



ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

ACCOUNTING FOR PARTNERSHIP FIRMS-FUNDAMENTALS

Illustration

1. Ambrish , lalit and charu are partners in a firm , they do not have a partnership Deed .

(i) Ambrish who has contributed more capital than other parthners demands interest on capital at 10% p.a But Lalit and Charu do not agree with him .

(ii) Lalit has devoted his full time in the business and demands a salary of Rs 5.000 p.m but ambirsh and charu do not agree with him . ,

(iii) charu demands interest on the loan of Rs . 50.000 advanced by her at the market rate interest i.e., @ 12 % P.a

(iv) Ambrish has drawn Rs. 10,000 from the firm for personal use. Lalid and Charu demand that interest should be charged! 10% per annum.

(v) Profit before taking into account any of the above claims amounted to Rs. 50,000 at the end of the first year of the business. Ambrish demands share of profit in the capital ratio.

How will the disputes be settled?



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2. Atal and Lal are partners in a firm, they do not have a partnership deed, what shall be the position in the following cases?

(i) Atal devotes more time than Lal in the business. Atal demands a salary of Rs. 6,000 per month for it.

(ii) Lal has invested capital of Rs. 50,000 whereas Atal has invested Rs. 5,000 as capital. Atal however has advanced Rs. 10,000 as a loan to the firm, what interest to him if any will be allowed to Atal and Lal?

(iii) Atal wants to introduce his son Inder as a partner. Lal objects to his proposal.

(iv) Lal Wants that profit should be distributed in the ratio of their capitals but Atal wants that it should be distributed equally .

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3. Harry and Garry are partners in a firm , they have not entered into partnership Deed but had agreed on following :

(i) salary will be paid top Harry @ Rs. 10.000 per month.

(ii) Garry will get commission @ 10% of Net profit .

(iii) interest will be charged on capitals @ 10% p.a .

(iv) Interest will be charged on drawing @ 10% p.a

(v) partner cannot be admitted without the consent of both the partners

.

how will be the following disputes resolved ?

1. Garry demands to be paid salary as Harry is being paid because his commision in lower .

2. Harry demands that his son sherry be admitted as patner for 25 % share to be given out of his hare of profits to which Garry disagrees.

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4. Amit , bimal and chaman are partners sharing profits and losses equally
Amit and chaman have given loan to the firm on 1st October , 2018 of Rs.
1,00,000 and Rs, 1,50,000 respectively . It is agreed that interest @ 9 % p.a
will be paid on loan Books of account of the firm are closed on 31 st
March every year .

Interest on loan is yet be paid as on 31 st March , 2019 pass Journal
entries in the books of account of the firm and prepare ladger accounts
of thwo two partners.



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5. Akhil and bharat are partners sharing profits and losses in ratio 2:3
with capitals of Rs. 2,00,000 and Rs, 1,00,000 respectively .On 1st October ,
2018 Akhil and bharat gave loans of Rs,4,00,000 and Rs, 2,00,000
respectively to the firm . the parthership Deed is silent on payment of
interest on partner's loan Dtermine the amount of Profit or loss for year
ended 31st March ,2019 in each of the following cases to be distributed

among partners :

case 1. if the profit before interest for the year amounted to Rs. 25,000

case 2. if the profit before interest for the year amounted to Rs. 15,000 .

case 3. if the Loss before interest for the year amounted to Rs. 25,000.

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6. Ayub and amit partners in M/s Amrit Papers sharing profits and losses equally . Following trial balance is prepared from the books of account as at 31st March , 2019,

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Opening Stock	45,000	Sales	12,50,000
Purchases	7,60,000	Purchases Return	10,000
Sales Return	25,000	Sundry Creditors	90,000
Salary and Wages	1,80,000	Capital Accounts:	
Rent	1,10,000	Ayub	4,00,000
General Expenses	35,000	Amit	3,85,000
Sundry Debtors	2,00,000		
Furniture and Fixtures	50,000		
Computers	2,20,000		
Machinery	3,00,000		
Cash at Bank	75,000		
Cash in Hand	25,000		
Drawings: Ayub	60,000		
Amit	50,000		
	21,35,000		21,35,000

Prepare trading Account profit and loss and profit and loss Appropriation Account for the year ended 31st March , 2019 and Balance sheet as at

that date after accounting the following adjustments :

- (i) stock as at 31 st March , 2019 was Rs. 50.000,
- (ii) Rent is Rs. 10.000 per month ,
- (iii) Depreciate Furniture and fixtures and Computers @ 20 % p.a
,Machinery @ 10% p.a and
- (iv) interest on capitals is allowed @ 6% p.a .



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7. A and B Entered into partnership on 1st april , 2018 without any Partnership Deed . They introduced capitals of Rs. 5.00.000 and Rs, 3.00.000 respectively ,ON 31st October , 2018 ,A advanced Rs. 2.00.000 as loan to the firm without any agreement as to interest .

Profit and loss acoount for the year 31 st MArch 2019 showed a profit of Rs. 4.30.000 but the partners could not agree upon the amount of interest o loan to be charged and the basis fo division of profits.

pass a journal entry for distribution of the profit between the partners and prepare capital accounts of both the parthners an loss account Of A :



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8. Arman and Boman are partners sharing profits equally Business is being carried from the property owned by Aman on a Yearly rent fo Rs. 24,000 Aman is to salary of Rs. 1,20,000 p.a and Bomon is to get commission @ 5% of net sales , which during the year was Rs. 30.00.000 profit for the year ended 31 st march 2019 before providing for rent was Rs. 5,00,000 .

Prepare profit and Loss Appropriation Account for the year ended 31 st March , 2019



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9. Aseem and Nihar Started a Business on 1st april 2018 with capitals of 3.00.000 and Rs. 2.00.000 respectively ,According to the partnership Deed ,Nihar is to get salary fo Rs. 5.000 per month Aseem is to Get 10% commission on Profit after allowing salary to nihar and interest is to be allowed on capitals @ 6% p.a profit - sharing ratio between the two partners is 3:2 During the year , the firm earned net profit of Rs. 2.50.000

Pass journal entries for division of profits and prepare profit and loss appropriation account .

The firm closes its accounts on 31 st March every year .



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10. X and Y started business on 1st April , 2018 with capitals of Rs. 5,00,000 each as per the partnership Deed both X and Y are to get Monthly salary of Rs. 10,00,000 , interest in capitals @ 10% p.a Drawings during the year were X- Rs. 60,000 and Y- Rs. 1,00,000 , interest on drawings being charged @ 10 % p.a

During the firm incurred a loss of Rs. 2,00,000.

Pass journal entries for the above and prepare profit and loss appropriation Account , the firm closes its Accounts on 31 st March . every Year.



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11. Arun and Arora were partners in a firm sharing profits in the ratio of 5:3 their fixed capitals on 1st April 2010 were : Arun Rs. 60,000 and Arora Rs. 80,000 they agreed to allow interest on capital @ 12% p. a and to charge on drawings @ 15 % p.a Profit of the firm for the the year ended 31st MARCH , 2011 before all above adjustments was Rs. 12,600 Drawings made by Arun were Rs. 2,000 And by Arora Rs. 4,000 During the year prepare profit and loss appropriation account of Arun and Arora Your Calculations clearly ,the interest in capital will be allowed even if the firm incurs A loss.



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12. Ajay and vijay are partners sharing profits in the ratio in the of 3:2 ajay is non - Working partner and contributes Rs. 20,00,000 as his capital Vijay is a working partner of firm , the partnership Deed provides for interest on capital @ 8% and salary to every working partner @ 8,000 per months profit before providing for interest on capital and partners 's salary for

the they year ended 31st March 2019 Was Rs. 80.000 show the distribution of profit.



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13. A and B are partners with capitals of Rs. 60.000 and Rs. 20.000 respectively on 1st april , 2018 Net profit (before taking into - account the provisions of the Deed for the year ended 31 st March 2019 was Rs. 24.000 the partnership Deed provides for the following :

- (a) B is entitled to a salary of Rs. 6.00 P.a
- (b) interest on captials is to be allowed @ 6% p.a
- (c) interest on drawing is to be charges @ 5% p.a

the drawing fo the partners A and B were Rs. 6.000 and Rs. 4.000 respectively and interest on drawing for a being Rs. 200 and for B Rs. 100.

Pass the journal enteris for the and show how profit will be divided between A and B and also show the capital accounts of the partners along with their Drawing ,Accounts of the partness along with their

Drawing accounts :

- (i) if they fixed ,and (ii) if they are fluctuating .



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14. X and Y are partners in a firm X is to get commission of 10 % of net profit before charging any commission Y is to get a commission of 10% on net profit after charging all commissions .Net profit for the year ended 31st March ,2019 was Rs. 55,000

Find the commission of X and Y Also show the distribution of profit .



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15. A, B and C are partners in a firm ,According to the partnership Deed the partners are entitled to draw up to Rs. 7,000 per month .On the 1st day of every month A ,B and C drew Rs. 7,000, Rs. 6,000 and Rs. 5,000 respectively interest on capitals and interest on drawing are fixed @ 8 % and 10 % respectively profit for the year ended 31 st March 2019 was Rs. 7,55,000 out of which Rs. 2,00,000 are to be reserved and A is to create General Reserve B and C are to get salary of Rs. 30,000 and 45,000 p.a respectively and A is to receive commission @10% on disburseable profits

after charging such commission On 1st april 2018v balances of their capital accounts were

Rs. 5.00.000 ,Rs. 4.00.000 and 3.50.000 respectively .

Prepare profit and loss appropriation account for th year ended 31 st March , 2019 ad capital accounts of partners in the books of the firm .

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16. in a partnership ,parners are charged interest on drawing @ 15% p.a

During the year ended 31 st March 2019 a partne drew as follows :

Date	1st May, 2018	1st August, 2018	30th September, 2018	31st January, 2019	31st March, 2019
Amount (₹)	2,000	5,000	2,000	6,000	2,000

what is the interest chargeable from the parther ?

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17. A partner draws Rs. 10.000 per month under the pnership Deed interest on drwings is to be charged @ 15 % p.a Calculate interest if the if the drwawing are made regulary :

(i) in the beginning of the month ,

(ii) in the middle of the month , or

(iii) at the end fothe month.



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18. A.B and C are partners Sharing profits equally .A drew regularly Rs. 6.000 in the being of every month for the six month for the six months ended 30 th September , 2018 B drew Regularly RS. 6,000 in the middle of every month for the six moths of the six months ended 30 september 2018 XC drew regularly Rs. 6000 in the middle of every month for the six months ended 30 th september . 2018 Calculatwe interest i drawings @ 5% p.a when tha books are closed on 31 st March every year .



