Model Question Paper

Partnership accounts - Retirement - Part III

12th Standard

Accountancy

Reg.No. :

I.Answer all the questions.

II.Use blue pen only.

Time : 02:00:00 Hrs | Total Marks : 91

Part-A

5 x 1 = 5

1) At the time of retirement, the revaluation profits of business will be shared by _______ partners.

2) In the absence of any specific agreement between the partners, partners loan to the firms will carry an interest at the rate of ______ percentage.

3) The accumulated reserves will be transferred to the old partners Capital account in the _______ ratio at the time of his retirement

4) The amount due to the retiring partner is either ______ or is paid in ______.

5) _______ is calculated to determine the amount of compensation to be paid by each of the continuing partners to the outgoing partners.

Part-B

6 x 5 = 30

6) X, Y and Z were sharing profits and losses in the proportion of 1/2 , 1/5 and 3/10 respectively. Y retires. Calculate the new ratio of X and Z.

7) A, B and C were partners sharing profit and losses in the ratio of 4:3:2. On 31st March, 2005, the firm's books showed general reserve at Rs.45,000. 'B' wanted to retire from 1.4.2005. Pass entry to transfer the entire reserve to the capital accounts of the partners.

8) Mohanraj, Nagaraj and Packiaraj were partners of a firm sharing profits and losses in the ratio of 5:3:2. On 31.3.2004, the firm's books showed a reserve fund of Rs.30,000 and undistributed loss Rs.20,000. Packiaraj wanted to retire from 1.4.2005. Pass entries to transfer the entire reserve and undistributed losses to their capital accounts

9) O, P and Q were partners of a firm sharing profit and losses in the ratio of 7:5:3. In view of 'P' s' retirement, they valued their goodwill at Rs.45,000 and decided to raise the goodwill account which did not exist before. Pass entry.

10) A, B and C were partners of a firm sharing profit and losses in the ratio of 5:3:2. Goodwill account stood in their books at Rs.36,000. 'C' wanted to retire and in view of that the partners decided to update the value of goodwill to Rs.50,000. Pass entry.

11) G, P and S were partners of a firm sharing profit and losses in the ratio of 3:2:1. In view of G's retirement, goodwill was valued at two year's purchase of the average profits of last three years which were Rs.16,000, Rs.30,000 and Rs.26,000. Pass entry.

Part-C

3 x 12 = 36

12) Distinguish between sacrificing ratio and gaining ratio.

13) How will you deal with Goodwill at the time of retirement of a partner?

14) a) Mention the different situations to calculate the new profit sharing ratio and the gaining ratio.

b) Is opening of revaluation account necessary? Why?

Part-D

1 x 20 = 20

15) Mathiazhagan, Govindarajan and Shanmugam were partners of a firm sharing profits and losses in the ratio of 1/2 , 1/3 and 1/6 respectively. Set out below was their balance sheet as on 30th June, 2005.

Liabilities		**Rs.**	**Assets**	**Rs.**
Sundry creditors		1,20,000	Cash in Hand	18,000
Bills payable		40,000	Cash at Bank	1,70,000
Bank overdraft		80,000	Sundry debtors	52,000
General reserve		1,20,000	Stock	1,20,000
Capital accounts :			Furniture	80,000
Mathiazhagan:	2,40,000		Plant	1,60,000
Govindarajan :	1,60,000		Land and Buildings	2,80,000
Shanmugam :	1,20,000	5,20,000		
		8,80,000		8,80,000

Shanmugam retired from the partnership from 1st July, 2005 on the following terms: (a) Goodwill was to be raised at Rs.1,44,000. (b) The value of land and building was to be increased by Rs.40,000. (c) Furniture and plant were to be depreciated by Rs.4,000 and Rs.12,000 respectively. (d) Shanmugam was to be paid off at once. Show revaluation account, capital accounts, bank account and the opening balance sheet of the reconstituted firm.

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