FUNDAMENTALS OF PARTNERSHIP

Preparation of profit and loss a/c

Q.1: A and B from a partnership without any partnership agreement. After the end of the first year of partnership A drew the following profit and loss appropriation a/c:

Dr. Profit and Loss Appropriation Account Cr.

Particulars	amount	Particulars	Amount
To salary to:		By profit & loss a/c	14,000
A 2,400		(net profit)	
B 1,500	3,900	By interest on drawings:	
To interest on capital @6%:		A 125	
A 1,200		B 75	200
B 600	1,800		
To interest on B's loan (At the rate of 6% p.a.)	1,200		
To commission to A	1,500		
To profit transferred to:			
A 3,000			
B 2,000	5,000		
	14,200		14,200

You are required to point out any contravention of the law found in above account and draw it in proper manner.

Q.2: X,Y and Z are in a partnership where no partnership agreement is made. You are required to draw a correct Profit and Loss Appropriation Account from the wrong Profit and Loss Appropriation Account given as:

Dr. Profit & Loss Appropriation Account Cr.

Particulars	Amount	Particulars	Amount
To Profit & Loss A/C (profit)	10,500	By Loss transferred to:	
To interest on capital		X (3/6) 11,850	
X 2,500		Y (2/6) 7,900	
Y 2,000		Z (1/6) 3,950	23,700
Z 1,500	6,000		
To commission to X	1,200		
To interest on Z's loan (at the rate of 6% p.a.)	3,000		
To salary to Y	3,000		
	23,700		23,700

Q.3: Kapil and Dev are partners in a firm without any agreement. After the end of first year of partnership Kapil presents the following Profit and Loss Appropriation Account to his partner Dev:

Particulars	Amount	Particulars	Amount
To Remuneration to:		By Profit & Loss a/c	6,800
Kapil 2,000		(net profit)	
Dev 1,500	3,500	By interest on Drawings:	
To interest on Dev's loan	900	Kapil 200	
(At the rate of 9% p.a.)		Dev 100	300
To profit transferred to:			
Kapil (2/3) 1,800			
Dev (1/3) 900	2,700		
	7,100		7,100

You are prepared to point out of any contravention of the law, found in above account and drew it in proper manner.

Q.4: A and B are partners in a firm without any agreement. A present the following Profit and Loss Appropriation Account to his partner B.

Dr. Profit and Loss Appropriation Account Cr.

Particulars	Amount	Particulars	Amount

To salary to A	6,000	By Profit and Loss A/c:	96,000
To interest on capital to:		(net profit)	
A 3,500		By interest on Drawings:	
B 1,500	5,000	A 2,000	
To interest on A's loan	8,000	B 1,000	3,000
(At the rate of 8% p.a.)			
To profit transferred to:			
A (5/8) 50,000			
B (3/8) 30,000	80,000		
	99,000		99,000

You are required to point out any contravention of the law, found in above account and draw it in proper manner.

Q.5: X and Y started business on 1st January 2012 with the capital of Rs. 40,000 and Rs. 30,000 respectively. Due to further need of money Y gave a loan of Rs. 20,000 to the firm on 1st July 2012. At the end of the year 2012 they earned a net profit of Rs. 8,000. You are to draw their Profit and Loss Appropriation Account to show allocation of the Profit.

Q6: Ram and Mohan start business on 01.04.2011 with capital of Rs. 50,000 and Rs. 20,000 respectively. According to the deed Ram is entitled to salary of Rs. 500 p.m. and Mohan is to be allowed a commission at the rate of 10% of the net profit. Interest on capital is also allowed @ 5% p.a. During the first year of partnership they earn a net profit of Rs. 25,000. You are to show a Profit and Loss Appropriation Account to allocate the Profit for the year ended 31.03.2012.

Q.7: A and B are partners in a business for last 3 years. The balance in their capital account at the beginning of current year was Rs. 60,000 and Rs. 40,000 respectively. A and B are allowed an annual remuneration of Rs. 4,000 and Rs. 3,000 respectively. They are allowed interest on capital @ 6% p.a. Remaining profits is to distributed in the ratio of 3:2. You are required to distribute the total profit of Rs. 38,000 which is earned during the current financial year. Show proper accounts.

Q8:A and B are partners with capital of Rs. 30,000 and Rs. 20,000 respectively.
The terms of partnership deed as follows:

1. Interest on capital is allowed at the rate of 6% p.a.
2. Salary is allowed to A at Rs. 1,000 p.a.
3. Commission to B at the rate of 10% on net profit.
4. Remaining profits is to be shared by A and B in the ratio of 3:2.

