JAIN COACHING CLASES

ACCOUNTANCY

PARTNERSHIP BASICS

1. Raja, Mohan and John are three partners who share profits in the ratio of 2:2:1. The fixed capital of the three partners is Rs.300000, Rs.600000 and Rs.900000. Each partner will get a salary of Rs.30000 per 5 months and interest of capital @ 6% p.a. The profit for the year ending 31st March, 2015 was Rs.1000000. Rs.5000 to be charged as interest on drawings from John. Prepare Profit and loss appropriation a/c for the year ending 31st March, 2015.
2. A, B and C are partners with a profit sharing ratio of 2:1:1. After the accounts for the year have been closed, it was noticed that Interest on Drawings was not recorded. Interest on Drawing of partners amounted to A Rs.500; B Rs.360 and C Rs.200. Give the adjusting entry.
3. A, B, C are partners sharing profits in the ratio 5:4:1. C is given a guarantee that his share in any year will not be less than Rs.5000 .The profits for the year ending 31/03/2015 amounted to Rs.35000. Amount of shortfall in profits given to C will be borne by A and B in ratio 3:2 Pass necessary journal entry regarding deficiency borne by A and B.
4. Amar and Bob were partners in a firm sharing profits in the ratio of 5: 3 .Their fixed capitals were Rs.150000 and 100000 respectively. The partnership deed provides that :
   (a) Interest on capital should be allowed @ 12 % p.a.
   (b) Amar should be allowed a salary of Rs.20000 p.a.
   (c) A commission of 10 % of the net profit should be allowed to Bob.
   The net profit for the year ended 31-3-2001 was 100000.
   Prepare profit and loss appropriation account and capital accounts.

5. Lila and Rosy are partners in a firm. The partnership deed provides that interest on drawings will be charged @ 6% p.a. During the year ended 31-12-2006, Lila withdrew Rs.2500 at the beginning of the every month and Rosy withdrew Rs.2500 at the end of each month. Calculate interest on the partner' drawings.
6. X, Y, and Z were partners in a firm. On 1-4-2013 their capital stood at Rs.25000; Rs.12500 and Rs.12500 respectively. As per the partnership deed:
   (a) Z was entitled for a salary of Rs.2500 p.a.
   (b) Partners were entitled to interest on capital at 5% p.a.
   (c) Profits were to be shared in the ratio of partners' capital.

   The net profit for the year 2013-14 of Rs.16500 was divided equally without providing for the above terms. Pass an adjustment entry in journal to rectify the above error.
7. A, B, and C are partners sharing profits in the ratio of 5: 4: 1. Z is given a guarantee that his share of profit in any given year would be Rs.10000. Deficiency if any would be borne by A and B equally. The profits for the year 2014 amounted to Rs.80000. Pass necessary entries in the books of the firm.
8. Ricky and Adam started partnership on 01-04-2013 with capital of Rs.125000 and Rs.75000, respectively. On 01-10-2013, they decided that their capitals should be Rs.100000 each. The necessary adjustments in the capitals are made by introducing or withdrawing cash. Interest on capital is to be allowed @ 10 % p.a. Calculate interest on capital as on 31-03-2014.
9. Lee and May are partners. They reports net income of Rs.57000. The partnership agreement provides for salaries of Rs.15000 to Lee and Rs.12000 to May. They will share the remainder in a ratio of 3:2. Lee asks your help to divide the net income between them and to prepare partner capital accounts.

10. X, Y and Z are partners in a firm. They have omitted interest on capital @ 8% p.a. for three years ended 31st March 2007. Their fixed capitals on which interest was to be calculated throughout were:
X:Rs.1,50,000; Y:Rs.1,20,000; Z:Rs.1,05,000.
Give the necessary adjusting Journal entry with working notes.

11. Ram and Lucky are partners sharing profits 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. Lucky is allowed a salary of Rs.2500 per annum. During the year ended March 31st, 2005, the profits for the year prior to calculation of interest on capital but after charging salary of Lucky amounted to Rs.12500. 5% of profit (after salary and interest on capital) is to be transferred to General Reserve.
Prepare Profit & Loss Appropriation Account.

12. Raj and Sanjay are two qualified Chartered Accountants. They both decided to form a partnership firm. They named it "RS CONSULTANCY FIRM". Raj contributed a capital of Rs.100000 while Sanjay contributed only Rs.5000 as his capital. Both of them would get a salary of Rs.300000 p.a. only in the case when profit before all appropriation but after transfer to general reserve would be more than Rs.900000 in every year. In any other case, but not in case of loss, their salary would be Rs.180000 or 40% of profits (whichever is higher). Besides CA, Sanjay is also a MBA in finance from IIM. Thus, for his extra knowledge in the field of finance, he is entitle to a commission of 20% of all the incomes earned by the firm due to financial consultancy given by the firm. 10% of net profit to be transfer to general reserve. Sanjay also gave a guarantee to Raj that every year his share will not be less than Rs.100000.
The firm earned a profit of Rs.900000 (Rs.120000 from financial consultancy given by Sanjay). You have to prepare profit and loss appropriation account for the year ending 31st March, 2015.