Class Test

Ambika Commerce Classes

CLASS 12 - ACCOUNTANCY

Chapter 1 fundamentals of partnership

Time Allowed: 2 hours **Maximum Marks: 61**

Section A

1. Items listed below appear in the Profit and loss appropriation account except: **[1]**

   a) Salary to partner's
   b) Interest on capital
   c) Commission to partner's
   d) Insurance Premium

2. Suppose cash withdrawn by Rohit from his partnership firm for personal use was Rs. 7000. The rate of interest is 12% p.a. Calculate interest on drawings on average basis. **[1]**

   a) Rs.400
   b) Rs.410
   c) Rs.430
   d) Rs.420

3. P and Q were partners in a firm sharing profits and losses in the ratio 3:2.They admit R for 1/6th share in profits and guaranteed that his share will not be less than Rs. 25000.Total profit of the firm were Rs. 90,000 Calculate share of profit for each partner when guarantee is given by P. **[1]**

   a) P = ₹40000, Q = ₹25,000, R = ₹25,000
   b) P = ₹35000, Q = ₹10,000, R = ₹25,000
   c) P= Rs.35000, Q= Rs.30,000, R= Rs.25,000
   d) P =₹39000, Q = ₹26,000, R = ₹25,000

4. A, B and C are partners sharing profits equally. A and B has given a minimum gurantee of Rs. 8,000 to the C. How much amount of profit C will get, when profit of the firm is Rs.30,000. **[1]**

   a) 22,000
   b) 10,000
   c) 30,000
   d) 8,000

5. Which account is to be recorded on debit side for charging the interest on partner's loan? **[1]**

   a) Interest on Partner's Loan Account
   b) Partner's Capital A/c
   c) Partner's Current A/c
   d) Partners Loan A/c

6. Interest on capital is calculated on **[1]**

   a) Closing capital
   b) Profit
   c) Both Closing capital and Profit
   d) Opening capital

7. How would you calculate interest on drawing of equal amount drawn on the last day of every month? **[1]**

   a) $\frac{rate \times 5.5}{100 \times 12}$
   b) $\frac{rate \times 5.5}{100}$
   c) $\frac{rate \times 6.5}{100 \times 12}$
   d) $\frac{rate \times 6.0}{100 \times 12}$

8. If dates of the withdrawal of drawings are not given then interest on drawings should be charged: **[1]**

a) For 0 months
b) For 6 months
c) For 12months
d) For 8 months

9. L, M and N are partners in a firm sharing profit and loss in the ratio of 2:3:5. Their fixed capitals were Rs.15,00,000, Rs. 30,00,000 and Rs. 60,00,000 respectively. For the year 2011 interest on capital was credited to them @ 12% instead of 10 %. Pass the necessary Journal entry. **[1]**

a) L's Capital A/c Dr. 15,000 and M's Capital A/c Cr.15,000

b)

N's Current A/cDr.	15000
To M's Current A/c	12000
To L's Current A/c	3000

c)

N's Current A/c Dr.	15000
To L's Current A/c	12000
To M's Current A/c	3000

d)

L's Current A/cDr.	15000
To N's Current A/	12000
To M's Current A/c	3000

10. Profit and Loss Appropriation Account is pepared _____ **[1]**

a) After calculating Net Profit
b) After calculating Gross Profit
c) Before calculating Net Profit
d) Before calculating Gross Profit

Section B

11. On March 31, 2017 the balance in the capital accounts of Eluin, Monu and Ahmed, after making adjustments for profits, drawing, etc; were Rs 80,000, Rs 60,000 and Rs 40,000 respectively. Subsequently, it was discovered that interest on capital and interest on drawings had been omitted. The partners were entitled to interest on capital @ 5% p.a. The drawings during the year were Eluin Rs 20,000; Monu, Rs 15,000 and Ahmed, Rs 9,000. Interest on drawings chargeable to partners were Eluin Rs 500, Monu Rs 360 and Ahmed Rs 200. The net profit during the year amounted to Rs 1,20,000. The profit sharing ratio was 3:2:1. Pass necessary adjustment entries. **[3]**