During the year they earned a profit of Rs. 14,000 after charging A's salary but before making other adjustments.

Prepare an account showing distribution of profits. Show calculations clearly.

Q.9: P and Q are partners sharing Profits in proportion of 3:2 with capitals of Rs. 40,000 and Rs. 30,000 respectively. Interest on capital is agreed at 5% p.a. Q is to allowed an annual salary of Rs. 3,000 which has not been withdrawn. During 2012 the profit for the year prior to calculation of interest on capital but after charging Q's salary amounted to Rs. 12,000. A provision of 5% of the amount is to be made in respect of manager's commission.

Prepare an count showing the allocation of profits.

Q.10: A and B are partners in a firm. A's capital is Rs. 10,000 and B's capital 6,000. Interest is payable @6% p.a. B is entitled to a salary of Rs. 300 p.m. Profit for the current year before interest and salary to B is Rs. 8,000. Distribute the profit between A and B.

Q.11: X,Y and Z are partners sharing profits in the ratio of 2:2:1. The fixed capitals of the partners were: X Rs. 4,00,000; Y Rs. 3,00,000; and Z Rs. 2,00,000. The partnership deed provides that interest on capital should be allowed at the rate of 5% p.a. and that Z should be allowed a salary of Rs. 2,500 p.m. The profit of the firm for the year ended 31.03.2012 after debiting Z's salary were Rs. 2,95,000. Prepare Profit & Loss Appropriation A/C.

Q.12: Amit and Vijay started a partnership business on 01.04.2011. Their capital contribution were Rs.2,00,000 and Rs.1,50,000 respectively. The partnership deed provided that:

i. Interest on capital at 10% p.a.
ii. Amit to get salary of Rs.2,000 p.m. and Vijay Rs.3,000 p.m.
iii. Profits are to be shared in the ratio of 3:2.

The profits for the year ended 31.03.2012 before making above appropriations were Rs.2,16,000. Interest on Drawings amounted to Rs.2,200 for Amit and Rs.2,500 for Vijay. Prepare Profit & Loss Appropriation A/C.

Q.13: Mahesh and Ramesh are partners with capital of Rs.50,000 and Rs.60,000 respectively. On 1st January, 2012, Mahesh gives a loan of Rs.10,000 and Ramesh introduced Rs.20,000 as additional capital. Profit for the year ending 31st march 2011 was Rs.15,200. There is no partnership deed. Both Mahesh and Ramesh expect interest @ 10% p.a. on the loan and additional capital advanced by them. Show how the profits would be divided? Give reason.

Q.14: X and Y contribute Rs.50,000 and Rs.30,000 respectively. They decided to allow interest on capital @ 6% p.a. Their respective share of profit is 3:2 and the business profit (before interest) for the year is Rs.4,000. Show the distribution of profits if:

i. Thee is no agreement except for interest on capitals.
ii. There is a clear agreement that the interest on capital will be allowed even if it involves the firm in loss.

Q.15: A, B and C are partners sharing profit and losses equally. As per partnership deed, C is entitled to a commission of 10% on the net profit after charging such commission. Net profit before charging commission is Rs.66,000. Show Profit and Loss Appropriation A/C.

Q.16: A and B are partners in a firm. A entitled to a salary of Rs.2,40,000 per annum together with a commission of 10% of net profit after partners salary but before charging any commission. B in entitled to a salary of Rs.12,500 per quarter together with a commission of 10% of net profit after charging all commission and partners salaries. Net profit before providing for partners salary and commission for the year 2012 was Rs.8,40,000. Show the distribution of profits.

Q.17: Ravi and Vijay are partners sharing profit and losses in the ratio of 3:1. On 1st April 2012, their capitals were: Ravi Rs.2,00,000 and Vijay Rs.1,20,000. During the year ended 31st march 2013 they earned a net profit of Rs.2,00,000. The terms of partnership are as follows:

i. Interest on capital is to be allowed @6% p.a.
ii. Ravi will get a commission of 2% on turnover.
iii. Vijay will get a salary of Rs.24,000 p.a.
iv. Vijay will get commission of 5% on profit after deduction of all expences including such commission.

Partners drawing for the year were: Ravi Rs.32,000 and Vijay Rs.24,000. Turnover for the year was Rs.12,00,000.

