PART I
(Compulsory)

Question 1. **(10X2=20 marks)**

i. Differentiate between dissolution of partnership and dissolution of partnership firm. List two differences.

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ii. Pema and Namgay were partners sharing profit and loss in the ratio of 2:3. Pema died on 30th June of 2015. As per the agreement Pema is entitled to receive her share of profit till her death on the basis of the profit of Nu 150,000 made in the previous accounting period ending on 31st March 2015. Calculate Pema's share of profitand pass the journal entry to record the share of profit of the deceased partner

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iii. What is the treatment of goodwill already exiting in the books of accounts on retirement of a partner?

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iv. Explain the meaning of gaining ratio. In what respect is it different from sacrificing ratio?

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v. How will one treat the accumulated profit and loss in case of admission of a new partner?

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vi. List four conditions applied if the partners have not signed any partnership deed .

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vii. What is the entry for abnormal loss under Joint venture?

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viii. List three different modes of settling the retiring partner's amount due.

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ix. Differentiate between Revaluation Account and Realisation account.

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x. What is Separate set of books method ?

PART II

(Answer any SIX questions) (10 X6 = 60)

Question 2.

(10)

Deki Sonam and Karma are in partnership. During the year ended 31st December, 2015 they earned profit of Nu. 55,000. Their partnership deed provides for the following:

i. Partners are allowed interest on capital @ 5% p.a . Capital balances of the partners in the beginning of the accounting period is as given below:
   Deki - Nu.120,000
   Sonam - Nu. 90,000
   Karma - Nu. 60,000
ii. Karma brought in an additional capital of Nu.30,000 on 1st October of 2015 and Deki withdrew Nu.30,000 on the same date and left it as loan in the partnership firm.
iii. Partners are charged interest on drawings @ 6% p.a. Drawings of the partners were:
   Deki - Nu.200 in the beginning of every month
   Sonam-Nu.300 in the beginning of every month
   Karma- Nu. 400 at the end of every month
iv. Deki is entitled to a salary of Nu.2, 000 every quarter.
v. Sonam is entitled to a commission of 10% on the net profit after charging Deki's salary.
vi. Karma is entitled to a monthly rent of Nu.1, 000 for the use of her building which was not accounted for in the Profit/loss Account.

Prepare Profit/Loss Appropriation Account and Partners Capital account

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Question 3

X , Y and Z are partners sharing profit and loss in the ratio of 3:2:1. Their capital on 1st April, 2015 showed as Nu.150, 000(cr), Nu.100,000(Cr) and Nu.10,000 (Dr).respectively. X and Y withdrew Nu.20,000, Nu.12,000 during the year and Z withdrew Nu.3,000 at the end of each quarter.

According to the partnership agreement, the partners were allowed 10% interest on capital and charged interest on drawings @ 12%p.a. X and Y are entitled to annual salary of Nu. 6,000 and Nu.3, 000 respectively. Nu.12, 560 was transferred to General reserve from the Net Profit.
Z is entitled to a commission 5% on net profit after charging commission and taking into consideration all the above adjustments.
The profit for the year ended as per profit and Loss account is Nu.200, 000 .

Prepare Profit/Loss Appropriation Account and Partners Capital account.

Question 4

Kaka and Dema are partners sharing profit and loss in the ratio of 3:2. Their balance Sheet as on 1st January ,2017 stood as follows:

Liabilities	Amount	Assets		Amount
Capital A/c:		Building		150,000
Kaka	150,000	Stock		26,000
Dema	100,000	Debtors	20,000	
Workmen Compensation Fund	8,000	Less: Provision for bad debts	500	19,500
Creditors	6,000	Machinery		13,000
		Cash at Bank		30,000
		Investment		15,000
		Goodwill		10,500
	264,000			264,000

Tashi joined the firm as a partner from the above date and the following terms and conditions were agreed upon:

a. Tashi brings in Nu.100,000 as his share of capital and Nu.30,000 as his share of goodwill for 1/5th share in future profit.
b. The value of building is brought upto Nu.170,000 and machinery is depreciated by Nu.2,000
c. Provision for bad debts to be increased by Nu.800.

d. There was a liability of Nu.2,000 against outstanding bill to be paid
e. There was a liability of Nu.1000 against workmen Compensation Fund.
f. Stock was taken over by Kaka for Nu.30,000

Prepare Profit/Loss Adjustment A/c , Capital Accounts and the new Balance sheet.