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19. Calculate interest on drawings Of Mr. siddhant @ 10% p.a for the year ended 31 st March , 2019 in each of the following alternative cases :

Case1. if he withdrew Rs. 60,000 in the beginning fo each quarter .

case 2. if he withdrew Rs. 60,000 at the end of each quarter .

Case 3. if he withdrew RS. 90,000 in the middle of each quarter .

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20. A, B and C started a firm on 1st October , 2018 sharing profits equally . A drew regularly Rs. 4,000 in the beginning of every month of the six months ended 31 st March ,2019 B drew regularly Rs. 4,000 at the end of every month for the six months ended 31 st March 2019 C drew regularly Rs. 4,000 in the middle of every months for the six months ended 31st March ,2019

Calculate interest in drawing @5% p.a for the period ended 31st MARCH , 2019.

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21. Calculate interest on drawings of Rakesh @ 10% p.a for the year ended 31 st march ,2019 in each of the following alternative cases :

case 1. if his drawings during the year were Rs. 30,000

case 2. if he withdraws Rs. 2,500 per month during the year.



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22. Calculate interest on A's drawings @ 10% if he withdrew Rs. 2,50,000 during the year .



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23. X and Y are partners sharing profit and losses in the ratio of 2: 3 with capitals of Rs. 2,00,000 and Rs. 1,00,000 respectively pass the necessary Journal entry or entries for the distribution of profits / loss for the year for the year 31st March , 2019 in each of the of the alternative cases :

case 1. If Partnership Deed is silent as to the interest on capital and the profit for the year is Rs. 20,000.

Case 2. if partnership Deed provides for interest on capital @ 6% p.a and loss for the year is Rs. 15,000.

Case 3. if partnership Deed provides for interest for interest on capital @

6% p.a and the profit for the the year is Rs. 21,000 .

Case 4. if partnership Deed provides for interest for interest on capital @ 6% p.a as a charge on on profit and the profit for the year is Rs. 20,000.

Case 5. if partnership Deed provides for interest on capital @ 6% p.a as a charge on profit and th profit for the year is Rs. 2,000

Case 6. if partners Deed provides for interest o capital @ 6% p.a as a charge on profit and th profit for the year is Rs. 18.000.



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24. A and B have capitals of Rs. 4,00,000 and Rs. 2,00,000 respectivley and interest on capital is to be allowed @ 6% p.a their profit - sharing ratio is 2:3 and net pfofit , i.e., profit (before interest) for the year is Rs. 30,000 show the relevant account to allocate interest on capials

(i) if the partnership Deed provides for interest on capital ,and (ii) if the partnership Deed provoides for interest as a charge .



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25. A and B are partners in the a business and their capitals at the end of the year were Rs, 7,00,000 and Rs. 6,00,000 respectively Calculate their openin capitals considering the following information :

(a) Drawings of A and B for the year were Rs. 75,000 and Rs. 50,000 respectively

(b) B introduced capital of Rs. 1,00,00 during the year .

(c) interest on capital credited to the capial accounts of A and B were Rs. 15 ,000 and Rs. 10,000 respectively .

(d) interest on drawig debited to the capital Accounts of A and B were Rs. 7,500 and Rs. 5,000 respectively .

(e) share of profit creadited to capital Accounts was Rs. 1,00,000 each .



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26. A and B are partners in a business and their capitals at the end of the year were Rs. 7,00,000 and Rs. 60,000 respectively .Calculate their opening capitals considering the following information :

(a) Drawing of A and B for the year were Rs. 75,000 and Rs. 50,000 respectively .

(b) B introduced capital of Rs. 1,00,000 During the year .

(c) interest on capitals to the capital accounts of a And B were Rs. 15,000 and 10,000 Respectively .

(d) interest On drawings Debited to the capital Accounts Of A andB were aRs. 7,500 and Rs. 5,000 Respectively .

(e) share of loss debited to capital Account of each partner was Rs. 20,000.



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27. A and B started business on 1st april 2018 with capials Of Rs. 6,00,000 and Rs. 4,00,000 respectively During the year,A introduced Rs. 1,00,000 as additional on 1st October ,2018 they withdrew Rs. 50,000 permonth against Profits interest On capital is to be allowed @ 10% Per Annum .

Calculate interest payable to A and B For the year ended 31st March , 2019.



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28. Ramesh and Naresh are partners in a firm their capitals as on April 2018 Were Rs. 2,50,000 and Rs. 1,50,000 Respectively , they share profits equally On 1st July 2018 they decided that their capitals should be Rs. 2,00,000 each the necessary adjustment in the capitals were made that their capitals should be Rs. 2,00,000 each , the necessary adjustment in the capitals were made by introducing or withdrawing capital interest on capitals is allowed @ 8% p.a compute interest on capital for both the partners for the year ended 31st March 2019.

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29. From the following Balance sheet of X and Y Calculate interest on capital @ 5% p.a for the year ended 31st March 2019:

BALANCE SHEET as at 31st March, 2019

Liabilities	₹	Assets	
X's Capital A/c	90,000	Sundry Assets	2,10,000
Y's Capital A/c	80,000		
Reserve	40,000		
	2,10,000		2,10,000

During the year ended 31st March 2019 X. Drawings Were Rs. 10,000 Y's Drawings were Rs. 30,000 profit for the year ended 31st March . 2019 was Rs. 60,000 the amount Of Reserve i.e., Rs. 40,000 is transferred from Current Year 's Profit to strengthen the financial position of the firm



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30. X and Y are partners sharing profits in the ratio of 3:2 On 31 st March .2019 after closing the books of account their capitals are Rs, 10.00.000 and Rs. 12.50.000 respectively ,On 1st May 2018 X had introduced an additional capital of rs. 12.50.000 Repectively On . 1st May 2018 X had introduced 2018 X had introduced an additional capital of Rs. 2,50,000 and Y withdrew RS. 1,25,000 form his cpital on 1st october , 2018 x, withdew Rs. 5,00,000 from his capital and Y introuced Rs, 6,25,000 After closing the accounts , it was noticed that interest on capital @6% p.a has been omitted During the year ended 31st MArch ,2019 X's drawing and Y's drawigs were RS. 2,50,000 and Rs. 1,25,000 profits (before interest on capital) during the year were Rs. 5,00,000 Calculate interest on capital if the capitals are (A) fixed and (b) Fluctuating



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31. X and Y Are Partners sharing profits and losses in the of 7:3 their Capital Accounts as at 1st April , 2018 stood at X-Rs. 5,00,000 , Y - Rs. 4,00,000 partners are allowed interest on capital @5% p.a Drawing of the partners during the yearended 31st MArch , 019 were rs. 72,000 ad Rs. 50,000 respectively pftot for the year before allowing interest on capital and salary to Y @ Rs. 5,000 per months was Rs. 8,00,000 10% of the ne profit is to be set aside as General Reserve.

pass the journal enteris for appropricarionprepare profit and loss Appropriation Account for the year ended 31st March , 2019 and capital and Current accounts of the partners .



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32. X and Y are partners sharing profits and Losses in the ratio 7:3 their capital Accounts As at 1st April 2018 Stood AtX -Rs. 5,00,000 ,Y - Rs. 4,00,000 Pertners are allowed interest on capitals @5% p.a Drawing of X and Y During ended allowed 31 st March ,2019 were Rs. 72,000 and Rs, 50,000 Respectively .Profit for the year before allowing interest on capital

and Salary to Y @ Rs. 5,000 Per month amounted To Rs. 8,00,000 . 10 % of the divisible profit is to be set aside as General Reserve .

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33. Ram and Mohan are partners in a firm. They admitted Rakhi as a partner without capital for 1/3 rd share in the profit of the firm. She is blind by birth but having management qualities, the new Partnership of the firm, she is blind by both but having good management qualities. The new partnership agreement provides for the following :

(i) 10% of the trading profit will be donated to Prime Minister's Relief Fund .

(ii) 5% of the trading profit will be donated to the National Blind Relief fund.

(iii) Products will be sold at a discount of 15% on maximum Retail price to the people living below poverty line .

(iv) New Retail shops will be opened in the Naxal Affected areas of the country .

(v) New jobs of sales persons will be reserved for the girls belonging to

scheduled Castes and scheduled Tribes .

Trading Profit of the firm for the year ended 31st March ,2012 was Rs, 10,00,000,

Prepare profit and Loss Appropriation Account of Ram ,mohan And Rakhi For the year ended 31 st MArch ,2012.



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34. ON 1st April , 2018 precious ,Noble and Perfect entered into partnership with capirals of Rs. 60,000 Rs. 50,000 and Rs, 30,000 respectively

Perfect advanced Rs. 10.000 as loan to the partnership on 1st october , 2018 ,the partnershp Deed Ontained the following clauses :

- (i) Interest on capital @ 6% p.a .
- (ii) Interest on drawings @ 6% p.a Each Drew Rs. 4.000 at the end each quarter commencing from 31 th june , 2018
- (iii) Working partners precious and Noble to get salry of Rs. 200 and Rs.300 per month respectively ltbr. (iv) nterest on loan was given to perfect @ 6% p.a

(v) Noble is to get rent of Rs. 2,000 per month for use of his building by the firm it is paid him by cheque at the end of every month.

(vi) Profits and losses are to be shared in the ratio of 4:2:1 up to Rs. 70,000 and above Rs. 70,000 equally .

Profit of the firm for the year ended 31st March 2019 (before the above adjustment) was Rs. 1,35,000 Prepare a profit and Loss appropriation account and capital Accounts Of Partners if Capitals are fixed .



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35. P and Q were Partners partners in a firm sharing Profits equally .Their fixed capitals were Rs. 1,00,000 and Rs. 50,000 Respectively .The partnership Deed provided for interest on Capital at the rate of 10% per annum . For the year ended 31st March ,2016 the profit of the firm were distributed with out providing interest on capital .

pass necessary adjustment entry to rectify the error.



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36. A and B are partners in a firm sharing profits and losses in the ratio of 3: 2 Following was the Balance sheet of the firm as at 31 st Marach , 2018:

Liabilities	₹	Assets	₹
Capital A/cs:		Sundry Assets	80,000
A	60,000		
B	20,000		
	80,000		80,000

Profit Rs. 30,000 for the year ended 31st March ,2018 was divided between the PARTners without allowing interest on capitals @ 12% p.a and salary to A @ Rs. 1,000 per month ,During the year A withdrew Rs. 10,000 And B Rs. 20,000

Pass necessary adjustment journal entry and show your working Clearly .