After considering the above facts, you are requiredto prepare the Profit and Loss Appropriation Accounts.

Preparation of Profit and Loss Appropriation A/C and Partners Capital A/C

Q.18: X mad Y started a partnership business on 01.01.2012. They contributed Rs.80,000 and Rs.60,000 respectively. The terms of the partnership agreement are as under:

i. Interest on capital or Drawings will be allowed @ 12% p.a.
ii. X and Y to get a monthly salary of Rs.2,000 and Rs3,000 respectively.
iii. Sharing of profit and loss will be in the ratio of their capital contribution.

The profit of the year ended 31.12.2012, before making the above appropriations respectively. Interest on Drawing of X and Y were Rs.40,000 and Rs.50,000 respectively. Interest on drawings amounted to Rs.2,000 for X and Rs.2,500 for Y. prepare Profit and Loss Appropriation Account and Partners Capital Account assuming that their capitals are fluctuating.

Q.19: A and B are partners in a firm sharing profits and losses in the ratio of 3:2. The balances standing to the credit of their capital accounts as on 01.04.2011 were: A-Rs.1,00,000; B-Rs.80,000.

The terms of the partnership deed provide the following:

i. That the pertners will be paid interest on capitals @ 15% p.a.
ii. Both the partners to get a monthly salary of Rs.2,000 each.

The profit of the firm for the year ended 31.03.2012, before making the above appropriations and charging interest on capital were Rs.2,00,000. The drawings of A and B were Rs30,000 and Rs.40,000 respectively. The firm decided to charge interest on drawings from partners as follows: A-Rs.3,000: B-Rs.4,000.

Prepare Profit and Loss Appropriation Account and Partners Capital Accounts assuming their capital are fluctuating.

Q.20: A and B are partners sharing profit in ratio of 3:2 with capital 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 Rs.2,500. During 2012, the profits of the year prior to calculation of interest on capital but after charging B's salary amounted to Rs.12,500. A provision of 5% of the net profit to be made in respect of manager's commission. Prepare Profit & Loss Appropriation A/C and partner's capital A/c.

Q.21: A and B are partners with capital of Rs.20,000 and Rs.15,000 respectively, on 01.01.2012. The trading profit earn during the year 2012, before considering the provision of the deed of Rs.13,350. According to the deed interest on capital is to be allowed @10% p.a. and B is entitled to a salary of Rs.200 p.m. Interest on drawing is also charge which is calculated as Rs.300 for A and Rs.250 for B. total drawings of A and B were Rs.3,000 and Rs.2,000 respectively. partners are agreed to share profit in proportion of 7/10 for A and 3/10 for B.

You are required to show profit and loss Appropriation Account and Partners Fixed and Current Capital Account.

Q.22: A and B are partners sharing profit in ratio of 3:2. Their capitals at the beginning was Rs.75,000 and Rs.50,000 respectively. prepare profit and loss Appropriation Account, fixed Capital account and Current account from the information as given under:

i. Profit shown by profit and loss account is Rs.90,000.
ii. B will get 5% commission on trading profit.
iii. Allow interest on capital @ 10% p.a.
iv. Charge interest on drawimgs as Rs1,000 for A and Rs.500 for B.
v. Drawings of A and B were Rs10,000 and Rs.5,000 respectively.

Q.23: A and B are partners in a firm sharing profit and losses as 3:2. Their Capital Accounts, as on 10.10.2012 stands as A: Rs.50,000 and B: Rs30,000. The partners are allowed 5% p.a. by the way of interest on capital. The drawings of the partners during the year ended 31.12.2012 amounted to Rs.7,000 and Rs.6,000 respectively. the profit during the year, before charging interest capital and annual salary of B at the rate of Rs.6.000; amounted to Rs.50,000 10% of the profit is to be kept in a reserve account. You are required to prepare the profit and loss Appropriation and Partners Capital account.

Q.24: A,B and C are partners sharing profit and losses in the ratio of 2:2:1 after providing for interest at 5% on their respective capitals and allowing B and C a salary of Rs.10,000 each p.a. Capital of A is Rs.1,00,000; B is Rs.60,000 and C is Rs.40,000. During the year 2012, A has drawn Rs.15,000 and B and C in addition to their salary have drawn Rs.3,000 and Rs.2,000 respectively. the profit and loss account for the year ended 31.12.2012 showed a net profit of Rs.90,000. On 01.01.2012, the balances in their Current Account of the partners were: A Rs.7,500(Cr.); B Rs.4,500 (Cr.) and C Rs.1,000 (Dr.). Show the partners capital and Current account s after division of profit in accordance with the partnership agreement.

