Model Question Paper

Partnership accounts - Retirement - Part II

12th Standard

Accountancy

Reg.No. :

I.Answer all the questions.
II.Use blue pen only.
III.Question number 15 is compulsory.

Time : 02:00:00 Hrs

Total Marks : 100

Part-A

5 x 1 = 5

1) At the time of retirement of a partner, calculation of new profit ratio is _______

(a) not necessary (b) necessary (c) optional

2) Undistributed profits and losses ______ transferred to all the partners account at the time of retirement of a partner.

(a) should be (b) should not be (c) may be

3) At the time of retirement Balance sheet items like Profit & Loss account and General Reserve must be transferred to

(a) Revaluation A/c (b) Partner's Capital A/c (c) None of the above

4) If the goodwill account is raised for Rs.30,000, the amount is debited to:

(a) The capital accounts of partners (b) Goodwill Account (c) Cash Account

5) ________ ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio.

(a) Gaining (b) Capital (c) Sacrifice

Part-B

5 x 5 = 25

6) What are the adjustments to be made in connection with Retirement?

7) Mani, Nagappan and Ulaganathan are partners sharing profits in the ratio of 4:3:3. Ulaganathan retires and his share is taken up by Mani and Nagappan in the ratio of 3:2. Calculate the new ratio.

8) Sabapathi, Thirumalai and Umapathi are partners sharing profits in the ratio of 3:2:1. Thirumalai retires and his share is taken up by Sabapathi and Umapathi equally. Calculate the new ratio.

9) Roja, Meena and Shobana are partners sharing profits in the ratio of 5:4:3. Roja retires and her share is taken up entirely by Meena. Calculate the new ratio.

10) P, Q and R sharing profits in the ratio of 2:2:1. Q retires and the new profit ratio agreed between the continuing partners P and R is 4:3. Calculate gaining ratio.

Part-C

4 x 12 = 48

11) Sankar, Sekar and Sarathi were partners of a firm sharing profits and losses in the ratio of 3:2:1. As Sarathi wanted to retire, they decided to revalue their firms' assets and liabilities as indicated below: (a) To increase the value of buildings by Rs.33,000. (b) To bring into record at Rs.6,000 investments which have not so far been brought into account. (c) To decrease stock by Rs.3,000 and furniture by Rs.1,500. (d) To write off sundry creditors by Rs.1,500 Pass the necessary journal entries and show the revaluation account.

12) Ramu, Somu and Gopu were partners of a firm sharing profit and losses in the ratio of 5:3:2. On 1st April 2005, Gopu wanted to retire, they decided to revalue their firms' assets and liabilities as indicated below: (a) Increase the value of premises by Rs.30,000. (b) Depreciate stock, furniture and machinery by Rs.10,000, Rs. 5,000 and Rs.23,000 respectively. (c) Provide for an outstanding liability of Rs.2,000. Pass journal entries and revaluation account in the books of the firm to carryout the above decision of its partners.

13) C, D and E were partners of a firm sharing profit and loss in the ratio of 5:3:2. As D wanted to retire, they decided to revalue their firm's assets and liabilities as indicated below: a) To bring into books unrecorded investments Rs.3,000. b) To write off Rs.4,000 from Sundry Creditors c) To write down machinery by Rs.1,000 and furniture by Rs.2,000. d) Goodwill of the firm be raised in its books at Rs.15,000. Pass journal entries and prepare revaluation account.

14) Ganga and Yamuna were partners of a firm sharing profits in the ratio of 3/5 and 2/5. Their balance sheet as at 31st March, 2004 stood as under.

Liabilities		Rs.	Assets	Rs.
Capitals :			Machinery	58,500
Ganga :	60,000		Stock	48,000
Yamuna :	45,000	1,05,000	Debtors	45,000
Sundry creditors		15,000	Cash	1,500
Bills payable		33,000		
		1,53,000		1,53,000

Yamuna decides to retire from the business owing to illness and that Ganga will take over the business in order to admit Amaravathi on the following terms. (a) Depreciate machinery by 10% and stock by 15%. (b) A provision for doubtful debts be created at 5% on sundry debtors. (c) Provide for discount on creditors at 2%. Show revaluation account, capital accounts and the opening balance sheet of Ganga.

Part-D

2 x 20 = 40

15) a) Venus, Mercury and Jupitar are partners in a firm sharing profits and losses in the proportion of 1/2, 3/10 and 1/5 respectively. Their balance sheet as on 31.3.2005 is as under:

Liabilities		Rs.	Assets	Rs.
Sundry creditors		62,000	Cash at Bank	81,000
Reserve fund		40,.000	Debtors 62,000	
Capital accounts:			**Less:** Provision for	
Venus :	1,60,000		doubtful debts 1,000	61,000
Mercury :	1,20,000		Stock	40,000
Jupitar :	60,000	3,40,000	Plant and machinery	1,00,000
			Buildings	1,60,000
		4,42,000		4,42,000

Jupitar retires on 1st April 2005 subject to the following terms.

(a) Buildings are to be appreciated by 10%. (b) The provision for bad debts is to be raised to Rs.2,400. (c) Goodwill is to be raised at Rs.40,000. (d) The retiring partner is to be paid off immediately. Pass journal entries to record the above transactions in the books of the firm and show the revaluation account, capital accounts and the balance sheet of the new firm after Jupitar's retirement.

(OR)

b) Selva kumar, Saravana kumar and Vinod kumar were partners of a firm sharing profits and losses in the ratio of 3:2:1. Set out below was their balance sheet as on 31st December 2004.

Liabilities		Rs.	Assets	Rs.
Bills payable		15,000	Cash in Hand	3,000
Sundry creditors		25,000	Cash at Bank	35,000
Capital Accounts:			Bills receivable	11,000
Selvakumar :	80,000		Book debts	18,000
Saravanakumar :	50,000		Stock	36,000
Vinod kumar :	40,000	1,70,000	Furniture	7,000
		30,000	Plant &Machinery	50,000
			Building	80,000
		2,40,000		2,40,000

Selvakumar retired from the partnership on 1st January 2005 on the following terms: (a) Goodwill of the firm was to be valued at Rs.30,000. (b) Assets are to be valued as under: Stock Rs. 30,000: Plant and Machinery Rs. 40,000; Buildings Rs.1,00,000 (c) A provision for doubtful debts be created at Rs.1,000 (d) Rs.21,500 was to be paid to Selvakumar immediately and the balance was transferred to his loan account.

Show revaluation account, capital accounts, bank account and the balance sheet of the reconstituted partnership.

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