12. The firm of Harry, Porter and Ali, who have been sharing profits in the ratio of 2 : 2 : 1, have existed for same years. Ali wants that he should get equal share in the profits with Harry and Porter and he further wishes that the change in the profit sharing ratio should come into effect retrospectively were for the last three year. Harry and Porter have agreement on this account. The profits for the last three years were: **[3]**

	Rs
2014-15	22,000
2015-16	24,000
2016-17	29,000

Show adjustment of profits by means of a single adjustment journal entry.

13. Ram, Mohan and Sohan are partners with capitals of Rs 5,00,000, Rs 2,50,000 and 2,00,000 respectively. After providing interest on capital @ 10% p.a. the profits are divisible as follows: **[3]**

Ram 1/2 , Mohan 1/3 Sohan 1/6 . But Ram and Mohan have guaranteed that Sohan's share in the profit shall not be less than Rs 25,000, in any year. The net profit for the year ended March 31, 2017 is Rs 2,00,000, before charging interest on capital. You are required to show distribution of profit.

14. A and B are partners in a firm sharing profits in the ratio of 3: 2. On 31st March, 2014, the balance sheet of the firm was as follows **[3]**

Balance Sheet

as at 31st March, 2014

Liabilites	Amt(Rs)		Assets	Amt(Rs)
Capital A/cs			Sundry Assets	80,000
A	60,000			
B	20,000	80,000		
		80,000		80,000

The profit of Rs 80,000 for the year ended 31st March, 2014 was divided between the partners without allowing interest on capital @12% per annum and a salary to A at Rs 1,000 per month. During the year A withdrew Rs 10,000 and B Rs 20,000.

Pass a single journal entry to rectify the error.

15. A, B and C were partners in a firm. On 1st April, 2008, their fixed capitals stood at Rs 50,000, Rs 25,000 and Rs 25,000 respectively. As per the provisions of the partnership deed **[3]**

i. B was entitled for a salary of Rs 5,000 per annum.
ii. All the partners were entitled to interest on capital at 5% per annum.
iii. Profits were to be shared in the ratio of capitals.

The net profit for the year ending 31st March 2009 of Rs33,000 and 31st March, 2010 of Rs45,000 was divided equally without providing for the above terms. Pass an adjustment journal entry to rectify the above error.

Section C

16. Singh and Gupta decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of Rs 1,00,000 and Rs 50,000 on 1st April, 2012 for this. Singh expressed his willingness to admit Shakti as a partner without capital, who is specially abled but a very creative and intelligent friend of his. Gupta agreed to this. The terms of partnership were as follows **[4]**

a. Singh, Gupta and Shakti will share profits in the ratio of 2: 2: 1.
b. Interest on capital will be provided @ 6% per annum.

Due to shortage of capital, Singh contributed Rs 25,000 on 30th September, 2012 and Gupta contributed Rs 10,000 on 1st January, 2013 as additional capital. The profit of the firm for the year ended 31st March, 2013 was Rs 1,68,900.

i. Prepare profit and loss appropriation account for the year ending 31st March, 2013.

17. Satnam and Qureshi after doing their MBA decided to start a partnership firm to manufacture ISI marked electronic goods for economically weaker section of the society. Satnam also expressed his willingness to admit Julie as a partner without capital who is specially-abled but **[4]**

a very creative and intelligent friend of his. Qureshi agreed to this. They formed a partnership on 1st April 2012 on the following terms

a. Satnam will contribute Rs 4,00,000 and Qureshi will contribute Rs 2,00,000 as capitals.
b. Satnam, Qureshi and Julie will share profits in the ratio of 2: 2: 1.
c. Interest on capital will be allowed @ 6% per annum.

