answer any THREE questions:

19. The following is the Balance Sheet of A, B and C sharing profits and losses in the proportion of 6:5:3 respectively.

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	18,900	Cash	1,890
Bills Payable	6,300	Debtors	26,460
General Reserve	10,500	Stock	29,400
A's Capital	35,400	Furniture	7,350
B's Capital	29,850	Land and Buildings	45,150
C's Capital	14,550	Goodwill	5,250
	<b>1,15,500</b>		<b>1,15,500</b>

They agreed to take D into partnership and give him 1/8 share on the following terms:

- (i) That furniture be depreciated by Rs. 920.
- (ii) That stock be depreciated by 10%.
- (iii) That a provision of Rs. 1,320 be made for outstanding repair bills.
- (iv) That the value of land and building having appreciated be brought upto Rs. 59,850.
- (v) That the value of goodwill Rs. 16,100 and D's share of goodwill is adjusted through capital accounts.
- (vi) That D should then bring in Rs. 16,800 as his capital.
- (vii) That after making the above adjustments the total capital of the firm should be Rs. 1,12,000 and be adjusted on the basis of the new profit sharing ratio in the business. Actual cash to be paid off or brought in by the partners as the case may be.

Prepare Revaluation Account, Partners Capital Accounts and Balance Sheet of the new firm.

20. Premnath, Ramnath and Loknath were partners in M/s Lok Pran and Co, Sharing Profits and Losses in the ratio of 2:1:2. They decided to convert their business into a private limited company with effect from September 1, 2008, on which date their balance sheet stood as under:

**Balance Sheet**

Liabilities	Amount Rs.	Assets	Amount Rs.
Partners Accounts:			
Premnath 2,500		Goodwill	8,000
Loknath 8,500	11,000	Motor Car	5,000
Loan from Loknath	5,000	Commission receivable	1,000
Bank Overdraft	3,000	Stock	4,000
Creditors	6,000	Debtors	8,000
Bills Payable	5,000	Cash	1,000
		Ramnath's Account	3,000
	<b>30,000</b>		<b>30,000</b>

All assets (except cash and commission receivable which is irrecoverable) and all outside liabilities are taken over by the company for a consideration of Rs. 2,00,000 to be discharged through allotment of 2,000 equity shares of Rs. 10 each created as fully paid in the limited company. Show ledger accounts to close the books of the firm.

21. Prepare a specimen statement of affairs according to provincial Insolvency Act with your imaginary figures.
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		Machinery	1,32,000
E	90,000	Stock	60,000
F	60,000	Debtors	1,20,000
Sundry Creditors	1,20,000	Capital Accounts	
Bank Loan	60,000	F	10,500
		G	3,000
	<b>3,30,000</b>		<b>3,30,000</b>

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. Explain the different types of partners.

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