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37. Mannu and Shrishi are partners in a firm sharing profits in the ratio of 3:2 Following is the Balance sheet of the firm as on 31 St March ,2019:

BALANCE SHEET as at 31st March, 2019

Liabilities	₹	Assets	₹
Mannu's Capital	30,000	Drawings:	
Shrishi's Capital	10,000	Mannu	4,000
		Shrishi	2,000
		Other Asset	6,000
	40,000		34,000
			40,000

Profit for the year ended 31st March , 2019 Was Rs. 5,000 which was divided in the agreed ratio ,but interest @5% p.a on capital and 6% p.a

on drawings Was indvetently omitted interest on drwings on an average basis for 6 months Give the adjustment entry .



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38. On 31st March , 2014 Balances in the capital Accounts Of Eleen Monu And Ahmad after making adjustments for profits and drawings were Rs. 1,60,000 Rs. 1,20,000 and Rs, 80,000 respectively . Subsequently ,it was Discovered that the interest on capital and drawings had been omitted .

(i) Profit for the year ended 31st March ,2014 was Rs. 40,000.

(ii) During the year Eleen Monu And Monu Each withdrew a total sum Of Rs . 24,000 in equal instalments in the begining of each month and ahmad withdrew a total sum of Rs. 48,000 in equal instalments at the end months .

(iii) the interest on drawings was to be chaged @ 5% p.a and interest on capital was to be allowed @ 10% p.a

(iv) The profit- sharing ratio among the partners was 2:1:1.

Showinnng your working notes clearly , pass the necessary rectifying entry

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39. X, Y and Z are partners they have omitted interest on capital @ 10% p.a for three years ended 31st March, 2019 their fixed capitals on which interest was to be calculated throughout were : X-Rs. 10,000 Y-Rs. 8,000 and Z -Rs. 7,000 their profits - sharing ratios were : 2017 -1:2:2, 2018 -5:3:3, 2019 -4:5:1 the firm earned profit of Rs. 2,500 IN each Year pass Necessary adjustment Journal entry.



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40. On 31st March, 2019 Capital Accounts of E, M and A after making adjustments for profits drawings, etc were as E- Rs. 8,00,000, M-Rs. 6,00,000, Subsequently it was noticed that interest on capital and interest on drawings had been omitted partners were entitled to interest in capital @ 5% p. a Drawings during the year were : : E-Rs. 2,00,00, M-Rs. 1,50,000 and A- Rs. 90,000 interest on Drawings chargeable to the partners were E-Rs. 5,000, M- Rs. 1,50,000 M-Rs. 3,600 And A -RS.

2,000 Net Profit during the year year was Rs. 12,00,000 Profit - sharing ratio of the parathers was 3:2:1

pass necessary adjustment entry for rectify th above omission show your Workings .

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41. X Y and Z are partners in a firm sharing profits and losses in the ratio of 5:3,2 their fixed capitals were Rs. 3,00,000 Rs. 2,00,000 and 1,00,000 respectively for the year ended 31st March 2019 interest on capital was credited to them @ 10% p.a instead of 8% p.a

Showing your working notes clearly pass necessary adjusment journal entry .

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42. A ,B and C are partners in firm sharing profits and losses in the ratio of 2:2:1 their capitals (fixed)are Rs. 1,00,000 ,Rs. 80,000 and Rs. 70,000

respectively for the year 2018 -19 interest on capital was credited to them @ 9% p.a instead of 12% Give the Adjustment journal entry .



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43. A B and C are partners in a firm partnership Deed does not provides for interest on capital , still it was caredited to partners 'capital Accounts @5% p.a for the two years ended 31st March 2018 and 31 st March , 2019 their fixed capitals on which interest was calculated throughout were:

A- Rs. 50,000 ,B-Rs. Rs 40,000 and c- Rs. 30,000

During the two years they shared profits as follows :

2017-1885:32,2018-1902:2:1

you are required to pass an adjustment entry as at 1st April , 2019.



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44. A,B,C and D are partners sharing sharing profits and losses in the ratio of 4:3:3:2 and their respective capitals on 31st March 2019 were Rs. 30,000 Rs, 45,000 Rs, 60.000 and Rs. 45,000 After closing and finalisting

the accounts , it was noticed that interest on capital @6% p.a was not allowed instead of allowing the signed accounts it was decided to pass an adjustment entry on 1st April , 2019 Crediting or debiting the respective partners's Capital/Current Accounts.

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45. P,Q and R are partners in firm their capital Account stood at Rs. 30,000 ,15,000 and Rs. 15,000 respectively on 1st April ,2018 .

As per partnership deed :(i) R was to be allowed remuneration of Rs. 3,000 per annum ,(ii) interest @5% p.a was to be allowed on capital and (iii) Profits were to be distributed in the ratio of 2:2:1:1 ignoring the above terms net profit for Rs. 18,000 for the ended 31st March 2019 was distributed among three partners equally .

Pass an adjustment entry to Rectify the error . show the Working clearly .

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46. A, B and C were partners their capitals were A -Rs. 30,000 , B-Rs,20,000 and - Rs. 10,000 respectively According to the partnership deed they were entitled to an interest on capital at 5% p.a in addition B was also entitled to draw a salary of Rs. 500 per month C was entitled to a commission of 5% on the profits after charging interest on capital but before charging salary payable to B .Net profit for the year was Rs. 30,000 distributed in the ratio of capitals without payable To Net profit for the year was Rs. 30,000 distributed in the ratio of capitals without providing for any of the above adjustments the entry showing the workings clearly .



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47. the capitals of X,Y,and Z as on 31 st March ,2018 amounted to Rs. Rs. ,5,50,000 and Rs. 11,00,000 respectively Profit Amounting to Rs. 3,00,000 for the year 2017-18 was distributed in the ratio of 4:1:1 after allowing interest on capital @10% p.a During the year each partners withdrew Rs. 50,000 per month in the being of each month the partnership Deed was silent as to profit sharing ratio and interest on drawings but provided

for interest on capital @12 % op.a showing your WORKing clearly pass the necessary adjustment entry to rectify the necessary adjustment to rectify th above error.

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48. P,Q and R are aptners in a firm their capital Accounts stood at Rs. ,3,00,000, Rs. 1,50,000 and Rs. 1,50,000 respectively on 1st spril , 2018

As per the provisions of the Deed ,(I) R was to be allowed a remuneration of Rs. 36,000 per annum (ii) inereset @ 5% p.a was to be provided on capital and (iii) profits were to be distributed in the ratio of 2:2:1:1 ignorring the above terms net profit of Rs. 1,80,000 for the year ended 31 st MArch ,2019 was distributed among the three partners equally .

Pass the journal entries to rectify the above errors.

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49. A and B are partners sharing profit and losses in the ratio of 3:2 At the end of the year i.e., on 31 st Mach ,2018 (after division of the year 's profit

) they decided to take C into partnership with effect from 1st April, 2015

As C was getting annual salary of Rs. 45,000 he had also advanced Rs. 3,00,000 to the firm's April, 2015. As C was getting an interest @10% p.a.

During the three financial years firm's profits after adjustment salary to C interest on loan and interest on the capital of the partners were:

Year Ended

31st March 2016 profit Rs. 4,00,000

31st March 2017 Loss Rs. 2,00,000

31st March 2018 profit Rs. 6,00,000

According to the new agreement, C is to be given annual salary of Rs. 35,000 and 1/5th share in the profits after adjusting salary to C interest on loan and interest on the capital will carry interest @6% p.a.

Record partners' capital to give effect to the above arrangement.



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50. A, B and C are partners in a firm sharing profits in the ratio of 4:2:1 it is provided that C's share in profit would not be less than Rs. 37,50 profit and loss Appropriation Account.



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51. P and Q were partners in a firm sharing profits in the ratio 5:3 On 1st april 2014 they admitted R as a new partner for $\frac{1}{8}$ share with a guaranteed profit of Rs. 75,000 the new profit sharing ratio between P and Q will remain the same but they agreed to bear any deficiency on account of guarantee to R in the ratio of the year ended profit and loss Appropriation Account of P,Q and R for the year ended 31 st March 2015 was RS. 4,00,000

prepare profit and Loss appropriation Account of P ,Q and R for the year ended 31st March 2015



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52. moli bhola and raj were partners in firm sharing profits and losses in the ratio 3:3:4. their partnership Deed provided for the following :

(i) Interest in capital @5% p.a

(ii) interest on drawings @12@ p.a

(iii) interest on partners 'loan @6% p.a

(iv) Moli was allowed an annual salary of Rs. 4,000 , bhola was allowed a

commission of 10% of net profit as shown by profit and loss Account and Raj was guaranteed a profit as shown by profit and loss account and Raj Was guaranteed a profit of Rs. 1,50,000 after making all the adjustments as provided in the partnership agreement their fixed capitals were Moli Rs. 5,00,000 Bhola Rs. 8,00,000 and Raj : Rs, Rs, 4,00,000 On 1st April 2016 Bhola extended a loan of Rs. 1,00,000 to the firm the net profit of the firm for the year ended 31st March 2017 before interest on Bhola's loan was Rs. 3,06,000

Prepare profit and loss Appropriation Account of Moli Bhola and Raj for the year ended 31st March 2017 and their Current accounts assuming that Bhola withdrew Rs. 40,000 at the end half year.



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53. P, Q and R are partners sharing profits in the ratio 5:4:1 respectively R is guaranteed that his share of profit in any year will not be less than Rs. 50,000 the profits for the year ending 31st March, 2019 is Rs. 3,50,000 Amount of shortfall in the profits the profits of R will be borne by P and Q in

the fo 3:2 respectively pass necessary journal entry regarding deficiency borne by P and Q.

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54. X, Y and Z are partners in a firm, Their profit - sharing ratio is 5:3:2. Z is guaranteed a minimum profit of Rs. 10,000 every year. Any deficiency arising is to be met by Y. The profits for the two years ended 31st March, 2018 and 2019 were Rs. 40,000 and 60,000 respectively. Prepare profit and Loss Appropriation Account of the two years.

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55. Anwar, Biswas and Divya are partners in a firm. Their capital Accounts stood at Rs. 8,00,000, Rs. 6,00,000 and Rs. 4,00,000 respectively on 1st April, 2013. They shared profits and Losses in the ratio of 3:2:1 respectively. Partners are entitled to interest on capital @ 6% per annum and salary to Biswas and Divya @ Rs. 4,000 per month and Rs. 6,000 per respectively as per the provisions of partnership Deed.

Biswas 's share of profit including interest on capital but salary is guaranteed at a minimum of Rs. 82,000 P.a Any Deficiency arising on that account shall be met by Divya profit For the year ended 31st March , 2014 Amounted to Rs. 3,12,000 Prepare profit and loss appropriation Account for the year ended 31st MArch 2014.

