

Term End Examination, June 2017
Diploma in Accounting
Partnership Accounting
Course Code: DIA -04

TIME – 3 hours

Full Marks -100

Group -A

Q.N. 1 Answer any four questions each within 100 words [5×4]

- a) What is partnership? State the chief characteristics of a partnership.
- b) Define goodwill. Describe various methods of valuing goodwill.
- c) Describe the different purposes and effects of admission of a new partner.
- d) Distinguish between sacrificing ratio and gearing ratio
- e) How dissolution of partnership differs from dissolution of firm?
- f) What are the golden rules dealing with the problem of dissolution of firm?
- g) Describe the different types of partner.

Group – B

[10×2]

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

- a) What do you mean by admission of a new partner describe the different purposes and effects of admission of a new partner
- b) What do you mean by partnership deed? What are the main clauses of partnership deed?
- c) State the advantages and disadvantages of partnership
- d) M, N and S are partners in the ratio of 4: 3: 3. N dies on 20th Sept., 2012. The sales and profit during the year 2000 Rs.1, 20,000/- and Rs.20, 000/- respectively. The sales up to 20th Sept, 2012 during current year amounted to Rs.30, 000. Calculate N's share of profit.

Group-C

Answer any three questions each within 500 words.

[20×3]

Q.N.3 What do you mean by insolvency of a partner what will be if all the partners become insolvent?

Q.N.4 M and N are partners sharing profits and losses in the ratio 3:2 respectively. They admit C as partner who is unable to bring goodwill in cash but pays Rs 96,000 as his capital. The goodwill of the firm is to be valued at two years' purchase of three years' profits. The profits for the three years were Rs 30,000, Rs 24,000 and Rs.27, 000. The new ratio will be 5: 2: 2. An adjustment entry is to be passed for C's share of goodwill.

- Q.N.5 What are the propositions of Garner vs. Murray. Is this rule applicable in India?
- Q.N.6. Lokesh and Azad are partners sharing profits in the ratio 3:2 with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6%p.a. Azad is allowed a salary of Rs. 2,500 p.a. During 2002, the profits for the year prior to the calculation of interest on capital but after charging Azad's salary amounted to Rs. 12,500. A provision of 5% of profits is to be made in respect of manager's commission. Prepare an account showing the allocation of profits and partner's capital accounts.
- Q.N.7. State the needs for valuation of goodwill and show the different methods for valuation of goodwill with illustrations.