ACCOUNTANCY	**Fundamentals of Partnership**	**Foundation**
Time : 1.30 hours	**Test Paper-I**	**Max. Marks: 50**

Q1. What is the partnership deed . State the main provisions of the partnership Act in the absence of a partnership agreement. (4)

Q2. X,Y and Z are partners with capitals of Rs. 2,00,000: Rs. 1,50,000 and Rs. 1,00,000 respectively. Y and Z are entitled to a monthly salary of Rs.1,000/-respectively. Interest on capital is to provided @7% p.a. X and Z drew Rs. 2,500 p.m. at the end and at the beginning of each month respectively. Interest is to be charged on such drawings @ 5 % P.A. The profit for the year ended 31st Dec. 2017 after charging Y's salary but before executing any other provision of deed was Rs. 1,05,500/-

Prepare Profit & loss appropriation account & Partner's Capital account. (8)

Q3. A, B and C are partners having fixed capital of Rs. 5,00,000/- ; 4,00,000/- and 3,00,000/- respectively. They allowed interest on capitals @ 5 % p.a. instead of 6 % p.a. They also allowed a salary of Rs.5,000/- p.m. to A, though there was no such provision in the Partnership deed. The profit sharing ratio for the last year 1 :2 :2. **Make** a single adjusting entry, (5)

Q4. A, B and C are partner sharing profit and losses as to 1/2 ,1/3 and 1/6 respectively. On 31st March 2017 their Capital Account after including the profits for the year ended 31st March 2017 and dealing with drawings stood at Rs.26,000, Rs.20,000, and Rs.11,500 respectively. Subsequently they found out that interest on capital at 15 % p.a. and interest on drawings at the same rate had been omitted. The profit for the year in arriving at the above figures of capital amounted to Rs. 18,000.The drawings of A, B and C during the year had been Rs.3,000; Rs.1,000 and Rs.1,500 respectively. The interest on drawings works out to Rs.210 for A, Rs.120 for B, 120 for C. Give the necessary journal entries for rectifying the above omission. Also **prepare** profit and loss Appropriation a/c. (7)

Q5. State two differences between fixed and fluctuating capital accounts. (2)

Q6. Arun and Bhuvnesh agreed to share profits and losses as follows - First Rs. 25,000 to Arun and the balance in 3 :2 The profit for the year was Rs. 30,000, which has already been divided among the partners. The opening capitals of the partners are Arun Rs. 50,000 and Bhuvnesh Rs. 36,000. Interest on capitals was omitted from the books which to be allowed at 6 % p.a. Adjust the same. (5)

Q7. A and B contribute Rs. 50,000 and Rs. 30,000 respectively by way of capital on which they agree to allow interest at 6 % p.a. Their respective share of profit is 3 : 2 and the profit for the year is Rs. 4,000 before allowing interest on capitals. **Prepare** the necessary account to allocate interest on capitals. (5)

Q8. A and B were in partnership. They do not have any partnership deed. A presented the following Profit and Loss Appropriation Account. Should B accept it. Otherwise redraw it: (4)

PROFIT AND LOSS APPROPRIATION ACCOUNT

		Rs			Rs.
To interest on Capital @ 10% p.a.			By profit for the year		1,08,300
A on Rs. 2,00,000	20,000				
B on Rs. 1,00,000	10,000	30,000			
To salary to A		12,000	By interest on Drawings		
To interest on Loan to A @ 15%		3,000	@ 10 % p.a.		
To profit:			A on Rs. 15,000	1,500	
A 2/3	44,000		B on Rs. 12,000	1,200	2,700
B 1/3	22,000	66,000			
		1,11,000			1,11,000

Q9. Profit for 2016 – 17 Rs.1,20,000 distributed in 2: 3 between A and B.

Omissions:

i) Outstanding Rent Rs.8,000.
ii) Interest accrued on Fixed deposits Rs.2,000.
iii) Actual Profit Sharing Ratio was 3: 2.

Pass Adjustment Entry (5)

Q10. Theta & Beta distributed profits for the year 2015-16 in 1:1 whereas the profit sharing ratio was 3:2. The Profit for the year was Rs.1,80,000. This figure is without considering the outstanding expense of Rs.20,000 & treating pre received commission of Rs.30,000 as income of current year.

Pass the necessary adjusting entry. (5)