

BOARD-PATTERN PRACTICE PAPER · CBSE CLASS 12

Dissolution of Partnership Firm

Accountancy Part I · Chapter 5 · Matches current CBSE blueprint · Each question PYQ-sourced where indicated

DATE	TOTAL MARKS 40	DURATION 75 min	MARKING As per board	TARGET ≥ 32/40
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GENERAL INSTRUCTIONS

- All questions are compulsory.
- Section A carries 1-mark MCQs; Section B carries 3-mark short answers; Section C carries 6-mark practical problems.
- Show working notes for all numerical answers.
- Use of calculator is NOT permitted.
- Neatness and proper format of Ledger Accounts carries marks.

Section A – Objective Type

6 MARKS · 10 MIN

- Q1.** Define dissolution of a firm as per Sec 39 of Indian Partnership Act 1932. [PYQ 2024 Delhi] **[1 mark]**
- Q2.** State whether True or False: 'Cash/Bank balance is transferred to the Realisation Account on dissolution.' [PYQ 2023 Outside Delhi] **[1 mark]**
- Q3.** Fill in the blank: 'As per Sec 48, after outside creditors are paid, _____ is paid before partners' capitals.' [PYQ 2022 Delhi] **[1 mark]**
- Q4.** Name the case which laid down the rule for distributing the deficiency of an insolvent partner. [PYQ 2020 Delhi] **[1 mark]**
- Q5.** State one ground on which the court may order dissolution under Sec 44. [PYQ 2024 Outside Delhi] **[1 mark]**
- Q6.** True or False: 'Realisation loss is debited to all partners (including insolvent) in their capital ratio.' [PYQ 2019 Delhi] **[1 mark]**

Section B – Short Answers

12 MARKS · 25 MIN

- Q7.** Distinguish between dissolution of partnership and dissolution of firm on ANY THREE bases. [PYQ 2024 Delhi] **[3 marks]**
- Q8.** State the rule in Garner v Murray (1904) and the THREE conditions for its application. [PYQ 2023 Delhi] **[3 marks]**
- Q9.** Explain the FOUR possible treatments of realisation expenses with one journal entry each. [PYQ 2022 Outside Delhi] **[3 marks]**
- Q10.** State the order of payment of liabilities on dissolution as per Sec 48 with one-line justification for each tier. [PYQ 2020 Outside Delhi] **[3 marks]**

Section C – Practical Problems

22 MARKS · 40 MIN

- Q11.** P and Q are partners sharing profits in 3:2. Their Balance Sheet as on 31 Mar 2025 showed: Sundry Creditors ₹60,000; Bills Payable ₹20,000; P's Capital ₹1,00,000; Q's Capital ₹80,000. Assets: Cash ₹10,000; Debtors ₹50,000; Stock ₹70,000; Furniture ₹30,000; Building ₹1,00,000. They decide to dissolve the firm. Assets realised: Debtors ₹45,000; Stock ₹65,000; Furniture taken over by P at ₹25,000; Building sold for ₹1,20,000. Creditors paid at full; Bills Payable paid at 5% discount. Realisation expenses ₹3,000 paid by firm. Prepare Realisation A/c, Partners' Capital A/cs and Cash A/c. [PYQ 2024 Delhi] **[6 marks]**
- Q12.** A, B and C are partners sharing profits 2:2:1. On the date of dissolution their capitals stood at A ₹50,000, B ₹40,000, C ₹10,000. Realisation loss was ₹60,000. C is declared insolvent and brings nothing. Apply Garner v Murray and show how the deficiency is borne by A and B. Also pass closing journal entries for capital settlement. [PYQ 2023 Delhi] **[6 marks]**
- Q13.** X and Y are equal partners. Their B/S shows Sundry Creditors ₹40,000; Y's Loan to firm ₹30,000; Capitals X ₹70,000, Y ₹60,000; Cash ₹15,000; Sundry Assets ₹1,85,000. On dissolution: Assets fetched

₹1,60,000 (cash). Creditors paid at ₹38,000 (discount). Realisation expenses ₹2,000 paid by X (no separate remuneration). Show the application of Sec 48 — prepare Cash A/c only. [PYQ 2022 Outside Delhi] **[4 marks]**

Q14. Pass journal entries for the following dissolution transactions in the books of M/s R & S (sharing 3:2):
(a) Sundry Assets ₹1,50,000 transferred. (b) Sundry Creditors ₹30,000 transferred. (c) An unrecorded typewriter sold for ₹2,000 cash. (d) Unrecorded liability of ₹5,000 paid. (e) R takes over Stock ₹20,000 at ₹18,000. (f) Realisation profit ₹10,000 distributed. [PYQ 2020 Delhi] **[6 marks]**

Marking scheme & model answers — see companion Answer Key PDF · all PYQs traceable to actual CBSE papers ·
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