

ACCOUNTANCY – Class XIIth

Accounting for Partnership Firms – Fundamentals

Q1-

A and B are partners sharing profits equally. On 1st January, 2014 A advanced ₹50,000 as loan to the firm while B introduced ₹50,000 as further capital. Both desired interest on loan and further capital @10%, being market rate. Do you agree assuming there is no partnership deed.

1

Q2-

List any two circumstances under which the fixed capital of partners may change.

1

Q3- A and B contribute 40,000 and 20,000 respectively by way of capital on which they agree to pay interest @ 6% p.a. Their respective share of profit is 2 : 3 and business profits for the year are 3,000. Show the Profit and Loss Appropriation A/c to allocate interest on capitals:

1. If the partnership deed is silent about the treatment of interest on capital
2. If the interest is charge as per Partnership Deed (3M)

Q4- P and Q are partners in a firm sharing profits and losses in the ratio 3 : 2. On 1st April, 2015, R is admitted in the firm with the guarantee that R will get a minimum profit of ₹2,00,000 and any deficiency arising will be shared by P and Q in the ratio 4 : 1. On 31st March, 2016 the loss for the firm was ₹10,00,000. Pass the necessary journal entries to show the distribution of loss and guarantee of profit. (3M)

Q5- A and B were in partnership sharing profits and losses in the ratio of 3 : 2. In appreciation of services of C who was in receipt of salary of ₹24,000 per annum and a commission of 5% of the net profit after charging such salary and commission, they took him into partnership from 1st April, 2015 giving him 1/8th share of profits. The agreement provided that any excess over his former remuneration to which C becomes entitled will be borne by A and B in the ratio of 2 : 3. The profits for the year ended 31st March, 2016 amounted to ₹4,44,000. Prepare Profit and Loss Appropriation A/c. (3M)

Q6- On 31st March, 2015 after closing of the accounts, the capital accounts of A, B and C stood in the books of the firm at ₹1,00,000, ₹60,000 and ₹80,000 respectively. Subsequently, it was discovered that the following were not taken into account:

1. Interest on capital @ 6% p.a.
2. Salary to C @ ₹100 per week
3. Interest on drawings @ 5% p.a.

A and B withdrew ₹10,000 and ₹8,000 respectively during the year whereas C withdrew regularly ₹4,000 in the middle of every month for six months. The profit for the year amounted to ₹1,20,000 which was distributed in the ratio of 3 : 2 : 1.

Give the necessary adjusting entries.

(4M)

Q7- Simran and Puneet are partners in a firm sharing profits and losses equally. On 1st April, 2015, the capitals of the partners were Simran – ₹2,00,000 and Puneet – ₹1,60,000. The Profit and Loss Account of the firm showed a net profit of ₹3,75,000 for the year ended 31st March, 2016. Consider the following information, prepare Profit and Loss Appropriation A/c and Partner's Capital Account.

1. Interest on Capital is allowed @ 6% p.a.
2. Interest on Puneet's Loan of ₹2,00,000 taken 1st October, 2015.
3. Interest on drawings of Partners @ 6% p.a. drawings being Simran- ₹40,000 and Puneet- ₹30,000.
4. Transfer 10% of the distributable profits to the Reserve.

(5M)