Q25: A and B are partners sharing profit in ratio in ratio of 3:2. Their capital at the beginning was Rs.1,50,000 and Rs.1,00,000 respectively. Prepare Profit and Loss Appropriation Account, Fixed Capital Account and Current Accounts from the information given as under:

i. Profit shown by Profit and Loss Account is Rs.1,80,000.
ii. B will get 5% commission on trading profit.
iii. Allow interest on capital @ 10% p.a.
iv. A and B are to get salary of Rs.2,000 p.m. and Rs.1,000 p.m. respectively.
v. Charge interest on drawing as A-Rs.2,000 and Rs.1,000.
vi. Drawings of A and B were Rs.20,00 and Rs.10,000 respectively.

Q.26: A, B and C are in partnership and as on 1st April, 2011 their respective capitals were: Rs.1,20,000, Rs.90,00 and Rs.90,000. B is entitled to a salary of Rs.18,000 and C Rs.12,000 p.a. payable before division of profit. Interest is allowed on capital at 5% p.a. is not charged on drawings. F the divisible Profits A is entitled to 50% of the first of Rs.30,000; B to 30% and C to 20%, over the amount of profit are shared equally. The profit of the year ended March 31, 2012 after debiting partner's salaries, but before charging interest on capital was Rs.63,000 and the partner had drawn Rs.30,000 each on account of salaries, interest on profit.

Prepare Profit and loss Appropriation Account showing the distribution of profit and the capital accounts of partners.

Q.27: Ajay, Bimal and Chandan are partners in a firm. During the year, Ajay has withdrawn Rs.1,000 at the beginning of each month; Bimal has withdrawn Rs.500 at the end of each month and Chandan has withdrawn Rs.1,500 each month. Calculate the interest on drawing, if the rate of interest is 6% p.a.

Q.28: Chander and Dhanesh are partner in a firm. During the year ending 31st December, Chander has withdrawn Rs.1,000 p.m. and Dhanesh has withdraw as follows:

- Feb.1: Rs2,000; April.30: Rs 1,000; June.1: Rs.3,000
- Aug.31: Rs.2,500; Nov.1: Rs.2,000.

Calculate interest on Drawings, if the rate of interest is 12% p.a.

Q.29: X and Y are partners in a firm. During the year ending 31st March, X has withdrawn Rs.24,000 while Y has withdrawn in the following manner:

May-1: Rs.5,000; Aug-31: Rs.5,000; Dec-31: Rs.10,000; March-31: Rs.4,000. Calculate interest on drawings, if the rate of interest is 9% p.a.

Q30: Vinod and Mohan were partners in a firm. The partnership agreement provide that interest on drawings was to be charged @ 12% p.a. vinod withdrawn that following amounts during the year ended 31.12.2012.

Date	Amounts (Rs.)
01.01.2012	10,000

31.03.2012	16,000
01.07.2012	20,000
31.12.2012	4,000

Calculate interest on Vinod's drawings.

Q.31: Ram and Mohan are partner in a firm. The drawings of partners during the current year were Rs.8,400 of Ram and Rs.6,000 of Mohan. Calculate interest on drawings. If the rate of interest is 10% p.a.

Q.31: Reena and Meena are in partnership in the profit of 3:2. At the end of year 2012 it is ascertained that Reena has withdrawn regularly Rs.500 at the end of every month upto 30th June but she did not withdraw anything after that date, while Meena did not made any drawing upto 30th June and after that she started a monthly drawing of Rs.500 at the beginning of the each month. Calculate interest on drawing for both the partners, to be changed at the end of the year 2012, if the interest is 12% p.a.

Q.33: P,Q, R, S and T are partners having following drawings: "P" has withdrawn Rs.1,000 at the beginning of each month "Q" has withdrawn Rs.2,000 at the end of each month. "R" has withdrawn Rs.1,000 in each month. "S" has withdrawn total Rs.24,000 in complete year. "T" has withdrawn as follows: Feb-1: Rs.5,000; May-31: Rs.5,000; Sept-30: Rs.10,000; Dec-31: Rs7.000.
Calculate interest on drawings, if the rate of interest is 12% p.a.

