ASSIGNMENT I
ACCOUNTANCY 12

1. On 1st January, 1993 A and B entered into partnership contributing Rs. 60,000 and Rs.45000 respectively. They agreed to share profits and losses in the ratio of 3:2. B is allowed a salary of Rs.12000 per year. Interest on capitals is to be allowed at 10% per annum. During the year, A withdrew Rs.9000 and B Rs.18000 as drawings. Interest on drawings of A and B was Rs.150 and Rs.210 respectively. Profit as at 31st December 1993 before the above-mentioned adjustments were Rs.35000.
Show the distribution of profit by preparing Profit and Loss Appropriation A/c of the firm and prepare partners' Capital A/c also. **(Divisible profit Rs.12860, Balance of Capital A/c A: 64566; B: 48434)**

2. The capitals of A, B and C stood at Rs.20000, Rs.15000 and Rs.10000 respectively after the necessary adjustment in respect of drawings and net profits. Subsequently it was discovered that interest on capital at 10% and interest on drawings Rs.130, Rs.90 and Rs.50 respectively have been ignored. Profit of the year already adjusted was Rs.10000. Drawings of the partners were Rs.1000, Rs.800 and Rs.500 respectively. They share profits and losses in the ratio 2:1:2. Give necessary journal entry to rectify the accounts. **(C Dr. 784, A Cr. 186, B Cr. 598)**

3. X and Y are in Partnership with equal capitals as on 31st December 1998. Their books of account showed the following position:

	31-12-98 Rs.	**31-12-99 Rs.**
Fixed Assets	8,00,000	10,00,000
Debtors	80,000	60,000
Cash and Bank Balance	4,35,000	6,43,000
Stock	1,50,000	1,40,000
Current Liabilities	65,000	43,000

Their partnership deed provided the following clauses:
(a) Partners are entitled to interest on capitals @ 1% p.a.
(b) Interest on drawings is to be charged @ 5% p.a.
(c) X and Y are entitled to a salary of Rs.3, 000 p.m. and Rs.2, 000 p.m. respectively.
Additional Information:
(i) During the year, X and Y withdrew Rs.10, 000 and Rs.12, 000 respectively.
(ii) Depreciation is to provided on fixed assets @ 10 % p.a.
(iii) Further bad debts Rs.5, 000 and provision for bad and doubtful debts is to be created @ 5% on debtors.
(iv) Transfer Rs.50, 800/- to General Reserve.
From the above, you are required to prepare the Profit and Loss Appropriation account for the year ended 31st December, 1999 together with Capital Accounts as on that date assuming that Capital accounts are fluctuating. **(Divisible Profit: 2, 00, 000)**

4. A and B were in partnership sharing profits and losses in the ratio of 3:2. In appreciation of the services of C, who was in receipt of a salary of Rs. 24,000 p.a., and a commission of 5% on the net profit after charging such salary and commission, they took him into partnership as from 1st April 1995 giving him 1/8th share of profit. 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 profit for the year ended 31st March 1996 amounted to Rs. 4,44,000. Prepare P& L App. A/c. **(Divisible Profit: Rs. 235400; Rs. 153100; Rs. 55500)**

5. Below, the **P&L Appropriation A/c** of ABC Co. for the year ended 31st march 1996:

To IOC		By P&L A/c (N.P)	1,00,000
A 12% on 50,000	6,000	By IOD	
B 12% on 30,000	3600	A 10% on 12,000	1200
To A's Salary	7,200	B 10% on 10,000	1,000
To Profit tfd to:			
A 3/5th	51240		
B 2/5th	85400		
	1,02,200		**1,02,200**

The following errors were subsequently discovered:
1. Interest on capital was 10% p.a. & Interest on drawing @ 12%
2. A was not be allowed any salary but B was to be allowed salary at Rs. 400 p.m.

3. Profits are to be shared in capital ratio.
4. Interest on A's loan of Rs. 10,000 @ 12% p.a. not provided in the books.

Rectify the above position by a single adjusting entry.

6. A and B were equal partners. C comes in for 10% profit, his profit being borne by A personally. D comes in for 20% share and his total earnings are guaranteed at Rs.500 per month from the firm including interest on capital and salary. E comes for another 20% share, his minimum share of profit excluding interest on capital and salary is guaranteed by B personally at Rs. 8,000 per annum.

Total profit for the year ended 31st March, 1999 amounted to Rs.28, 100 without considering the following appropriations which were allowable under partnership deed in addition to share of profits etc. as stated below:

Interest on capital: Rs.800, Rs.500, Rs.1000 and Rs.500 for A, B, C and D respectively.

Salary: Rs.4800, Rs.2000 and Rs.3000 for B, D and E respectively.

Prepare Profit and Loss Appropriation Account for the year ended 31st March 1999. Give full working. **(Share of profit: A: 2,900; B: 4,450; C: 1,550; D: 3,500 and E: 8,000)**

ASSIGNMENT FOR PRACTICE

Calculate New Profit Sharing Ratio and Sacrificing Ratio

(i) X and Y are partners in a firm sharing profits & losses in the ratio of 3:1. Z is admitted for 1/4th share in profits.

(ii) Ram and Shyam are partners in the ratio of 3:2. Mohan comes in with1/8th of the profit.

(iii) A, B and C are partners in proportion of 3:2:1 respectively. D was admitted in the firm as new partner with 1/6th share.

(iv) X and Y are partners in a firm sharing profits and losses in the ratio of 3:2. They admit Z into partnership with 1/8th share in the profits. It is decided that X and Y will share profits and losses in the ratio of 4:3.

(v) X and Y are partners in the ratio of 3:2. They admit Z with 1/8th share in the profits. The new profit sharing ratio between X and Y is 2:1.

(vi) X and Y are partners sharing profits in the ratio of 3:2. They admit Z wiht1/4th share in the profits. While X and Y as between themselves sharing profits and losses equally.

(vii) X and Y are partners sharing profits in ratio of 3:2. They admit Z into the firm for 3/7th profit which he takes 2/7th from X and 1/7th from Y.

(viii) X and Y are partners sharing profits in the ratio 5:3. C is admitted as partner, he acquires 3/16th of the profits from A and 1/16th from B.

(ix) C and D share profits and losses in the ratio of 3:2. E entered this firm as a new partner with profit ratio of ¼. Find out new profit sharing ratio, if E takes his share from D only.

(x) R and S are partners sharing profits and losses in the ratio of 3:2. T joins the firm as a new partner. R gives 1/4th of his share and S gives o.4 of his share to T.

(xi) P and Q were partners in a firm sharing profits in the ratio of 5:3. They admitted R and S as new partners. P surrendered ½ of his share in favour of R and Q surrendered 1/4th of his share in favour of S.

(xii) A and B are partners in a firm sharing profits and losses in the ration of 9:6. A new partner C is admitted. A surrenders 3/15th share of his profit in favour of C and B 6/15th of his share in favour of C.

(xiii) X and Y sharing profits in the ratio of 7:3, admit Z on 1/6th share which he acquires equally from X and Y.

(xiv) X and Y are partners in a firm sharing profits & losses in the ratio of 3:2. They admit Z as a partner for 1/4th share in the Profits. Z acquires his share from X and Y in the ratio of 2:1.

(xv) A, B and C are partners sharing profits & losses in the ratio of 5:3:2. D is admitted for 1/5th share which he acquires from A, B and C equally.