

CA. GAUTAM SETHI CLASSES
(Where your Quest for quality education ends)

ACCOUNTANCY	Fundamentals of Partnership	CLASS-12TH
Max Time : 1.30 hours	Test Paper-II	Max Marks: 35

Q1. L, M and N partners have omitted interest on capitals for three years ended on 31st December 2017. Their fixed capitals in three years were L Rs. 40,000, M Rs. 25,000, N Rs. 15,000. Rate of interest on Capital is 12 % p.a. Their profit sharing ratios were 2015 - 5 : 2 : 1, 2016 - 3 : 2 : 1, 2017 - 2 : 1 : 1. Give the necessary adjusting entry. [3]

Q2. A, B and C are in partnership. A and B sharing profits in the ratio 3 : 1 and C receiving an annual salary of Rs. 32,000 plus 5 % of the profits after charging his salary and commission, or 1/4th of the profits of the firm whichever is larger. Any excess of the latter over the former received by C is, under the partnership deed, to be borne by A and B in the ratio 3 : 2. The profit for the year 2017 came to Rs.1,68,000 after charging C's salary. Show the distribution of profits among the partners. [5]

Q3. A, B, C and D are partners in a firm. Their Capital Accounts stood at Rs.80,000, Rs.50,000, Rs.50,000 & Rs.20,000 respectively on 1st January, 2016. They share profits and losses in the ratio of 4 : 3 : 3 : 2. D's share of profits (excluding interest on capital) is guaranteed by the firm to be not less than Rs. 30,000 p.a. C's share of profit (including interest on capital and salary) is guaranteed by A at a minimum of Rs.55,000 p.a. The profit for the year ended 31st Dec., 2016 amounted to Rs.1,58,000 before Considering interest on Capital @ 10 % p.a. and salary to C @ Rs.1,500 per month which under the Partnership deed are allowable. Prepare Profit and Loss Adjustment Account. [5]

Q4. Mentions the items that may appear on the debit side of the Capital Account of a partner when the capitals are fluctuating. [2]

Q5. X and Y are partners in a firm. They do not have any partnership deed. What should be done in the following cases.(a). X has invested Rs. 1,00,000 and Y only Rs. 50,000 as capital. X wants interest on capital @ 12% p.a. (b) X spends twice the time that Y devotes to the business. He wants a salary of Rs. 2,000 per month for the extra time spent by him. (c) X wants to introduce his son Rajesh into the Business. Y objects it.(d) X has given a loan of Rs. 20,000 to the firm. He wants interest on it @ 8% p.a. [4]

Q6. A, B and C are partners in a firm. They agree to distribute profit upto Rs. 10,000 as 50 %, 30 % and 20% respectively and above it in equal proportions. If the divisible profit of the firm for the year 1998 was Rs. (I) 5,600 and (ii) 25,600. Distribute the profit. [4]

Q7. On 1st April, 2016 X,Y and Z started a business in partnership. X contributes Rs. 90,000 at first but withdraws Rs.30,000 at the end of six months. Y introduces Rs.75,000 at first and increases it to Rs. 90,000 at the end of four months. But withdraws Rs. 30,000 at the end of eight months. Z brings in Rs. 75,000 at the first but increases it by Rs. 60,000 at the end of seven months. During the year ended 31st March, 1997, they make a net profit of Rs.42,000. Show how the partners should divide this Amount on the basis of effective capital employed by each partner. [4]

Q8. A and B are partners in a business sharing profits and losses in the ratio of 3:2 Their capital on 31st Dec. 1996,after the adjustment of net profits and drawings amounted to Rs. 2,00,000 and Rs. 1,50,000. Later on, it was discovered that interest on Capital at 8% p.a. as provided for in the partnership deed, had not been credited to the partners capital accounts before the distribution of profits. The year's net Profit amounted to Rs.75,000 and the partners had withdrawn Rs.24,000 each. Instead of altering the signed balance sheet, it was decided to make an adjustment entry at the beginning of the new year. Give the necessary journal entry as also a statement of Details arriving at the amount of adjusting entry. [5]

Q9. From the following Balance sheet of P and Q, calculate interest on capital at 10% p.a. for the year ending 31st December, 2017:- During the year 2017, P's drawings were Rs.8,000 and Q,s drawings Rs.24,000. Profit during the year 2017 was Rs. 48,000.

BALANCE SHEET (as on 31st dec., 2017)

	Rs.		Rs.
P's Capital	80,000	Sundry Assets	1,68,000
Q's Capital	64,000	Drawings-P	8,000
P and l appropriation A/c-2017	32,000		
	1,76,000		1,76,000

[3]