Interest on Capital and Capital Ratio

Q.34: Amar and Akbar start business on 1st January 2012 with capital of Rs.25,000 and Rs.20,000 respectively. on 1st July 2012 Akbar brings more money to make his capital equal to Amar. Calculate interest on capital to be allowed at the end of year 2012, if the rate of interest is 10% p.a.

Q.35: A and B starts business as equal partners on 1st January 2012. On that date A brings Rs.40,000 but B could arrange only Rs.10,000. B then promise to bring balance of his capital in 3 equal installments at the end of each quarter of the year. Calculate interest on capital to be allowed a the end of the year 2012 to each partner assuming that B kept his promise and the rate of interest is 6% p.a.

Q.36: A and B started business on 01.01.2012 with capital of Rs.60,000 and Rs.40,000 respectively. during the year, A introduce Rs.10,000 to the firm as additional capital on 01.07.2012. interest on capital to be allowed @10% p.a. Calculate the interest payable to A and B for the year ending 31.12.2012.

Q.37: From the following information related with A and B whose capital as on 01.04.2011 were Rs20,000 and Rs.10,000 respectively. you are prepare to calculate their capital ratio and interest on capital, if the rate of interest is 6% p.a.

	A		B	
DATE	INTRODUCED	WITHDRAWN	INTRODUCED	WITHDRAWN
JUNE-1	6,000	-	-	2,000
Aug_31	7,000	-	8,000	-
OCT-31	-	-	6,000	-
DEC-1	-	3,000	_	3,000
JAN-31	4,000	-	10,000	-
MARCH-1	5,000	-	6,000	-

Q.38: A and B start business on 1st April with capital of Rs.37,500 and Rs.15,000 respectively. they agree to share profit in the proportion to their capital after allowing interest on capital at 12% p.a. You are to show proper account to allocate the net profit of Rs.30,000 taking into consideration of the following further information:

	A		B	
DATE	INTRODUCED	WITHDRAWN	INTRODUCED	WITHDRAWN
JULY-1	-	5,000	6,000	-
SEPT-30	4,000	-	6,500	-
NOV-1	5,000	-	6,000	-
DEC-31	-	2,500	-	-
MARCH-1	3,500	-	-	3,000

Q.39: A and B are partners in equal ratio. Their capital at the end of the year are Rs.48,000 and Rs.36,000 respectively. A is entitled to an annual salary of Rs.4,000. During the year A has withdrawn Rs.8,000 and B Rs.6,000. The profit distributed after charging A's salary was Rs.24,000. You are required to calculate interest on capital @ 5%p.a.

Q.40: Sonu and Monu are partners in a firm sharing profit in ratio of 3:2. Their capital at the end of the year Rs.31,000 and Rs.27,000 respectively. During the year partners withdrawn Rs.3,000 each. Further capital introduced by Monu during the middle of the year was Rs.4,000. The profit earned and distributed between the partners was Rs.15,000. Calculated interest on capital to be allowed at the end of the year @10% p.a.

Q.41: Ajay and Vijay are partners sharing profit in ratio o 3:2. Their capitals at the end of the year after division of profit were Rs.50,000 and Rs.30,000 respectively. During the year Ajay and Vijay were got total salaries of Rs.2,000 and Rs.1,000 respectively. the drawing of Ajay was Rs.5,000 and Vijay was Rs.3,000. Vijay had also introduced Rs.5,000 as new capital after the expiry of six month of the financial year. Divisible profit of the year was Rs.15,000.calculated interest on capital at the rate of 10% p.a.

Q.42: Ram and Mohan are partners sharing profit and losses in the ratio of 3:2 respectively. their capital at the end of the year were Rs.50,000 and Rs.30,000 respectively. the profit of the year distributed to them in their profit sharing ratio was Rs.15,000. Ram had got an annual of

Rs.2,000 and Mohan had got an allual salary of Rs.1,000. During the year Ram's drawing were Rs.5,000 and Mohan's drawing were Rs.3,000. In the exact middle of the year Mohan had also invested Rs.5,000 as further capital in the firm.
You are required to calculate interest on capital @10% p.a. in the following cases:

i. If the closing capital given in the above question is fluctuating Capital A/C.
ii. If the closing capital given in the above question is of Fixed Capital A/C.