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56. X,Y and Z entered into partnership in 1stjuly ,2018 to share profit and Losses in the ratio Of 3:2:1 X persnally into partership that Z's share of profit after charging interest on capital @6% per annum Would not be less than Rs. 36,000 p.a the capital contributed by X -Rs. 2,00,000 , T- Rs. 1,00,000 and Z-Rs1,00,000 profit fot the year ended on 31 st march , 2019 was RS. 1,38,000 prepare profit and Loss Appropriation Account .

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57. A ,B and C are partnes having capitals of Rs. 10,00,000 ,Rs, 8,00,000 Rs. And 6,00,000 in a firm and sharing profit and losses equally ,C guaanteed

a minimum profit of Rs. 1,00,000 as share of profit every year . The firm incurred a loss of Rs. 3,00,000 for the year ended 31 st March 2019 you are required to show the necessary accounts for division for division of loss and giving effect to minimum guaranteed profit to C.

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58. A,B and C are partners in a firm sharing profits and losses in the ratio of 12: 8:5 partner C is Guaranteed a minimum profit of Rs, 50,000 p.a by the firm , the profit and Losses of the years ended 31st March were : 2016 :- Profit Rs. 2,00,000 , 2017 -profit RS. 3,00,000 and 2018 -Loss Rs. 2,00,000 Pass necessary journal entries in the books of the firm .

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59. three chartered Accountants X. Y And Z form a partnership , sharing profit and losses in the ratio of 3:2:1 subject to the followed conditions :

(i) Z's share of profit is guaranteed to be not less than Rs. 30,000 p.a

(ii) Y gives a guarantee to the effect that the gross fee earned by him of

the firm shall not be less than the average gross fee earned by him during the preceding five years when he was carrying on the profession alone (the average of which workshop out at ARs. 50,000) .

profit for the first year (year ended 31 st March , 2019) of the partnership is 1,50,000 , the gross fee earned by Y for the firm Rs.. 32,000.

(Prepare profit and Loss Appropriation Account After giving effect to the above .



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60. Suresh ,sahil and sumit are partners sharing profits in the ratio of 5:3:2 .During the year ended 31st March , 2019 the firm earned profit os Rs. 3,50,000 prepare profit and Loss Appropriation Account giving effect to the following :

- (i) Each of the partner is to get remuneration of Rs. 60,000 p.a
- (ii) interest on capital is to be allowed @10% p.a Capitals of suresh ,shail and sumit as on 1st April 2018 were -Rs, 5,00,000 Rs. 5,00 ,000 and Rs. 7,50,000 respectively .
- (iii) interest on Drawing charged charged was : suresh -Rs, 10,000 ,Sahil

Rs. 20,000 ,and sumit -Rs, 25.000

(iv) sumit is guaranteed minimum profit of Rs. 1,50,000 after above appropriations .



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61. X and Y are partner in a firm sharing profit in the ratio of 4:1 they decide to admit Z, their manager as a partner with effect from 2nd April , 2018 for 1/8 th share in profit ,Z as a manager , was getting salary of Rs. 8,000 per month and commission of 5% of the net profits after charging such salary and commission .

As per the terms of the partnership Deed any excess amount which Z shall be entitled to receive as a partner over the amount which have been due to him as a manager , would be borne by X out of his share of profit .

profit for the year ended 31 st March , 2019 Amounted to Rs. 13,56,000 before salary and commission prepare the profit and loss appropriation Account for the period ending 31 st March , 2019



[View Text Solution](#)

1. ajay and ashish decided to run a clinic in slum area providing free medical advice and also distribute medicines free of cost Both of them decided to contribute Rs. 1,00,000 each as initial corpus should they enter into partnership Agreement ? Give reasons .



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2. Rajesh and prabhu entered into partnership to start a firm namely M/s R.P Enterprises by writing a partnership Deed. Rajesh invests more capital than also manages the business Rajesh demands that he should be given 75 % of profit 75 % instead of 50% as agreed is his demand acceptable ? give your reasons .



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3. Ved intends to retire from the firm and desires that his son Dev be inducted as a partner in his place, partnership Deed Does not have a clause in this respect. Suggest how can Dec be inducted into the firm as a partner.



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4. Accountant of the firm has debited interest on partner's loan to the profit and Loss appropriation Account and credited to the partner's Capital Account Action of the Accountant is not correct. Why?



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5. Mahesh a partner in M/s MSH & co., has advanced loan of Rs. 1,00,000 to the firm, Rate of interest was not decided but Mahesh Demands interest @12% p.a at the year end giving the reason that he taken loan from Bank @12% p.a Naresh, the other partner, does not agree to pay interest, who interest who is correct and Why?



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6. anita and asha started business on 1st April , 2018 from property Owned by Anita , it was agreed that Anita will be paid rent @ Rs. 10,000 per march , 2019 Anita Demanded that rent be credited to her for the year which asha did not agree , who is correct and why ?



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7. M/s ABC & co . Is advised to debit salary and commission , who of partners to the partners to the profit and loss Appropriation Account , why do you think that it should not be debited to the profit and Loss Account ?



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8. the partnership Deed does not provide for charging interest on drawing therefore , the provisions of the indian partnersip Act 1932 apply

whereby interest cannot be charged . The partners desire to charge interest thereon can you suggest what steps should they take so that firm can charge interest on drawings ?



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Question

1. Partners' current Accounts are opened when their capital Accounts are
- A. Fixed
 - B. Fixed and Fluctuating both
 - C. Fluctuating
 - D. none of these

Answer: A



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2. the interest on capital Accounts of partners under the flucating capital Account Method is credited to

- A. interest Account
- B. Profit and Loss Account
- C. Partners 'Capital Accounts
- D. none of these

Answer: C



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3. in the adsence of an agreement to the contrary partners share profits and losses in the

- A. ratio of their capitals in the beginning of the year
- B. ratio of their capitals at the end of the year .
- C. ratio of average capital

D. equal ratio.

Answer: D



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4. in the absence of an agreement to the contrary, the partners are

- A. entitled for 6% interest on their capitals, only when there are profits.
- B. entitled for 9% interest on their capitals, only when there are profits.
- C. entitled for interest on capital at the bank rate only when there are profits.
- D. not entitled for the same interest on their capitals.

Answer: D



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5. Current Account of a partner

- A. will always have a credit balance .
- B. will always have a debit balance .
- C. may have a debit balance or a credit balance
- D. can never have a debit balance

Answer: C



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6. interest payable on the capitals of the partners is charged to

- A. profit and Loss Account
- B. Profit and Loss adjustment Account
- C. Realisation Account
- D. profit and Loss appropriation Account .

Answer: D



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7. interest on drawing under fluctuating capital Account is debited to

- A. partner's capital Account
- B. profit and Loss Account
- C. Drawings Account
- D. none of these

Answer: A



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Very Short Answer Type Questions

1. define partnership .



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2. state any two essential Features or characteristics other than minimum number of partners and profit sharing .



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3. Does partnership firm has a separate legal entity ? Give reason in support of your answer .



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4. what is the maximum number of partners that a partnership firm can have ? Name the act that provides for the maximum number of partners in a partnership firm .



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5. Does a partners has rights not to allow admission of a new partners , if the partnership Deed does not does not exist ?

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6. state any two right of a partners besides profits of a business , participating in business and right to be consulted about affairs of the business .

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7. what is a partnership Deed ?

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8. why is it considered better to make a partnership agreement in writing ?

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9. pratibha partner of a firm has advanced loan to the firm of Rs, 1,00,000 the firm does not have a paranership Deed will pratibha get interest on the if yes , at which rate and Why ?



[View Text Solution](#)

10. what is meant by fixed capital ' of a partner ?



[View Text Solution](#)

11. what Is ment by Fluctuating capital of a partner /



[View Text Solution](#)

12. Distinguish between fixed capital Account and fluctuating capital account on the basis of credit balance .



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13. A firm maintains a capital account and a current Account for each partners what is the term used when this method of maintaining capital Accounts Is followed ?

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14. Give two items which may appear on the debit side of a partner's Current account .

 [View Text Solution](#)

15. State the two methods of maintaining capital Accounts of partners .

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16. interest on capital is credited to partner's Current Account the method of maintaining Capital Account,

 [View Text Solution](#)

17. under which capital account Method ,Current accounts of partners are maintained ?

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18. under which capital Account Method ,Current Accounts of partners are not maintained ?

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19. Give four items that may appear on the credit side of the partner's current Account



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20. give three items that may appear on the debit side of the of partners's Current Account.



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21. give two circumstances in which the fixed capitals of paratners may change .



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22. if the partnership Deed does not specify the rate of interest chargeable on Drawings will the interest still be charged ? If yes at what rate ? If not why ?



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23. state the provisions of partnership Act 1932 in the absence of a partnership Deed regarding (i) interest on partners Drawings and (ii) interest on Advances other than capital .



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24. Can a partner be exempted from sharing losses in a firm ? If yes under what circumstances ?



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25. Somesh and ramesh are partners in a firm with capitals of Rs. 3,00,000 and RS. 4,00,000 respectively they do no have a apartnership Deed . Ramesh wants to share the profits in the ratio of capital .state with reasons whether the claim is vilid or not .



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26. Chander and suman are partners in a firm without a partnership Deed. Chander's capital is Rs. 10,000 and suman's capital is Rs. 14,000 chander has advanced a loan of Rs. 5,000 and claims interest @12% p.a on it state with reasons whether his claim is vilid or not .

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27. state the provisions of indian partnership Act 1932 regarding interest on partner's capital and iinterest on partner's loan when tree is no partnership Deed.

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28. what is profit and loss appropriation account .

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29. List the items that are debited to profit and loss appropriation Account

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30. List the items that are credited to profit and Loss appropriation Account .

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31. to which account salary and commission to partners and interest on capital be debited ? Why

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32. state one difference between fixed capital Account and fluctuating capital Account of partners .





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33. why is it capital Account of a partner does not show a Debit Balance in spite of regular and consistent losses year after year ?



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34. what is meant by unlimited liability of a partner?



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35. when the partner's capitals are fixed where will the drawings made by a partner be recorded ?



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36. if the partners' capitals are fixed where will you record interest charged on drawings .



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Short Answer Type Questions

1. Mention the items that may appear on the credit side of the capital Accounts of a partner when the capitals are fluctuating .



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2. Mention the items that may appear on the debit side of the capitals account of a partner when the capitals are fluctuating .



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3. List any Four items appearing on the profit and loss appropriation account .

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4. state any four features of a partnership .

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5. List Any Four contains of a partnership Deed .

 [View Text Solution](#)

6. Discuss the main provisions of the indian partnership Act 1932 that are relevant to partnership accounts if there is no partnership Deed .

 [View Text Solution](#)

7. Distinguish between fixed and Fluctuating capitals

 [View Text Solution](#)

8. state the two situations in which interest on partners Capital is generally provided .

