

( 6 )

(c) Sampat and Patel commenced business on 1st Jan, 2015 with capitals of Rs.40,000/- and Rs.20,000/-. Profits and losses were shared in the ratio of 2:1. During 2015 and 2016 they made profits of Rs.10,000/- and Rs.5,000/- (before allowing 10% p.a. interest on capitals) respectively. On 31st Dec, 2016, the firm was dissolved and Sampat took over the business at Rs.50,000/-. Creditors on the that date were Rs.10,000/-. Sampat agreed to pay Patel Rs.6,000/- for his share of goodwill. Sampat and Patel have drawn Rs.4,000/- each per year.

Give Journal Entries and necessary Ledger Accounts to close the books of the firm.

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Course Code  
**DIA - 04**

**Term End Examination - December, 2019**

PARTNERSHIP ACCOUNTING

Diploma in Accounting (DIA)

Time : 3 hours

Full Marks : 100

The figures in the right-hand margin indicate marks

Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within 1 word or 2 sentences : 1×10=10
  - (a) What is partnership deed?
  - (b) Who is a nominal partner?
  - (c) Write the points which usually require attention at the time of admission of a partner.
  - (d) Mention the methods of valuing goodwill of a partnership business.
  - (e) What are the bases on which calculation of deceased partner's share of profit is determined?

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- (f) State the various modes in which a firm may be dissolved.
- (g) What do you mean by re-evaluation of assets and liabilities?
- (h) What new account is opened on dissolution of a firm?
- (i) Define ostensible partner.
- (j) What are drawings?

Group—B

2. Answer any *four* questions each within 100 words :  $5 \times 4 = 20$

- (a) State the essential features of partnership.
- (b) Mention the implied powers of partners in case of a trading firm.
- (c) State and discuss the types of partner in a partnership firm.
- (d) How is Goodwill Account raised on retirement of a partner? Give one journal entry with imaginary figures.

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- (b) A, B and C are partners in a business, sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet on 30th June, 2016 was as follows:

Liabilities	(Rs.)	Assets	(Rs.)
Sundry Creditors	1,600	Cash in hand	600
Reserve Fund	6,000	Cash at Bank	1,000
Capital:		Sundry Debtors	9,000
A	10,000	Stock in hand	7,000
B	10,000	Machinery	6,000
C	10,000	Factory Building	14,000
<b>Total</b>	<b>37,600</b>	<b>Total</b>	<b>37,600</b>

On the date, C retires from business. It is agreed to adjust the values of assets as follows:

- (i) To make a provision of 5% on sundry debtors for doubtful debts.
- (ii) To depreciate stock by 5% and machinery by 10%.
- (iii) Factory building to be revalued at Rs.15,100/-.

Show the Revaluation Account, Partner's Capital Accounts and prepare the Balance Sheet of the continuing as on July, 1, 2016.

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(c) How can you determine/calculate the deceased partner's share of profit on the basis of —

(i) Time;

(ii) Turnover?

Explain through separate examples.

(d) Discuss the modes of dissolution of a partnership firm.

(e) Differentiate between appropriation of profit again and charge against the profit with suitable examples.

(f) What do you understand by Fixed Capital Method and Fluctuating Capital Method of maintaining Capital Accounts of partners? Explain.

Group—D

4. Answer any *two* questions each within 300 words :  $15 \times 2 = 30$

(a) Define partnership and discuss the important clauses in a partnership deed.

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(e) Suggest the accounting treatment of a Goodwill, when a new partner is unable to bring the Goodwill amount.

(f) How are the accounts settled on dissolution of partnership firm?

Group—C

3. Answer any *four* questions each within 200 words :  $10 \times 4 = 40$

(a) X, Y and Z are in partnership sharing profit and loss in the ratio of 3:2:1. Z's share is, however, guaranteed by X and Y at a fixed minimum of Rs.8,000/-. The net profit for the year ended 31st Dec,2018 was Rs.36,000/-. Show the Profit & Loss Appropriation Account including the amount finally due to each partner.

(b) Give the treatment of goodwill at the time of admission of a partner under the following circumstances:

(i) Goodwill raised

(ii) Goodwill raised and written off.

Give a practical example to explain the above mentioned circumstances.