CA

Practice Test -15

Total Marks - 40

Sampurna June 2024

Date-21/04/2024

Accounting

Partnership Accounts

Q1 State with Reasons , whether the following statements are True or False :

A Partnership firm cannot own any Assets. **(2 Marks)**

Q2 State with Reasons , whether the following statements are True or False :

Normal profit depends upon Normal Rate of Return and past profits. **(2 Marks)**

Q3 State with Reasons , whether the following statements are True or False :

In case of admission of a new partner in a partnership firm, the profit/loss on revaluation account is transferred to all partners in their new profit sharing ratio.(2 Marks)

Q4 State with Reasons , whether the following statements are True or False :

It is not necessary to adjust goodwill on death of a partner.**(2 Marks)**

Q5 State with Reasons , whether the following statements are True or False :

Revaluation Account is prepared at the time of dissolution of partnership but Realization Account is prepared at the time of dissolution of partnership firm.**(2 Marks)**

Q6 NUMERICAL :

A and B were partners in a firm sharing profits and losses in the ratio of 3:2. They admit C for 1/6th share in profits and guaranteed that his share of profits will not be less than ₹ 250,00,000. Total profits of the firm for the year ended 31st March, 2023 were ₹ 900,00,000. Calculate share of profits for each partner when:

1. Guarantee is given by firm.
2. Guarantee is given by A
3. Guarantee is given by A and B equally. **(5 Marks)**

Q7 The profits and losses for the previous years are: 2019 Profit ₹ 15,000, 2020 Loss ₹ 25,500, 2021 Profit ₹ 75,000, 2022 Profit ₹ 1,12,500. The average Capital employed in the business is ₹ 3,00,000. The rate of interest expected from capital invested is 10%. The remuneration from alternative employment of the proprietor is ₹ 9,000 p.a. Calculate the value of goodwill on the basis of 3 years' purchases of Super Profits based on the average of 4 years. **(5 Marks)**

Q8 The Balance Sheet of a Partnership Firm M/s AB & Co consisted of two partners A and B who were sharing Profits and Losses in the ratio of 5:3 respectively. The position as on 31-03-2021 was as follows:

Liabilities	**Amount**	**Assets**	**Amount**
A's Capital	4,10,000	Land & Building	3,80,000
B's Capital	3,30,000	Plant & Machinery	1,70,000
Profit & Loss A/c	1,12,000	Furniture	1,09,480
Trade Creditors	54,800	Stock	1,45,260
		Sundry Debtors	60,000

		Cash at Bank	42,060
	9,06,800		**9,06,800**

On the above date, C was admitted as a partner on the following terms:

1. C should get 1/5th of share of profits.
2. C brought ₹ 2,40,000 as his capital and ₹ 32,000 for his share of Goodwill.
3. Plant & Machinery would be depreciated by 15% and Land & Buildings would be appreciated by 40%.
4. A provision for doubtful debts to be created at 5% on sundry debtors.
5. An unrecorded liability of ₹ 6,000 for repairs to Buildings would be recorded in the books of accounts.
6. Immediately after C's admission, Goodwill brought by him would be adjusted among old partners. Thereafter, the capital accounts of old partners would be adjusted through the current accounts of partners in such a manner that the capital accounts of all the partners would be in their profit sharing ratio.

Prepare Revaluation A/c, Capital Accounts of the partners, New profit sharing ratio and Balance Sheet of the Firm after the admission of C.
(10 Marks)

Q9 Amit, Sumit and Kumar are partners sharing profit and losses in the ratio 2:2:1. The partners decided to dissolve the partnership on 31st March, 2023 when their Balance Sheet was as under:

Liabilities	Amount	Assets	Amount
Capital Accounts:		Land & Building	1,35,000
Amit	55,200	Plant & Machinery	45,000
Sumit	55,200	Furniture-	25,500
General Reserve	61,500	Investments	15,000
Kumar's Loan A/c	15,000	Book Debts 60,000	
Loan from D	1,20,000	Less: Prov. for bad debts (6,000)	54,000
Trade Creditors	30,000	Stock	36,000
Bills Payable	12,000	Bank	13,500
Outstanding Salary	7,500	Capital withdrawn: Kumar	32,400
	3,56,400		**3,56,400**

The following information is given to you:

1. Realisation expenses amounted to ₹ 18,000 out of which ₹ 3,000 was borne by Amit.
2. A creditor agreed to takeover furniture of book value ₹ 12,000 at ₹ 10,800. The rest of the creditors were paid off at a discount of 6.25%.
3. The other assets realized as follows:

Furniture - Remaining taken over by Kumar at 90% of book value
Stock - Realised 120% of book value
Book Debts - ₹ 12,000 of debts proved bad, remaining were fully realized
Land & Building - Realised ₹ 1,65,000
Investments - Taken over by Amit at 15% discount

1. For half of his loan, D accepted Plant & Machinery and ₹ 7,500 cash. The remaining amount was paid at a discount of 10%.
2. Bills payable were due on an average basis of one month after 31st March, 2023, but they were paid immediately on 31st March @ 6% discount "per annum".

Prepare the Realisation Account, Bank Account and Partners Capital Accounts in the books of partnership firm. **(10 Marks)**