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Exercise

1. in the absence of partnership Deed what are the accounting treatments of :

- (a) salaries of partners (b) interest on partner's capital s
- (c) interest on partner's Loan (d) Division of profit and
- (E) interest on partner's drawings.

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2. Following differences have arisen among P, Q and R State who is correct in each case :

(a) P used Rs. 20,000 belonging to the firm and made a profit of Rs. 5,000

Q and R want the amount to be given to the firm

(b) Q used Rs. 5,000 belonging to the firm and incurred loss of Rs. 1,000

He wants the firm to bear the loss ?

(c) P and Q want to purchase goods from A Ltd R does not agree ?

(d) Q and R want to admit C as partner P does not agree ?



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3. A, B and C are partners in a firm they do not have a partnership deed

At the first year of the commencement of the firm they the following problems :

(a) A wants that interest on capital should be allowed to the partners but B and C do not agree

(b) B wants that the partners should be allowed to draw salary but A and C do not agree

(c) C want that the loan given by him to the firm should bear interest @10% p.a but A and B do not agree ,

(d) A and B having contributed larger amounts of capital desire that the profit should be divided in the ratio thier capial contribution but C does not agree .

State how you will settle these disputes if the partners approach you for the purpose .



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4. Harshed and dhiman are in partnership since 1st April 2018 No partnership Agreement was made they contributed Rs.4,00,000 and Rs. 1,00,000 respectively as capital in addition ,Harshed advanced an amount of Rs. 1,00,000 to the firm on 1st October ,2018 due to long illneass ,Harshed could not participate in business activites from 1st August 2018 to 30 th september ,2018 profit for the year ended 31 st MArch , 2019 was Rs. 1,80,000 Dispute has been arisen between Harshed and dhiman .

Harshad claims :

(i) he should be given interest @ 10% per annum on capital and loan ,

(ii) profit should be distributed in the ratio capital ,

Dhiman claims :

(i) Profit should be distributed equally ,

(ii) he should be allowed Rs. 2,000 p.m as remuneratio for the managed the business in the absence of Harshad ,

(iii) interest on capital and loan should be allowed @6% p.a

you are required to sttle the dispute between HARshed and dhiman Also prepare profit and loss appropriation Account .



[View Text Solution](#)

5. A and B are partners since 1st April , 2018 without a partnership Deed and they introduced capitals of Rs. 35,000 and Rs. 20,000 respectively on 1st October 2018 A advanced loan of Rs.8,000 to the firm without ant agreement as to interest profit and loss Account for the year ended 31 st AMrch ,2019 shows a profit of Rs. 15,000 but the partners cannot agree on payment of interest and the basic of division of profits you are required to divile the profits between them giving reasons for you method .



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6. A and B are partners in firm sharing profits in the ratio of 3:2. They had advanced to the firm Rs. 30,000 as a loan in their profit- sharing ratio on 1st October , 2018, the partnership Deed is silent on interest on loans from partners. Compute interest payable by the firm to the partners assuming the firm closes its books every year on 31st March .

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7. X and Y are partners sharing profits and losses in the ratio of 2:3 with capitals of 2,00,000 and Rs. 3,00,000 respectively on 1st october , 2018 X and Y gave loans of Rs. 80,000 and Rs., 40,000 respectively to the following alternative cases :

Case1. if the profit before interest for the year amounted to Rs. 21,000 .

Case 2. if the profit before interest for the year amounted to Rs. 3,000.

Case 3. if the profits before interest fo the year amounted to Rs. 5,000.

case 4. if the loss before interest for the year amounted to Rs. 1,400.

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8. Bat and ball are partners sharing the profit in the of 2:3 with capitals of Rs. 1,20,000 and RS. 60,000 respectively on 1st october , 2018. Bat and ball gave loans of Rs. 2,40,000 and Rs.1,20,000 respectively to the firm. Bat had allowed the firm to use property for business for a monthly rent of Rs. 5,000. Do these amounts count as charge or appropriation on profit. Specify



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9. A and B are partners A's capital is Rs. 1,00,000 and B's capital is Rs. 60,000 interest on capital is payable @6% p.a B is get salary of Rs, 3,000 per profit for the year is Rs. 80,000 .
Prepane profit and Loss appropriation account.



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10. X, Y and Z are partners in a firm sharing profits in the ratio of 2:2:1 fixed capitals that interest were X Rs. 5,00,000, Y 5,00,000 and Z Rs. 2,50,000 respectively the partnership Deed Provides that interest on capital is to be allowed @ 10% p.a. Z is to be allowed a salary of Rs. 2,000 per month. Profit of the firm for the year ended 31st March, 2018 after debiting Z's salary was Rs. 4,00,000

Prepare profit and loss appropriation Account



[View Text Solution](#)

11. X and Y are partners sharing profits in the ratio of 3:2 with capitals of Rs. 8,00,000 and Rs. 6,00,000 respectively interest on capital is allowed @ 5% p.a. Y is to be allowed an annual salary of Rs. 6,00,000 which has not been withdrawn, profit for the year ended 31st March, 2019 before interest on capital but after charging Y's salary amounted to Rs. 2,40,000. A provision of 5% of the profit is to be made in respect of commission to the manager. Prepare an account showing the allocation of profits.



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12. Perm and manoj are partners in a firm sharing profit in the ratio of 3:2 the partnership Deed provided that perm was to be paid salary fo Rs. 2,500 per month and manoj was get a acommission os Rs. 10,000 per year , interest on capital was to be allowed @5% p.a and interest o drawing was to be charged @6% p.a interest on prem's drawing was Rs. 7,5000 respectively the firm's net profit for the year ended 31 st March 2019 was .Rs,90.575.

Prepane profit and loss appropriation account of the firm .



[View Text Solution](#)

13. Reema and seema are partners sharing profits equally , the partnership Deed provides that both reema and seema will get mothly salary of Rs. 15,000each interest on capital will be allowed @5% p.a and interest on drawings will be charged @10% p.a their capitals were Rs. 5,00,000 each and drawings during the year were Rs. 60,000 each . the firm incurred net loss of Rs. 1,00,000 during the year ended 31st

March 2019,

prepare profit and loss of appropriation account for the year ended 31st

March ,2019.



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14. bhanu and partap are partners sharings profits equally their fixed capitals as on 1st April 2018 are Rs. 8,00,000 and Rs. 10,00,000 respectively their drawing during the year were Rs. 50,000 and Rs. 1,00,000 respectively interest on capital is a charge is to allowed @10% p,a and interest on drawings is to be charged @15% p.a Net profit for for the year ended 31st MArch , 2019 was Rs. 1,20,000.

prepane profit and Loss appropriatin account .



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15. Amar and bimal entered into partnership on 1st April ,2018 contributing Rs. 1,50,000 and Rs, 2,50,000 respectively towards capital the partnerships Deed provided for interest on capital @10% p.a it also

provided that capital accounts shall be maintained fixed Accounts method the firm pass the journal entry for interest on capital .

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16. Kamal and kapil are partners having fixed capitals of Rs. 5,00,000 each as on 31st March , 2018 Kamal introduced further capital of Rs. 1,00,000 on 1st October , 2018 wheredrew Rs., 1,00,000 on 1st October , 2018 out of capital .

interest on capital is to allowed @ 10% p. a

the firm earned net profit of Rs. 6,00,000 for the ended 31st March ,2019 pass the journal entry for interest on capital and prepare profit and Loss appropriation Account

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17. Simran and reema are partners sharing profit in the ratio of 3:2 their capital as on 31st March 2018 were Rs. 2,00,000 each wheras curent Account had balance of RS. 50,000 and Rs. 25,000 respectively interest is

to be allowed @5% p.a on balance in capital Accounts . the firm earned net profit of Rs. 3,00,000 for the year ended 31st MArch ,2019

Pass the journal enteris for interest on capital and distribution of profit

Also prepare profit and Loss appropriation Account for the year .



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18. Anita and ankita are partners sharing profit equally , their capitals maintained following Fluctating Capital accounts Method as on 31st March ,2018 were Rs. 5,00,000 and Rs. 4,00,000 respecitiev partnership Deed Provided to allow interest on capital @10% p.a the firm earned net of Rs. 2,00,000 for the year ended 31st March ,2019

Pass the journal entry for interest on capital .



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19. Ashish and Aakash are partners sharing profit in the ratio of 3:2 their capital Accounts showed a credit Balance of Rs. 5,00,000 and Rs. 6,00,000 respectively as on 31st March ,2019 after debit of drawings during the

year of Rs, 1,50,000 and Rs. 1,00,000 respectively Net Profit for the year ended 31st March 2019 was Rs. 5,00,000 interest on capital is to be allowed @ 10 % p.a

Pass the journal entry for interest on capital and prepare profit and Loss appropriation Account .



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20. Naresh and sukesh are partners with capitals of Rs. 3,00,000 each as on 31st March , 2019 Naresh had withdrawn RS. 50,000 against capital on 1st October ,2018 and also RS. 1,00,000 besides the drawings against capitals is to be allowed @10% p.a

Net profit for the year was Rs. 2,00,000 which is yet to be distributed

Pass the journal enteries for interest on capital and distribution of profit .



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21. On 1st April ,2013 jay and vijay entered into partners for supplying laboratory equipmets to government cshools situated in remove and

backward areas , they contributed capitals of Rs. 80,000 and Rs. 50,000 respectively and agreed to share to share the profit in the ratio of 3:2 the provided that interest on capital shall be allowed at 9% per annum .

During the year he firm earned a profit of RS. 7,800

showing your calculations clearly prepare profit loss appropriation

Account of jay and vijay for the year ended 31st March , 2014 .

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22. Amar , bhanu and charu are partners in a firm Amar and bhanu are to get annual salary of Rs, 1,20,000 f p.a. each as they are fully involved in the business Net profit for the year is Rs. 4,80,000 .Determine the share of profit to be credited to each partner.

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23. A,B and C are partners sharing profits and losses in the ratio of 2:2:1 resptively A is entitled to a commission fo 10% on the net profit Net profit

for the year is Rs. 1,00,000.

Determine the amount of commission payable To A .

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24. X.Y and Z are partners sharing profit and losses equally as per partnership Deed ,Z is entitled to a commission of 10% on the net profit after charging such commission the net profit before charging commission is Rs. 2,20,000 .

Determine the amount of commission payable to Z.

 [View Text Solution](#)

25. A.B C and D are partners in a firm sharing profits as 4:3:2:1 respectively . It earned a neet profit of RS. 1,80,000 for the year ended 31st March ,2019 as per the partnership Deed they are to charged a commission @20% of the profit after charging such commission which they eill share as 2:3:2:3. you are required to show appropriation of profits among the patners .