Question 5

On 1st January 2018, the balance sheet of the firm was as follows:

Liabilities	Amount	Assets	Amount
Capital A/c:		Building	90,000
A	80,000	Furniture	15,000
B	60,000	Stock	10,000
General Reserve	10,000	Debtors	15,000
Investment Fluctuation Fund	15,000	In vestment	16,000
Creditors	5,000	Cash	17,000
Bank overdraft	4,000	Advertisement Suspense Account	11,000
	174,000		174,000

They agreed to take C into partnership on the following conditions:

a. Profit Sharing Ratio is 3:2:1
b. C's share of goodwill of Nu.6,000 and Nu.50,000 as his share of capital. C couldnot contribute anything for her his share of goodwill.
c. Building is depreciated by 10%
d. The value of stock is fixed at Nu.15,000.
e. A agreed to pay off the creditors for Nu. 3000.
f. There was an unrecorded asset of Nu.5000
g. 10% of the general reserve is provided as provision for bad debts.
h. Investment is valued at Nu.14,000

Prepare the necessary ledger accounts on admission of a partner and the new balance sheet.

Question 6

Chimmi, Pema and Sonam were partners sharing profits in the ratio of 2/5, 3/10 and 3/10 respectively. Their Balance sheet on 31st March 2013 was as follows

Liabilities		Nu.	Assets		Nu.
Capitals			Building		18,000
Chimmi	: 16,000		Plant		14,000
Pema	: 12,000		Motor Car		4,000
Sonam	10,000	38,000	Stock		10,000
Reserve		5,000	Debtors	7,000	
Bills Payable		2,000	Less: Provision	1,000	6,000
Creditors		8,000	Cash at Bank		1,000
		53,000			53,000

Pema retires on the following terms:

i) The goodwill of the firm is to be valued at Nu. 7,000
ii) Stock and buildings are to appreciated by 10%
iii) Plant and motor car are to be depreciated by 10%
iv) Liability for the payment of gratuity to workers Nu. 2,000 is not yet recorded in the books, but the same is provided for.

You are required to prepare :

a) Revaluation account ii) Partner's Capital account iii) Balance Sheet of the new firm

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Question 7

The following is the Balance Sheet of Lepo, Norbu and Wangdi as on 31st December 2014.

Liabilities		Nu.	Assets	Nu.
Capital			Buildings	36,000
Lepo:	40,000		Investment	6,000
Norbu:	20,000		Debtors	24,000
Wangdi	20,000	80,000	Stock	32,000
Sundry creditors		24,000	Cash in Hand	17,000
General Reserve		11,000		
		1,15,000		1,15,000

Lepo, Norbu and Wangdi were sharing profits and losses in the ratio of 2/5.2/5 and 1/5. On 31st March 2015, Wangdi died and his executors were entitled the following amounts:

i) Wangdi's Capital amount balance
ii) Interest on capital Nu. 300
iii) His share of goodwill Nu. 10,000
iv) His share of profit from the closing date of the accounting year to the date of death amounted to Nu. 1,500
v) Wangdi's executor were paid Nu. 2,800 immediately and the balance in four equal yearly instalments with an interest @ 6% p.a. being 1st installment paid on 31st December 2015

Draw up Wangdi's Capital account and his executors account till it is finally paid.

Question 8

A, B and C are partners sharing profits and losses equally. Their Balance Sheet as on June 30 2015.

Liabilities	Nu.	Assets	Nu.
Creditors	25,000	Cash at Bank	2,000
Bills Payable	10,000	Debtors	18,000
Mrs. A's Loan	5,000	Stock	25,200
Capitals		Bills Receivable	8,000
A: 60,000		Machinery	60,000
B: 40,000	1,00,000	Goodwill	6,000
		Profit & Loss Account	10,800
		C's Capital	10,000
	1,40,000		1,40,000

They decided to dissolve the firm

i) Assets were realized as follows: Stock 27,200, Debtors Nu. 15,000 and Machinery Nu. 60,000
ii) B took away all the Bills Receivable at Nu. 7,000 and also agreed to make the payment of Bills Payable.
iii) There was an unrecorded asset of Nu. 4,000, which was taken over by C at Nu. 1,200
iv) A agreed to pay off his wife's loan
v) Creditors were settled at 10% discount
vi) Realisation expenses amounted to Nu. 900 are met by B

Prepare necessary ledger accounts to close the books of the firm.

Question 9

A and B are doing business separately as building contractors. They undertook jointly to construct a building for a newly started joint company for a contract price of Nu. 2,00,000 payable as to Nu, 1,60,000 in cash and the balance in fully paid shares of the company. A banking account is opened in their joint names. A paying in Nu, 50,000 and B Nu. 30,000. They are to share profits or losses in the proportion of 2/3 and 1/3 respectively.

Paid wages	Nu.	60,000
Bought materials	Nu.	1,40,000
Materials supplied by A	Nu.	10,000
Materials supplied by B	Nu.	8,000
Architect fees paid by A	Nu.	4,000

The Contract was completed and the price was duly received. The joint venture was closed by A taking up all the shares at an agreed valuation of Nu.32,000 and B taking up the stock of materials at an agreed valuation of Nu. 6,000.

Show the following accounts:

i)Joint Venture Account, ii) Joint Bank Account iii) Personal Accounts of Co venturer
iv) Shares Account