

QP CODE: 21101521



21101521

Reg No :

Name :

B.Voc Degree Examinations, JUNE 2021

Third Semester

B.Voc Business Accounting and Taxation

TBOC305 - ACCOUNTING FOR PARTNERSHIP

2018 Admission Only

8DDDC7D

Time: 3 Hours

Max. Marks : 80

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What are the system of maintaining capital account of partners?
2. Briefly explain capital account of partners?
3. What is Partner's Current account?
4. What is Average profit method?
5. What is the treatment of goods received in cash and retained in the business?
6. What is sacrificing ratio?
7. What is the effect of increase and decrease in assets in revaluation account?
8. Journalise the disposal of the amount due to retiring partner.
9. Briefly explain the treatment on disposal of amount due to retiring partner.
10. Briefly explain dissolution by agreement.
11. Briefly explain the contingencies laid to dissolution of firm.
12. What is Rule of Garner vs Murray?

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. Calculate the value of goodwill as on 1st Jan. 2007 on the basis of three years' purchases of the Average Profits of the last five years' profits. The profits & losses for the years were



2001 Rs 30,000, 2002 Loss Rs 40,000. 2003 Rs 92,000, 2004 Rs 55,000, 2005 Rs 70,000, 2006 Rs 90,000, Profit on sale of fixed asset in 2002 was 2000, and in 2004 is 5000. Loss on sale of fixed asset in 2006 is 5000.

14. Do you advise that assets and liabilities must be revalued at the time of admission of a partner? If so, why? Also describe how is this treated in the book of account
15. Explain various methods of valuation of goodwill.
16. Balance Sheet of M N and O sharing profits in the ratio $\frac{1}{2}$, $\frac{1}{3}$, and $\frac{1}{6}$, respectively as on 30 June 2020 Bills payable – 6400, Creditors – 12500, M Capital – 40000, N capital – 25000, O Capital – 20000, profit and loss a/c – 4500. Cash – 150, Bank – 25500, Bills receivable – 5400, debtors – 17800, Stock – 22300, furniture – 3500, Plant – 9750, Building – 24000 M retire from July 1, 2020, assets revalued as follows : stock – 20000, Furniture – 3000, Plant – 9000, Building – 20000, 850 is to be provided on Doubtful debts. The goodwill of the firm is valued at 6000. M is paid 11050 in cash and balance in 3 equal installments. Prepare necessary a/cs. N and O gains equally.
17. On what occasions sacrificing ratio is used?
18. Write the various matters that need adjustments at the time of retirement of a partners.
19. Rao and Swami are partners in a firm sharing profits and losses in 3:2 ratio. They admit Ravi as a new partner for $\frac{1}{8}$ share in the profits. The new profit sharing ratio between Rao and Swami is 4:3. Calculate new profit sharing ratio and sacrificing ratio?
20. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. They decide to admit C into partnership with $\frac{1}{4}$ share in profits. C will bring in Rs. 30,000 for capital and the requisite amount of goodwill premium in cash. The goodwill of the firm is valued at Rs. 20,000. The new profit sharing ratio is 2:1:1. A and B withdraw their share of goodwill. Give necessary journal entries?
21. Sangeeta, Saroj and Shanti are partners sharing profits in the ratio of 2 : 3 : 5. Goodwill is appearing in the books at a value of Rs. 60,000. Sangeeta retires and goodwill is valued at Rs. 90,000. Saroj and Shanti decided to share future profits equally. Record necessary journal entries.

(6×5=30)

Part C

Answer any **two** questions.

Each question carries **15** marks.

22. Rajesh and Mukesh are equal partners in a firm. They admit Hari into partnership and the new profit sharing ratio between Rajesh, Mukesh and Hari is 4:3:2. On Hari's admission goodwill of the firm is valued at Rs. 72,000. Hari is unable to bring his share of goodwill premium in cash. Rajesh, Mukesh and Hari decided not to show goodwill in their balance sheet. Record necessary journal entries for the treatment of goodwill on Hari's admission.



23. What are the differences between Realisation account and revaluation account
24. Clearly state the principles of Garner v/s Murray rule in dissolution?
25. The B/S of X and Y as on 31.3.2018. is as follows: Creditor – 20000, X loan – 10000, X's Brother loan 30000, X's Capital 30000, Y capital – 60000, Goodwill – 18000 , Building – 60000, Stock – 45000, Debtors – 18000, Cash – 6000, Bank – 3000 The firm was dissolved on 01.01.2019. 1500 became bad out of debtors and nothing could be realized of goodwill. Stock was sold at 10 % less than book value and building realized at 90000. Creditors were paid off at discount of 3 %. Dissolution expenses are 1500. Prepare necessary a/c s and pass journal entries.

(2×15=30)