

## Maintenance of Capital Accounts of Partner: Fixed & Fluctuating capital

### 1 Mark Questions

**1. Name the accounts which are maintained for the partners when capitals of the partners are fixed. (Compartment 2014)**

**Ans.** When capitals of the partners are fixed, following accounts are required to be maintained:

(i) Partner's fixed capital accounts (ii) Partner's current capital accounts.

**2. Distinguish between fixed and fluctuating capital accounts. (Compartment 2014) (Delhi; All India 2011)**

**Ans.** Difference between fixed and fluctuating capital accounts

S.No.	Fixed capital account	Fluctuating capital account
(i)	Each partner has two accounts i.e. capital account and current account.	Each partner has only one account i.e. capital account.
(ii)	Capital account always shows a credit balance.	Sometimes capital account may show a debit balance due to huge drawings or losses.

**3. When the partners' capitals are fixed, where the drawings made by a partner will be recorded? (Delhi; All India 2013)**

**Ans.** When the partners' capitals are fixed, the drawings made by a partner will be recorded in partners' current account (debit side).

**4. State the conditions under which the capital balances may change under the system of fixed capital account. (All India 2009, 2008; Delhi 2009 c)**

**Ans.** The conditions under which the capital balances may change under the system of a fixed capital 'accounts are:

(i) When additional capital is introduced.

(ii) When capital is withdrawn.