Due to a shortage of capital, Satnam contributed Rs 50,000 on 30th September 2012 and Qureshi contributed Rs 20,000 on 1st January 2013 as additional capitals. The profit of the firm for the year ended 31st March 2013 was Rs 3,37,800.

i. Prepare profit and loss appropriation account for the year ending 31st March, 2013.

18. Ashok, Brijesh and Cheena are partners sharing profits and losses in the ratio of 2 : 2 : 1. Ashok and Brijesh have guaranteed that Cheena share in any year shall not be less than Rs 20,000. The net profit for the year ended March 31, 2017 amounted to Rs 70,000. Prepare Profit and Loss Appropriation Account. **[4]**

Section D

19. Ahmad, Bheem and Daniel are partners in a firm. On 1st April, 2011, the balance in their capital accounts stood at Rs 8,00,000, Rs 6,00,000 and Rs 4,00,000 respectively. They shared profits in the proportion of 5 : 3 : 2 respectively. Partners are entitled to interest on capital @ 5% per annum and salary to Bheem @ Rs 3,000 per month and a commission of Rs 12,000 to Daniel as per the provisions of the partnership deed. **[6]**

Ahmad's share of profit (excluding interest on capital) is guaranteed at not less than Rs 25,000 per annum. Bheem's share of profit (including interest on capital but excluding salary) is guaranteed at not less than Rs 55,000 per annum. Any deficiency arising on that account shall be met by Daniel. The profits of the firm for the year ended 31st March, 2012 amounted to Rs 2,16,000. Prepare 'profit and loss appropriation account' for the year ended 31st March, 2012.

20. Shreya and Vivek were partners in a firm sharing profits in the ratio 3 : 2. The balances in their capital and current accounts as on 1st April, 2017 were as under : **[6]**

	Sherya (Rs.)	**Vivek (Rs.)**
Capital accounts	3,00,000	2,00,000
Current accounts	1,00,000 (Cr.)	28,000 (Dr.)

The partnership deed provided that Shreya was to be paid a salary of Rs.5,000 p.m. whereas Vivek was to get a commission of Rs.30,000 for the year.

Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Shreya were Rs.3,000 at the beginning of each quarter while Vivek withdrew Rs.30,000 on 1st September, 2017. The net profit of the firm for the year before making the above adjustments was Rs.1,20,000.

Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

21. Ali, Bimal and Deepak are partners in a firm. On 1st April, 2011 their capital accounts stood at Rs 4,00,000, Rs 3,00,000 and Rs 2,00,000 respectively. They shared profits and losses in the ratio of 5:3:2 respectively. Partners are entitled to interest on capital @ 10% per annum and salary to Bimal and Deepak @ Rs 2,000 per month and Rs 3,000 per quarter respectively as per the provisions of the partnership deed. **[6]**

Bimal's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of Rs 50,000 per annum. Any deficiency arising on that account shall be met by Deepak. The profits of the firm for the year ended 31st March, 2012 amount to Rs 2,00,000. Prepare profit and loss appropriation account for the year ended on 31st March, 2012.

22. On 31st March 2018 the balance in the Capital Accounts of Abhir, Bobby, and Vineet, after making adjustments for profits and drawings were Rs.8,00,000, Rs.6,00,000 and Rs.4,00,000 respectively. Subsequently, it was discovered that interest on capital and interest on drawings had been omitted. The partners were entitled to interest on capital @ 10% p.a. and were to be charged interest on drawings @ 6% p.a. The drawings during the year were: Abhir - Rs.20,000 drawn at the end of each month, Bobby - Rs.50,000 drawn at the beginning of every half year and Vineet - Rs.1,00,000 withdrawn on 31st October 2017. The net profit for the year ended 31st March 2018 was Rs.1,50,000. The profit sharing ratio was 2 : 2 : 1. Pass necessary adjusting entry for the above adjustments in the books of the firm. Also, show your workings clearly. **[6]**