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26. X and Y are partners in a firm X is entitled to a salary of Rs. 10,000 per month and commission of the 10% of the net profit partners' salaries but before but before charging commission Y is entitled to a salary of Rs. 25,000 p.a and commission of 10% of the net profit after charging all commission and partners salaries net profit before providing for partners salaries and commission for the year ended 31st March ,2019 was RS. 4,20,000 show distribution fo profit .



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27. Ram and mohan two partners drew for their parsonal use Rs. 1,20,000 and Rs. 80,000 interest is chargeable @6% p.a on the drawing what is the amount of interes chargeable from each partner ?



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28. Brij and mohan are partners in a firm they withdrew Rs. 48,000 and Rs. 36,000 respectively during the year evenly in the middle of every month According to the partnership agreement interest on drawings is to be charged @10% p.a

Calculate interest on drawings of the partners using the appropriate formula .



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29. A and B are partners sharing profits equally A drew regularly RS. 4,000 in the beginning of every month for six months ended 30th september , 2019 calculate interest on drawing @5% p.a for a period of six months .



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30. one of the partners in a partnership firm has withdrawn Rs., 9,000 at the end of each quarter throughout the year calculate interest on drawings at the rate of 6 % per annum ,



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31. A and B are partners sharing profits equally A drew regularly Rs. 4,000 At the end of every month for year calculate ended 30 th September 2019 calcalate interest on drawings @5% p.a for a period of six months.



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32. Calaulate interest on drawings of ashok @10% p.a for the year ended 31st March , 2019 in each of the following alternative caases :

Case 1. is he withdrew RS. 7,500 in the beginning of each quarter.

Case 2. if he withdrew RS. 7,500 at the end of each quater .

Case 3. if he withdrew Rs. 7,500 during the middle of each quater.



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33. Kanika and Gautam are partners doing a dry claaning business in luknow sharing profits in the ratio 2:1 with capitals Rs. 5,00,000 and RS.

4,00,000 respectively Kanika withdrew the following amounts during the year to pay the hostel expenses of her son :

1st April *Rs.* 10,000

1st June *Rs.* 9,000

1st November *Rs.* 14,000

1st December *Rs.* 5,000

Gautam withdrew *Rs.* 15,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. He also paid *Rs.* 20,000 per month as rent for the office of partnership which was in a nearby shopping complex.

Calculate interest on drawing 26% p.a.



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34. A and B are partners sharing profit and loss in the ratio 3:2 having capital account balance of *Rs.* 50,000 and *Rs.* 40,000 on 1st April, 2018. A introduced *Rs.* 10,000 as his additional capital whereas interest on capital for the financial year ended 31st March, 2019



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35. Ram and mohan are partners in a business their capitals at the of the year were RS. 24,000 and Rs. 18,000 respectively During the Ram's drawings and mohan 's drawings were Rs. 4,000 and Rs. 6,000 respectively. Profit (before charging interest on capital) during the year was Rs. 16,000 calculate interest on capital @5% p.a for the year ended 31st March , 2019 .

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36. Following is the extract of the Balance sheet of Neelkant and Mahadev as on 31st March , 2019 .

Liabilities	₹	Assets	₹
Neelkant's Capital	10,00,000	Sundry Assets	30,00,000
Mahadev's Capital	10,00,000		
Neelkant's Current A/c	1,00,000		
Mahadev's Current A/c	1,00,000		
Profit and Loss Appropriation A/c (2018-19)	8,00,000		
	30,00,000		30,00,000

During the year Mahadev 's drawing were Rs. 30,000 profit during the year ended 31st March , 2019 is Rs. 10,00,000 calcaluate interest on capital @5% p.a . for the year ending 31st March , 2019

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37. from the following Balance sheet of long and short , calculate interest on capital @8% p.a for the year ended 31st March , 2019:

BALANCE SHEET as at 31st March, 2019

Liabilities	₹	Assets	₹
Long's Capital A/c	1,20,000	Fixed Assets	3,00,000
Short's Capital A/c	1,40,000	Other Assets	60,000
General Reserve	1,00,000		
	3,60,000		3,60,000

during the year long withdrew Rs. 40,000 and short withdrew Rs. 50,000. Profit for the year was Rs. 1,50,000 out of which Rs. 1,00,000 was transferred to general Reserve .



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38. Moli and bholi contribute Rs. 20,000 and Rs. 10,000 respectively towards capital they decide to allow interest on capital @6% p.a their respective share of profit is 2:3 and the net profit for the year is Rs. 1,500 show distribution of profits :

- (i) where there is no agreement except for interest on capitals, and
- (ii) where there is an agreement that the interest on capital as a charge .



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39. Amit and bimal started business on 1st April, 2018 with capital of Rs. 15,00,000 and Rs. 9,00,000 respectively. On 1st October, 2018 they decided that their capital should be Rs. 12,00,000 each, the necessary adjustments in capitals were made by introducing or withdrawing by cheque. Interest on capital is allowed @8% p.a. Compute interest on capital for the year ended 31st March, 2019.



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40. Simrat and Bir are partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March, 2019, after closing the books of account, their capital accounts stood at Rs. 4,80,000 and Rs. 6,00,000 respectively. On 1st May 2018, Simrat introduced an additional capital of Rs. 1,20,000 and Bir withdrew Rs. 60,000 from his capital. On 1st October, 2018, Simrat withdrew Rs. 2,40,000 from her capital and Bir introduced an additional capital of Rs. 1,20,000 and introduced Rs. 3,00,000 interest on capital. Interest on capital is allowed at 6% p.a. Subsequently, it was noticed that interest on capital @6% p.a. had

been simrat -Rs. 1,20,000 and Bir -Rs. 60,000 Compute the interest on capital on capital if the capitals are (a) fixed ,And (b) FLuctating .

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41. C and D are partners in a firm , C has cotributed Rs. 1,00,000 and D Rs, 60,000 as capital interest is payable @6% p.a and D entitled to salary of Rs. 3,000 per month ,in the year ended 31st March ,2019 , the profit was Rs. 80,000 before interest and salary Divide the amount between C and D .

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42. Amit and vijay started a partnership business on 1st April , 2018 their capital contributions were Rs. 2,00,000 and Rs, 1,50,000 respectively ,the Deed provided as follows:

(A) interest n capials be allowed @ 10% p.a

(b) amit to get a salary of Rs. 2,000 per month and vijay Rs. 3,000 per month .

(c) Profit are to be shared in the ratio of 3:2

Net profit for year ended 13st MArch ,2019 was Rs. 2,16,000 interest on amounted to Rs. 2,200 for amit and Rs. 2,500 for vijay .

prepare profit and loss appropriation Account .



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43. show how th following will be recorded in the capital sohan and mohan when

their capital are fluctuating :

	sohan (Rs.)	mohan
capitals on 1st april , 2018	4,00,000	3,00,000
Drawings during the year ended 31st March ,2019	50,000	30,000
interest on capital	5%	5%
interest on Drawings	1,250	750
share of profit for the year ended 31st March ,2019	60,000	50,000
partner's salary	36,000	...
commission	5,000	3,000



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44. sajal and kajal are partners sharing profit and losses in the ratio of 2:1

On 1st April , 2018 their capitals were : sajal -Rs. 50,000 and Kajal -Rs.

40,000

prepare profit and Loss appropriation account and the partner's Capital Accounts at the end of the year after considering the following items:

- (a) interest on capital is to be allowed @5% p.a
- (b) interest on the loan advanced by kajal for the whole year , the amount of loan being Rs. 30,000
- (c) interest on partners drawings profit is to transferred to Reserve .
- (d) 10% of the divisible profit is to be transferred to reserve .

Net profit for the year ended 31st March , 2019 is Rs. 68,460

Note :- Net profit means net profit after debit of interest on loan by the partner.



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45. A and B are partners sharing profit and Losses in the ratio of 3:1 On 1st April , 2018 their capitals were : A rs. 50,000 and B Rs. 30,000 During the year ended 31st March , 2019 they earned a net profit fo Rs. 50,000

The terms of partnership ar:

- (a) interest on capital is to be allowed @6% p.a

(b) A will get a commission @2% on turnover

(c) B will get a salary of Rs. 500 per month .

(d) B will get commission of 5% on profit after deduction of all expenses including such commission partners drawings for the year were a Rs. 8,000 and B Rs. 6,000 Turnover for the year was Rs. 3,00,000 after considering the above facts you are required to prepare profit and loss appropriation account and partners ' capital Account s.



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46. A and B are partners sharing profit in the ratio of 3:2 with capitals of Rs. 50,000 and Rs. 30,000 respectively interest on capital is agreed @6% p.a. B is to be allowed an annual salary of 2,500 During the profit period interest on capital on interest on capital on capital but after charging B's salary amounted to Rs. 12,500 A provision of 5% of the profit is to be made in respect of manager's commission .

Prepare an account showing the allocation of profits and the partner's Capital Accounts .



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47. X and Y entered into partnership on 1st April, 2017 their capitals as on 1st April, 2018 were Rs. 2,00,000 and Rs. 1,50,000 respectively on 1st October, 2018 X gave Rs. 50,000 as loan to the firm As per the provisions of the partnership Deed :

(i) 20% of profit before charging interest on drawings but after making appropriation was to be transferred to general Reserve .

(ii) interest on capital at 12% p.a and interest on drawing @10% p.a

(iii) X to get monthly salary of Rs. 5,000 and Y to get salary of Rs. 22,500 per quarter .

(iv) X is entitled to a commission of 5% on sales for the year were Rs. 3,50,000

(v) profit to be shared in the ratio of their capitals up to Rs. 1,75,000 and balance equally

profit for the year ended 31st March, 2019 before allowing or charging interest was Rs. 4,61,000 the drawings of X and Y were Rs., 1,00,000 and Rs, 1,25,000 respectively

pass the necessary journal entries relating to appropriation of profit

prepare profit and Loss appropriation Account and the partners capitals accounts .

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48. reya mona and Nisha shared profits in the ratio of 3:2:1 the profits for the last three year were Rs. 1,00,000 Rs. 84,000 and Rs. 1,06,000 respectively these profits were were by mistake shared equally it is is now decided to correct the error .

give the necessary rectification entry .

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49. P and Q were partners in a firm sharing profit and losses equally their fixed capitals were Rs. 2,00,000 and Rs, 3,00,000 respectively the partnership Deed provided for the interest on capital @12% per annum for the year ended 31st March ,2016 the profits of the firm were distributed without providing interest on capital .

Pass necessary adjustment entry to rectify the error .



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50. profit earned by a partnership firm for the year ended 31st March 2018 were distributed equally between the partners -Pankaj and anu -without allowing interest o capital interest due on capital was pankaj Rs. 3,000 and anu -Rs. 1,000

Pass nencessaryy adjstment entry .