Q.43: A, B and C started a business with the capital of Rs.50,000; Rs.30,000 and Rs20,000 respectively. during the year they earned a profit of Rs.27,000 which was distributed among them in their profit sharing ratio without taking into consideration the following matters of the deed.

a) Interest on capital at the rate of 5% p.a.
b) Salary to B and C Rs.2,000 each.
c) Special commission to A Rs.3,000.

You are asked to prepare a single journal entry to rectify the above mistake. Working notes should also be shown clearly.

Q.44: A, B and C were partners in a firm. On 01.01.2012 their capitals stood at Rs.50,000; Rs25,000; and Rs.25,000 respectively. As per the provisions of the partnership deed:

a) C was entitled for a salary of Rs.1,000 p.m.
b) Partners were entitled to interest on capital at 5% p.a.
c) Profits were to be shared in ratio of their capitals.

The net profit for the year 2012 of Rs.33,000 was divided equally without providing for the above terms. Pass an adjustments entry to rectify the above error.

Q.45: X and Y are partners. At the end of the year 2012, their fixed capital accounts shows the balance of Rs.50,000 and Rs.30,000 respectively. after crediting the profit of Rs.25,000 in their current capital account, they noticed the following errors:

a) Commission was given o X and Y Rs.3,000 and Rs.1,000 respectively; instead of Rs.1,000 and Rs.2,000 respectively.
b) There was an agreement for allowing Y an annual salary of Rs.2,000 which is not yet provide.
c) Interest on drawing of Rs.500 for X and Rs.300 for Y has not been recorded.
d) Interest on capital was allowed to them @ 5% p.a., through no agreement was made in partnership deed.

You are asked to prepare a single journal entry to rectify the above mistakes. Working notes should also be shown clearly.

Q.46: X, Y and Z are partners for the last 3 years and till now they were sharing profit and losses in the ratio of 3:2:1 respectively. During the 1st year of partnership they got a loss of Rs.3,000 but during 2nd and 3rd year they earned profit of Rs.9,000 and Rs.18,000 respectively. Now they decided to share profit or losses in equal proportion with effect form the beginning of the partnership. You are required to pass a single journal entry to give effect to new agreement.

Q.47: Ram and Mohan are partners in a firm sharing profit and loss equally. During the last 3year they were distributed following profits: Year 2012: R.15,000; Year 2011: Rs.10,000; Year 2010: Rs.5,000. Now all partners decide to share profit in their capital ratio with retrospective effect for last 2 years. From the capital accounts of the partners, ratio for Ram and Shyam are ascertained as under:
Year 2012- 2:1, Year 2011-2:3, Year 2010-4:1. Show a journal entry to make adjustment in capital accounts.

Q.48: Jagdish, Ashish and Deepak are partners sharing profit in ratio of 3:2:1. The firm has been in existence for many years. Now the partners decide to share profit in the ratio of 2:2:1. They also decided that the change shall be carried out with retrospective effect from 2009. The profit and loss during the last few years have been: 2008-Rs16,000; 2009-Rs.12,000; 2010-Rs.14,00; 2011-Rs.19,000; 2012-Rs.15,000(loss). Show the adjustment of the profit for the last 4 years by means of a single journal entry.

Q.49: P, Q and R were partners in a firm sharing profit in the ratio of 1:2:2. After the division of the year ended 31.03.2012 their capital were: P: Rs.1,50,000; Q: Rs.1,80,000; R: Rs.2,10,000. During the year they withdraw Rs.20,000 each. The profit for the year was Rs.60,000. The partnership deed provide that interest on capital will be allowed @ 10% p.a. While preparing the final accounts, interest on partners on partners capital was not allowed You are prepared to calculate the capital of P, Q and R on 01.04.2011 and pass the necessary adjustments entry for providing interest on capitals. Show your working clearly.

Q.50: After including the profit of the year ended 31.03.2012 the capitals accounts of A, B and C stood at Rs.20,000; Rs.15,000 and Rs.10,000 respectively. subsequently, it was discovered that interest on capitals at 10% p.a. had inadvertently been ignored. The profits for the year in arriving at the above figures of capital amounted to Rs.10,000. They shared profit and losses in the ratio of 2:2:1 respectively. Give the necessary journal entry to rectify the above.

Q.51: On 31.12.2012 after closing the capital accounts, capitals of X, Y and Z stood at Rs.80,000; Rs.60,000 and Rs.40,000 respectively. It was subsequently discovered that interest @5% p.a. on capitals at the beginning for the year was left out. Their drawings during the year were Rs.20,000; Rs.15,000 and Rs.9,000 respectively. profit for the year was Rs.1,20,000. Partners share profits as 3:2:1. Give necessary adjustment entry and the show the working notes.

