

**TERM END EXAMINATION-JUNE, 2019**  
**DIPLOMA IN ACCOUNTING (DIA)**

**Course Code**  
**DIA-04**

**PARTNERSHIP ACCOUNTING**

**TIME-3 Hours**

**FULL MARKS=100**

*(Answer All the questions from **Group- 'A'**, any four questions from **Group - 'B'**, any four questions from **Group - 'C'** and any two questions from **Group - 'D'**)*

**Group-A**

**1. Answer all the questions, each within one or two sentences. Marks 1x10=10**

- (a) Define Partnership.
- (b) State at least two essential features of a partnership firm.
- (c) Why a Profit and Loss Account appropriation account is prepared in a partnership firm
- (d) State the advantages of a registered partnership form.
- (e) Give the journal entries when goodwill will raise in the books of accounts of a partnership firm.
- (f) If there is no specific agreement what should be the profit-sharing ratio of partners.
- (g) State whether commission payable to a partner is an appropriation of profit or charged against profit.
- (h) What do you understand by dissolution of a firm by notice?
- (i) Explain the status of a Minor as a Partner.
- (j) What do you mean by a Sleeping Partner?

**Group-B**

**2. Answer any four questions each within 100 words. Marks-5x4=20**

- (a) Distinguish between fixed capital accounts and fluctuating capital accounts of the partners.
- (b) State the clauses in a partnership deed.
- (c) Briefly write the rights and responsibilities of partners.
- (d) What adjustment entries are required to be passed in the accounts of a firm on retirement of a partner?
- (e) What is a joint life policy and what are its benefits?
- (f) How are the account settled on dissolution of a partnership firm?

**Group-C**

**3. Answer any four questions, each within 200 words. Marks-10x4=40**

- (a) What do you mean by Goodwill? Explain its treatment in the books of account on admission of a new partner.
- (b) Why is it necessary to make adjustment in the book value of assets of liabilities at the time of admission of a partner. Give journal entries that have to be passed regarding this aspect.
- (c) A, B and C are three partners sharing profits and losses in the ratio of 4:3:1 be retires and the Goodwill of the firm is valued at Rs.5400. No goodwill appears as yet in the books of firm. A and C decide to share profits in the future ratio of 5:3 and that no goodwill account will be raised in the books of the firm pass necessary journal entries.

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- (d) Bring out the difference between dissolution of partnership and dissolution of firm. State how and under what circumstances firm may be dissolved.
- (e) What is a Realisation Account? How does it differ from a Revaluation Account? Discuss.
- (f) Sonu and Monu are partners sharing profits and losses in the ration of 3:2. They admit Tanu into partnership giving her one fifth share. Tanu is to bring Rs.10,000 is goodwill and Rs.25,000 as capital give journal entries to record this transaction and so the new profits sharing ratio.

**Group-D**

4. Answer any two questions, each within 300 words.

**Marks-15x2=30**

- (a) A and B are partners in a business with capitals of Rs.30,000 and Rs.10,000 respectively. On 1<sup>st</sup> Jan,2019 the trading profit for the year ended 2018 was Rs. 12,000. Interest in capital is to be allowed at the rate 5% per annum. B is entitled to a salary of Rs.3150. Drawings of the partners were Rs. 3000 and Rs. 2000 respectively. The interest on drawings for A being Rs.100/- and for B Rs.50/-. Prepare profit and loss appropriation accounts to show how the profit will be divided between A and B.
- (b) Rajesh and Himanshu are partners sharing profits and losses in the ratio of 3:2. Akhilesh is admitted and the new profit sharing ratio is 3:2:1. Akhilesh brings in cash Rs.40,000 for capital and Rs.10,000 towards goodwill as his share. The balance sheet of Rajesh and Himanshu if given here under.

<b>Liabilities</b>	<b>(Rs.)</b>	<b>Assets</b>	<b>(Rs.)</b>
<b>Capital Accounts:</b>			
Rajesh	32,500/-	Goodwill	15,000/-
Himanshu	32,500/-	Plant and Machinery	35,000/-
Creditors	10,200/-	Furniture	4000/-
Reserve fund	10,000/-	Stock	16,000/-
		Debtors	10,000/-
		Cash	5200/-
<b>Total</b>	<b>85,200/-</b>	<b>Total</b>	<b>85,200/-</b>

Partners decided that goodwill accounts should appear in the new firm's books at Rs.25,000. Give journal entries and prepare balance sheet for the new firm.

- (c) What is Goodwill? Why it needs to be valued? What are the factors affecting the value of goodwill? Discuss the various methods of valuation of goodwill.

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