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51. Azad and Benny are equal artners their are Rs. 40,000 and Rs. 80,000 respectively After the accounts for the year had been prepared it was noticed that interest @5% p.a as provided in the partnership Deed was not credited to their capital Accounts before distributaion of profits it is decided to pass an adjustment entry in the beging of the next year Record the necessary journal enrty .



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52. Ram mohan and sohan sharing profit and losses equally have capitals of Rs. 1,20,000 Rs. 90,000 and Rs. 60,000 respectively for the year ended 31st March , 2019 interest was ended on capital was credited to them @6% instead of 5%

Give adjustment journal entry .



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53. Ram , shyam and Mohan were partners in a firm sharing profits and losses in the ratio of 2:1:2 their capitals were fixed at RS. 3,00,000 RS. 1,00,000 Rs. 2,00,000 for the year ended 31st March ,2019 interest on capital was credited to them @9% instead fo 10% p.a the profit for the year before charging interest was Rs. 2,52,000 show your working notes clearly and Pass necessary adjustment entry



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54. Mita and usha are partners in a firm sharing profits in the ratio of 2:3 their capital Accounts as on 1st April ,2015 showed balances of Rs. 1,40,000 and Rs. 1,20,000 respectively , the drawing of mita and usha during the year 2015-16 were Rs. 32,000 and Rs. 24,000 respectively both the amounts were withdrawn on 1s january2016 ,it was subsequently found that the following items had been omitted while preparing th e final accounts for the the year ended 31st March 2016

(a) interest on capital @6% p.a

(b) interest on drawings @6% p.a

(C) mita was entitled to a commission fo Rs. 8,000 for the whole year

showing your working clearly pass a rectify pass a rectifying entry in the books of the firm .



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55. Mohan , vijay and anil are partners the balances of their capital Accounts beings RS, 30,000 rs, 25,000 and Rs, 20,000 respectively at these amounts profit for the year ended 31st March 2019 Rs. 24.000 had already

been credited to partners in the proportion in which they shared profits their drawings were Rs. 5,000 (mohan) Rs. 4,000 (vijay) and Rs. 3,000 (anil) during the year Subsequently following omissions were noticed and it was decided to rectify the errors :

(a) interest on capital @10% p.a

(b) interest on drawings : Mohan Rs. 250 Vijay Rs. 200 anil Rs, 150

make necessary corrections through a journal entry and show your working clearly .



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56. piya and bina partners in a firm sharing profit and losses in the ratio of 3:2 following was the balance sheet of the firm on 31st March ,2016 .

Liabilities		₹	Assets	
Capitals:			Sundry Assets	
Piya	80,000			1,20,000
Bina	40,000	1,20,000		
		1,20,000		1,20,000

the profit Rs. 30,000 of the year ended 31st March , 2016 were divided between the partners without allowing interest on capital @12% p,a and salary to piya @Rs. 1,000 per month During the year piya allowing Rs.

8,000 and bina withdrew Rs. 4,000 showing your working notes clearly .pass the necessary rectifying entry .

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57. the firm of harry porter and ali who have been shaing profit in the ratio of 2:2:1 have existed for some 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 for the three year Harry and porter have agreed ot it profit for the last three years ended 31st MArch , were :

year	2015 – 16	216 – 17	2017 – 18
profit (Rs.)	2,00,000	2,40,000	2,90,000

show adjustment of profit by menas of an adjustment journal entry .

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58. On 31st March ,2019 after the closing of the accounts , capital Accounts Of P ,Q and R stood in the books of the firm at Rs. 40,000 Rs.

30,000 and Rs. 20,000 respectively. Subsequently it was noticed that interest on capital @5% had been omitted. Profit for the year ended 31st March, 2019 was Rs. 60,000 and the partners' drawings had been P-Rs. 10,000, Q-Rs. 7,500 and R-Rs. 4,500. Profit-sharing ratio of P, Q and R is 3:2:1. Give necessary adjustment entry.



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59. A, B and C were partners, their capitals were A -Rs. 30,000, B -Rs. 20,000 and Rs. 10,000 respectively according to the partnership deed they were entitled to an interest on capital @5% in addition B was also entitled to draw a salary of Rs. 500 per month. C was entitled to a commission of 5% p.a. on the profit after charging the interest on capital but before charging the salary payable to B the net profit for the year were Rs. 30,000 distributed in the ratio of capitals without providing for any of the above adjustments. Pass necessary adjustment entry showing the workings clearly.



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60. Mannu and shrishi are partners in firm sharing profits in the ratio of 3:2 following information is of the firm as on 31st March 2019 .

Liabilities		₹	Assets		₹
Mannu's Capital	30,000	40,000	Drawings:		
Shristhi's Capital	10,000		Mannu	4,000	6,000
			Shristhi	2,000	34,000
			Other Assets		40,000
		40,000			

profit for the year ended 31st March ,2019 was Rs. 5,000 which was divided in the agreed ratio but interest @2% p.a on capital and @6% p,a on drawings was indvertently omitted Adjust interest on drawings on an average basis for 6 months Give the adjustment entry .



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61. Mudit sudhir and Uday are partners in a firm sharing profit in the ratio of 3:1:1 their fixed capital balances are Rs. 4,00,000 Rs. 1,60,000 and Rs. 1,20,000 respectively Net profit for the year ended 31st March 2018 distributed amongst the partners was Rs. 1,00,000 without taking into account the following adjustments : (a) interest on capital @2.5% p.a , (b) Salary to mudit Rs. 18,000 p.a and commission to Uday Rs. 12,000 (c) mudit was allowed of 6% of divisble profit after charging such

commission .

pass a rectifying journal entry in the books of the firm show working clearly.



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62. A ,B and C are partners in a firm Net profit of the firm for the year ended 31st March 2019 is Rs, 30,000 which has been duly distributed among the partners in their agreed ratio 3:1:1 it is noticed on 10th April 2019 that the undermentioned transactions were not passed through the books of account of the firm for rthe year ended 31st March 2019.

(a) interest on capital @6% per annum the capital of A,B and C beings Rs. 50,000 Rs. 40,000 and Rs. 30,000 respectively . Itbr. (b) interest on drawings A-Rs. 350,b Rs. 250 Rs. 7,500

(c) Partners' salaries A Rs. 5,000 ,B Rs. 7,500

(D) j commission due to A (for some special transaction)Rs. 3,000 .

year are required to pass a journal entry , which will not affect and Loss Account of the firm rectify the position of partners inter se .



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63. On 31st March , 2014 the balances In the capital Accounts of saroj Mahinder and umar after making adjustment for profit and drawings etc, were Rs. 80,000 Rs. 60,000 and Rs. 40,000 respectively subsequently it eas discovered that the interest on capital and drawings has been omitted .

(a) the profit for the interest on capital and drawing has been omiited

(b) During the year saroj and mahinder each and withdrew a sum of Rs, 24,000 in equal instalmeant in the end of each month and umar withdrew Rs. 36,000

(C) the interest on drawing was to be charged @5% p.a interest on capital was to be allowed @10% p,a

(d) the profit - sharing ratio among partners was 4:3:1

showing your workings clearl pass the necessary rectifying entry .



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64. Capitals of A,B and C as on 31st March , 2019 amounted to Rs, 90,000 ,RS, ,3,30,000 and Rs. 3,30,000 and Rs. 6,00,000 respectively profit of Rs.

1,80,000 for the year ended 31st March 2019 was distributed in the ratio of 4:1:1 after allowing interest on capitals @10% p.a During the year each partners withdrew Rs. 3,60,000 the partnership Deed was silent as to profit sharing ratio provided for interest on capital 212% .

pass the necessary adjustment entry shoeing the working clearly .

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65. capital Accounts of A and B stood at Rs. 4,00,000 and Rs. 3,00,000 respectively after necessary adjustments in respect of the drawings and the net profit for the year ended 31st March ,2019 It was subsequently noticed that 5% p.a interest on capital and also drawing were noit taken into account in arriving at the disttributable profit at the end of each half year .

the profit for the year as adjustment amounted to RS. 2,00,000 the partners share profits in the ratio of 3:2 you are reuired to pass journal enteris and show adjusted capital Accounts of the patners .

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66. X and Y are partners sharing profits and losses in the ratio employed Z as their manager to whom they paid a salary of Rs. 7,500 per month Z had deposited Rs. 2,00,000 on which interest was payable @9% p.a At the end of the accounting year (i.e., 31st March 2018) 2017 -18 (after division of the year's profits)it was decided that Z should be treated as a partner with from 1st April 2014 with $\frac{1}{6}$ th share of profits his deposit being considered as capital carrying interest @6% p. a like capitals of other partners the firm's profits and losses after allowing interest on capitals were -

2014-15 : profit Rs. 5,90,000 ,2015-16 : profit Rs. 6,26,000 : 2016 -17 : loss Rs. 40,000 and 2017-18 , profit Rs, 7,80,000 record necessary journal on capital entries to give effect to the above .



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67. A and B are partners sharing profits in the ratio of 2:1 they admitted C, their manager as a partner from 1st April , 2018 for $\frac{1}{5}$ th share of profit ,C while being manager ,was getting salary of Rs. 50,000 p,a Plus

commission of 10% of net profit after charging such salary and commission it was also agreed that any excess amount which C receives as a partners (over his salary and commission) will be borne by A profit for the year ended 31st March , 2019 was Rs, 6,44,000 before payment of salary and commission prepare profit and loss appropriation Account .

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68. A,B and C were in partnership sharing profit and losses in the ratio of 4:2:1 it was provided that C's share on profit for a year would not be less than Rs. 7,500 profit for the ended 31st March , 2019 Amounted to Rs. 31,500 you are required to show the appropriation among the partners the profit and loss appropriation Account is not required .

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69. A and B are partners sharing profits in the ratio 1st of 3:2 C was admitted for $\frac{1}{6}$ share profit with a minimum guaranteed amount of Rs.

10,000 At the close of the first financial year the firm earned a profit of Rs. 54,000 ,Find out the share of profit which A ,B and C will get .

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70. X ,Y and Z entered into partnership on 1st October , 2018 to share profits in the ratio of 4:3:3 X, Personally guaranteed that Z's share of profit charging interest on capital 210% p.a Would not be less than Rs. 80,000 in a year capital contributions were :X- Rs. 3,00,000 ,Y-Rs. 2,00,000 and Z- rs, 1,50,000 profit for the year ended 31st MARCH 2019 was Rs. 1,60,000 prepare profit and loss appropriation Account.

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71. A ,B and C are partners in a firm their profits -sharing ratio is 2:2:1 C is guaranteed a minimum of Rs, 10,000 As share of profit every year Any Deficiency arising on that amount shall be met by B the profits for the two years ended 31st March 2018 And 2019 were Rs. 40,000 And 60,000

respectively prepare profit and Loss appropriation Account for the two years .

