

TERM END EXAMINATION- DECEMBER 2017

DIPLOMA IN ACCOUNTING

PARTNERSHIP ACCOUNTING

COURSE CODE DIA-04

(Answer any four questions from Group – 'A', any two questions from Group – 'B' and any three questions from Group – 'C'.)

TIME – 3 hours

Full Marks 100

Group A

Q.N.1 Answer any four questions each within 100 words

5*4

- a. Define partnership, describe the advantages of partnership.
- b. What do you understand by partner, 'firm' and 'firm's name'?
- c. List the items that may appear on the debit side of 'Fluctuating capital account.
- d. What is the difference between capital and current accounts?
- e. How does goodwill arise, and how is it treated?
- f. What are the main clauses of partnership deed?
- g. Discuss the various Needs for Admission of a partner.

Group - B

Q.N. 2 Answer any two questions each within 250 words

10*2

- a. What do you mean by dissolution of firm? How dissolution of partnership differs from dissolution of firm?
- b. What do you mean by insolvency of a partner what will be if all the partners become insolvent?
- c. Describe the salient features of partnership as per the partnership act 1932.
- d. Two men, Mr A and Mr B are in partnership, Mr A having provided Rs80, 000 capital and Mr B Rs 100,000. They agree that in any one year Mr A shall first be paid Rs 7,500 as manager, and then any remaining profit shall be divided between them in the ratio of the capital that each has in the business(i) How much does each receive in a year in which the profits were Rs

18,500?(ii) What were the profits in a year in which Mr A received Rs 9,100?(iii) What were the profits in a year in which Mr A received Rs 1,264 more than Mr B?

Group-C Answer any three questions each within 500 words.

20*3

3. Identify various matters that need adjustments at the time of admission of a new partner
4. On March 31, 2003, after the close of books of accounts, the capital account of Ram, Shyam and Mohan showed balance of Rs. 24,000, Rs. 18,000 and Rs. 12,000 respectively. But, it was later discovered that interest on capital @ 5% had been omitted. The profit for the year ended March 31, 2003, amounted to Rs. 36,000 and the partners drawings had been Ram Rs. 3,600, Shyam Rs. 4,500 and Mohan Rs. 2,700. The profit sharing ratio of Ram, Shyam and Mohan was 3:2:1. Calculate interest on capital.
5. What is goodwill? What are the different factors that affect goodwill of the firm?
6. Differentiate between dissolution of partnership and dissolution of firm. State the circumstances under which a partnership firm may be dissolved
7. The books of Ram and Bharat showed that the capital employed on 31.12.2002 was Rs. 5,00,000 and the profits for the last 5 years : 2002 Rs. 40,000; 2003 Rs. 50,000; 2004 Rs. 55,000; 2005 Rs. 70,000 and 2006 Rs. 85,000. Calculate the value of goodwill on the basis of 3 years purchase of the average super profits of the last 5 years assuming that the normal rate of return is 10%?