Q.52: A and B had been sharing profit and losses equally. After dividing the profits for the year 2012, Rs60,000 it was agreed that they would share profits and losses from 01.01.2012 in the ratio of 3:2. At the time it was also found that while preparing accounts for 2012 interest on capital @5% p.a. was ignores. The fixed capitals of A and B were Rs.1,00,000 and Rs.80,000 respectively. pass the single adjustments entry to adjust the accounts of the partners.

Q.53: Ram and Mohan are equal partners with capital of Rs.5,000 and Rs.9,000 respectively. After accounts of the year are prepared, it is discovered that interest at 7% p.a. has not been credited to capital account before distribution of profits. It is decided to make an adjustment entry at the beginning of the year. Give the necessary journal entry.

Q.54: A, B and C are partners in a firm with capital of Rs.40,000; Rs.60,000 and Rs.80,000 respectively. After the account of the firm for the year have been closed, it is discovered that interest @ 8% p.a. was allowed to each partners although no such agreement was made in the partnership agreement. It is decided to make an adjustment entry at the beginning of the next year. Pass necessary journal entry.

Q.55: Ram, Shyam and Mohan are partners in a firm sharing profit in ratio of 2:1:2. Their fixed capitals were Rs.3,00,000; Rs.1,00,000 and Rs.2,00,000 respectively. Interest on capital for the year 2012 was credited to them @ 9% instead of 10% p.a. Showing your working notes clearly, pass the necessary journal entry.

Q.56: Ram and Mohan are partners in a firm sharing profits in 3:2 ratio. Their fixed capitals were: Ram-Rs.1,20,000 and Mohan-Rs.90,000. For the year 2012, interest on capital was credited to them at the rate of 6% instead 5%. Give necessary adjusting entry for the rectification of the error. Show also the working note clearly.

Q.57: Mohan, Vijay and Anil are partners, the balance on their capital accounts being Rs.30,000; Rs.25,000 respectively. In arriving at these figures, the profit of the year ended 31.03.2012, Rs.24,000 had already been credited to partners in proportion in which they shared profit. Their drawings were Rs.5,000(Mohan); Rs.4,000(Vijay) and Rs.3,000(Anil) in 2012-2011. Subsequently the following omissions were noticed and it was decided to bring them into account:

I. Interest on capital at 10% p.a.
II. Interest on drawings (Mohan Rs.250; Vijay Rs.200; Anil Rs.150).

Make the necessary correction through Profit and Loss Adjustment Account and through a journal entry.

Q.58: A and B are partners sharing profits and losses in ratio of 3:2. They employs C as their manager to whom say paid a salary of Rs.750 p.m. C had deposited Rs.20,000 on which interest was payable @ 9% p.a. At the end of 2012 (after division of the years profit), it was decided that C should be treated as partner with effect form 1st January 2009 with 1/6th share of profits, his deposit being considered as capital carrying interest at 6% p.a. like capitals of other partners. The firm's profit and losses after allowing interest on capital were as follows:

2009 Profit 59,000

2010	Profit	62,600
2011	Loss	4,000
2012	Profit	78,000

Record the necessary journal entries to give effect to the above.

Q.59: X and Y are partners sharing profit and losses in the ratio of 3:. At the end of the year, i.e., on 31.12.2012 they decided to take their manager Z into partnership. As manager Z was getting annual salary of Rs.9,000. He had also advanced Rs.60,000 to the firm by way of a loan on which he is getting interest @ 10% p.a. During the years, firm's profits after adjusting salary to Z, interest on loan and interest on capital of partners were:

2010	Profit	80,000
2011	Loss	40,000
2012	Profit	1,20,000

According to the new agreement, Z is to be given annual salary of Rs.7,000 and $1/5^{th}$ share in the profit of the firm. Z's loan shall be treated as his capital form the beginning and similar to other partners, his capital will carry interest @ 6% p.a. Record the necessary Journal entries to give effect to the above agreement.

Guarantee in partnership

Q.60: A, B and C were partnership sharing profit and losses in the ratio of 4:2:1 respectively. It was provided that in no case C's share in profit should be less then Rs.7,500. The profits for the year 2012 amount to Rs.31,500. You are required to show the appropriation amongst the partners. Profit and Loss Appropriation Account is not required.