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72. A B and C are partners sharing profits in the ratio Of 5:4:1 C is given a guarantee that his minimum share of profit in any given year would be at least Rs. 5,000 Deficiency if , any would be borne by A and B equally profit for the year ended 31st March 2019 was Rs. 40,000

Pass necessary journal entries in the books of the firm .

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73. Vikas and vivek were partners in a firm sharing profits in the ratio of 3:2 On 1st April 2018 they admitted Vandana as a new partners for $\frac{1}{8}$ share in the profits with a guaranteed profits with guaranteed profit of Rs. 1,50,000 New profit - sharing ratio between vikas and vivek will remain same but they decided to bear any deficiency no account of guarantee to vandana in the ratio 3:2 profit of the firm for the year ended 31st MArch ,

2019 Was Rs. 9,00,000

Prepare profit and Loss appropriation Account fo vikas Vlvek and vandana for the year ended 31st March , 2019



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74. Pranshu and himanshu are partners sharing profits and losses in the ratio of 3:2 respectively they admit anshu as partner with $\frac{1}{6}$ share in the profits of the firm pranshu personally guaranteed that anshu's share of profit would not be less than Rs. 30,000 in any year thae net profit of the firm for the year ending 31st march ,2013 was Rs. 90,000

prepare profit and loss Appropriation Account .



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75. A, B and C are partners in a firm sharing profits in the ratio of 3:2: 1 they earned a profit of Rs. 30,000 during he year ended 31stMarch , 2019

Distribute profit among A,B And C if :

(a) C's share of profit is guranteed to be be Rs. 6,000 is guranteed by A .

(B) minimum profit payable is guaranteed to be Rs. 6,000 minimum .

(C) Guaranteed minimum profit of Rs. 6,000 payable to C is guaranteed by B.

(D) Any deficiency after making payment of guaranteed R. 6,000 will be borne by A and B in the ratio OF 3:1



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76. A and B are in partnership profits and Losses in the ratio of 3:2 they admit C their manager as a partners with effect from 1st April , 2018 For , 2018 for $\frac{1}{4}$ th share of profit .

c' while a Manager was in receipt of a salary of Rs. 27,000 p.a and a Commission of 10% of net profit after charging such salary and commission . ,

in terms of the partnership Deed any excess amount which C will be entitled to receive as a partner over the amount which would would have been due to him if he continued to be the manager , would have to be personally borne by A out of his share fo progit , profit for the year ended 31st March 2019 amounted to Rs. 2,50,000

you are required to show profit and Loss appropriation account for the year ended 31st March ,2019

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77. Asgar ,chaman and ddholu are partners in a firm their capital account stood at Rs. 6,00,000 Rs.5,00,000 and Rs, 4,00,000 respectively on 1st april ,2017 they shared profit and losses in the proporation of 4:2:3 partners are entitled to interest on capital @8% psrannum and salary to chaman and dholu @ Rs, 7,000 per month and Rs. 10,000 per quarter espectivley as per the provision of the partnership Deed.

dholu 's share of profit (excluding interest on capital but including salary)is guaranteed at a minimum of Rs. 1,00,000 p.a any deficinecy arising on that account shall be met by asgar the profit for the ended 31st March 2018 amounted to Rs, 4,24,000

Prepare profit and loss appropriation Account fo the year ended 31st March ,2018

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78. P, Q and R entered into partnership on 1st April 2015 to share profit and losses in the ratio of 12:8:8 it was provided that in no case R's share in profit be less than less Rs, 30,000 p.a the profits and losses for the period ended 31st March were :2015 -16 Rs. 1,20,000 , 2016 -17 profit Rs. 1,80,000 : 2017 -18 Loss Rs, 1,20,000 pass the necessary journal journal entries in the books of the firm .

 [View Text Solution](#)

79. ankur , bhavna and disha are partners in a firm On 1st April , 2017 the balance in their capital Accounts stood at Rs. 14,00,000 Rs. 6,00,000 and Rs. 4,00,000 respectively they shared profits in the proportion of 7:3:2 respectively partners are entitled to interest on capital @ 6% per annum and salary to bhavna @50,000 % p.a and commission of RS. 3,000 per month to disha as per the provisions of the partnership Deed.,
bhavna 's share of profit (excluding interest on capital) is guaranteed at not less than Rs, 1,70,000 p.a disha's share of profit (including interest on capital but excluding commission) is guaranteed at not less than Rs.

1,50,000 p.a Any deficiency arising on that account shall be met by ankur
the profit of the firm for the year ended 31st March ,2018 Amounted to Rs.
9,50,000

prepare profit and Loss appropriation Account for the year ended 31st
March 2018



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80. Ankur and Bobby were into the business of providing software solutions in india they were sharing profits and losses in the ratio 3:2 they aditted Rohit for a $\frac{1}{5}$ share in the firm Rohit an alumni of IIT chennai would help them to expand their business to various south African caountries where he had been working earlie rohit is guaranteed a minimum profit fo Rs. 2,00,000 for the year any deficiency in rohit's share is to be borne by ankur and bobby in the ratio 4:1 Loss for the year was Rs. 10,00,000 pass the necessary journal entries .



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81. ajay , binay and chetan were partners sharing profits in the ratio of 3:3:2 the partnership Deed provided for the the following :

(i) salary Of Rs. 2,000 per wuater to ajay and Binay .

(ii) chetan was entitled to a commission of Rs. 8,000

(iii) Binary was gurranteed a profit of Rs. 50,000 p.a

the profit of the firm for the year ended 31st March , 2015 was Rs. 1,50,000 which was distributed among ajay Binary and chetan in the ratio of 2:2:1 without taking into consideration the provisions of partnership Deed , pass necessary rectifying entry for the above adjustment in the firm show your workings clearly .



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82. the partners of a firm alia bhanu and chand distributed the profits for the year ended 31st March ,2017 Rs. 80,000 in the ratio of 3,2 :2 without providing for the following adjustments :

(A) alia and chand were entitled to a salary of Rs, 1,500 each per month .

(B) bhanu and chand had guaranted a minimum profit of Rs. 35,000 P.a to Alia any deficiency to borne equally by bhanu and chand .

(c) bhanu was entitled for a commission of Rs. 4,000

pass the necessary journal entry for the above adjustment in the books of the firm show workings clearly each per month . for a commission of Rs.



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83. three chartered accountants A ,B andC form a partnership profits being shared in the ratio 3:2:1 subject to the following:

(A) C's share of profit guaranteed to be not less than Rs, 15,000 p.a

(b) B gives a guarantee to the effect that gross fee earned by him for the firm shall equal to his average gross fee of the preceding five years when he was carrying on profession alone , which on an average works out at Rs. 25,000

the profit for the first year of the partnership are Rs. 75,000 the gross fee earned by B for the firm is Rs, 16,000 you are required to show profit and loss Appropriation account after giving effect to the above .



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1. (commission to partners and Distribution of profit) X and Y are partners in a firm X get a commission of 10% on the net profits before charging any commission and Y get commission of 10 % on the net profits after charging all commission .

compute the missing figure (?) from the following profit and Loss appropriation Account for the year ended 31st March , 2019 :

Dr. PROFIT AND LOSS APPROPRIATION ACCOUNT for the year ended 31st March, 2019		
Particulars	₹	Particulars
To X's Commission A/c	1,65,000	By Profit and Loss A/c (Net Profit)
To Y's Commission A/c	?	
To Profit Transferred to:		
X's Capital A/c	?	
Y's Capital A/c	?	
	?	



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2. (distribution of profit) X and Y entered into partnership on 1st April 2018 they do not have partnership Deed. They contributed Capitals Of Rs. 10,00,000 and Rs. 6,00,000 respectively on 31st October , 2018 X advanced a loan of Rs, 4,00,000 to the firm without any agreement as to interest

Books are closed on 31st March Every year ,

Fill the missing information / values (?) in the following Accounts:

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2019					
Dr.			Cr.		
Particulars	₹		Particulars	₹	
To ?	?		By Net Profit	?	
To Net Profit Transferred to Profit and Loss Appropriation A/c	8,50,000				
	?			?	

PROFIT AND LOSS APPROPRIATION ACCOUNT for the year ended 31st March, 2019					
Dr.			Cr.		
Particulars	₹		Particulars	₹	
To X's Capital A/c	?		By Profit and Loss A/c (Net Profit)	?	
To Y's Capital A/c	?				
	?			?	

PARTNERS' CAPITAL ACCOUNTS					
Dr.			Cr.		
Particulars	X (₹)	Y (₹)	Particulars	X (₹)	Y (₹)
To Balance c/d	?	?	By Bank A/c	?	?
			By Profit and Loss Appropriation A/c	?	?
	?	?		?	?

X'S LOAN ACCOUNT			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance c/d	?	By ?	?
		By ?	?
	?		?



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3. (appropriation of profit),complete the following accounts :

Particulars				Particulars			
To Interest on Capital A/cs:				By Profit and Loss A/c (Net Profit)			10,86,250
A	50,000			By Interest on Drawings A/cs:			
B	55,000			A	16,125		
C	30,000			B	18,000		
To A's Commission A/c (A's Current A/c)	1,35,000			C	14,625		48,750
To B's Salary A/c (B's Current A/c)	?						
To Profit transferred to:	?						
A's Current A/c	?						
B's Current A/c	?						
C's Current A/c	?						
	11,35,000						11,35,000

PARTNERS' CAPITAL ACCOUNTS							
Dr.						Cr.	
Particulars	A (₹)	B (₹)	C (₹)	Particulars	A (₹)	B (₹)	C (₹)
To Bank A/c		1,00,000		By Bank A/c	?	?	?
To Balance c/d	?	?	?	By Bank A/c	6,00,000		
	8,00,000	6,00,000	3,00,000		8,00,000	6,00,000	3,00,000

PARTNERS' CURRENT ACCOUNTS							
Dr.						Cr.	
Particulars	A (₹)	B (₹)	C (₹)	Particulars	A (₹)	B (₹)	C (₹)
To Drawings A/c	50,000	80,000	90,000	By Interest on Capital A/c	?	?	?
To Drawings A/c	90,000	80,000	30,000	By A's Commission A/c	2,00,000		
To Drawings A/c	1,00,000	80,000	60,000	By B's Salary A/c		3,00,000	
To Interest on Drawings A/c	?	?	?	By Profit and Loss App. A/c (Profit)	2,00,000	2,00,000	1,00,000
To Balance c/d	1,93,875	2,97,000		By Balance c/d			64,625
	4,50,000	5,55,000	1,94,625		4,50,000	5,55,000	1,94,625



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