



INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	Department: Commerce
Worksheet No: 2	Topic: ACCOUNTING FOR PARTNERSHIP FIRMS – FUNDAMENTALS

1. The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2020, ₹ 80,000 in the ratio of 3:3:2 without providing for the following adjustments:

- Alia and Chand were entitled to a salary of ₹ 1,500 each p.m.
- Bhanu was entitled for a salary of ₹ 4,000 p.a.

Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly.

2. A and B are partners in a firm sharing profits and losses in the ratio of 7:3. Their fixed capitals were: A Rs. 9,00,000 and B Rs. 4,00,000. The partnership deed provided the following:

- Interest on capital @ 10% p.a.
- A's salary Rs. 50,000 per year and B's salary Rs. 3,000 per month.

Profit for the year ended 31st March, 2019 Rs. 2,78,000 was distributed without providing for interest on capital and partners' salary.

Showing your working clearly, pass the necessary adjustment entry for the above omissions.

3. On 31st March, 2019, the balance in the capital accounts of Asha, Nisha and Disha after making adjustments of profits and drawings were Rs. 1,50,000, Rs. 1,20,000 and Rs. 90,000 respectively. Subsequently, it was discovered that interest on capital and interest on drawings had been omitted. The partners were entitled to interest on capital @ 10% p.a. Interest on drawings was also to be charged @ 10% p.a. The drawings during the year were: Asha Rs. 50,000, Nisha Rs. 60,000 and Disha Rs. 30,000. The net profit for the year ending 31st March, 2019 amounted to Rs. 1,00,000. The profit-sharing ratio was 2:2:1. Pass the necessary adjustment entry. Also show your workings clearly.

4. Mudit, Sudhir and Uday are partners in a firm sharing profits in the ratio of 3:1:1. Their fixed capital balances are ₹ 4,00,000, ₹ 1,60,000 and ₹ 1,20,000 respectively. Net profit for the year ended 31st March, 2020 distributed amongst the partners was ₹ 1,00,000, without taking into account the following adjustments:

- Interest on capitals @ 2.5% p.a.;
- Salary to Mudit ₹ 18,000 p.a. and commission to Uday ₹ 12,000
- Mudit was allowed a commission of 6% of divisible profit after charging such commission. Pass a rectifying journal entry in the books of the firm. Show workings clearly.

5. A, B and C were partners in a firm. On 1st April, 2018, their capitals stood at Rs. 4,00,000, Rs. 3,00,000 and Rs. 2,00,000 respectively. As per the provisions of the partnership deed

- A was entitled to a salary of Rs. 5,000 per month.
- Partners were entitled to interest on capital @ 10% p.a.

The net profit for the year ended 31st March, 2019, Rs. 3,00,000 was divided among the partners without providing for the above items.

Showing your working clearly, pass an adjustment entry to rectify the above error.

6. Rajiv and Sanjeev were partners in a firm. Their partnership deed provided that the profits shall be divided as follows:

First Rs. 20,000 to Rajeev and the balance in the ratio of 4:1.

The profits for the year ended 31st March, 2020 were Rs. 60,000 which had been distributed among the partners. On 1-4-2019 their capitals were Rajeev Rs. 90,000 and Sanjeev Rs. 80,000. Interest on capital was to be provided @ 6% p.a. While preparing the profit and loss appropriation interest on capital was omitted.

Pass necessary rectifying entry for the same. Show your workings clearly.

7. Suman and Sudha were partners in a firm sharing profits equally. Their fixed capitals were Rs. 50,000 and Rs. 25,000 respectively. The partnership deed provided interest on capital at the rate of 12% p.a. For the year ended 31st March, 2020, the profits of the firm were distributed without providing interest on capital.

Pass necessary adjustment entry to rectify the error.

8. Praveen, Sahil and Riya are partners having fixed capitals of Rs. 2,00,000, Rs. 1,60,000 and Rs. 1,20,000 respectively. They share profits in the ratio of 3:1:1. The Partnership Deed provided for the following which were not recorded in the books.

a) Interest on Capital @5% p.a.

b) Salary to Praveen Rs. 1,500 per month and to Riya Rs. 1,000 per month.

c) Transfer of profit to General Reserve Rs. 10,000. Net profit for the year ended 31st March, 2020 was Rs. 1,00,000.

Pass necessary adjustment entry to rectify the error.

9. Himanshu and Vikrant are partners in a firm and share profits equally. Their Balance Sheet as on March 31, 2017 is as follows:

Liabilities	Rs.	Assets	Rs.
Capitals:		Fixed Assets	3,60,000
Himanshu 2,00,000		Current Assets	40,000
Vikrant <u>1,40,000</u>			
	3,40,000		
Creditors	60,000		
	<u>4,00,000</u>		<u>4,00,000</u>

During the year 2016-17, Himanshu's Drawings were Rs. 30,000 and Vikrant's Drawings were Rs. 40,000. During the year 2016-17 the firm earned profits of Rs. 1,00,000. While distributing profits for the year 2016-17, interest on capital @ 5 % per annum and interest on drawings @ 12 % per annum were ignored.

Showing your workings clearly, pass necessary rectifying entry.

10. Mohit and Rohan share profits and losses in the ratio of 2:1. They admit Rahul as partner with 1/4 share in profits with a guarantee that his share of profit shall be at least Rs. 50,000. The net profit of the firm for the year ending March 31, 2006 was Rs. 1, 60,000. Prepare Profit and Loss Appropriation Account.

11. Vikas and Vivek were partners in a firm sharing profits in the ratio 3:2. On 1st April, 2014 they admitted Vandana as a new partner for 1/8th Share in the profits with a guaranteed Profit of Rs. 1,50,000. The new profit sharing ratio between Vivek and Vikas will remain the same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 3:2. The profit for the year ended 31st March, 2015 was Rs. 9,00,000.

Prepare Profit and Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31st March, 2015.

12. Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of ₹ 2,00,000. The firm incurred a loss of ₹22,00,000 for the year ended 31st March, 2018. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account.

13. A, B and C were partners in a firm. On 1st April, 2018 the balance in their capital accounts stood at Rs. 8,00,000, Rs. 6,00,000 and Rs. 4,00,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ 5% p.a., salary to B Rs. 3,000 per month and a commission of Rs. 12,000 to C. A's share of profit, excluding interest on capital, was guaranteed at Rs. 25,000 p.a. B's share of profit, including interest on capital but excluding salary was guaranteed at Rs. 55,000 p.a. Any deficiency arising on that account was to be met by C. The profits of the firm for the year ending 31st March, 2019 amounted to Rs. 2,16,000.

Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2019.

14. Jay, Vijay and Karan were partners of an architect firm sharing profits in the ratio of 2:2:1. Their partnership deed provided the following:

(i) A monthly salary of Rs. 15,000 each to Jay and Vijay.

(ii) Karan was guaranteed a profit of Rs. 5,00,000 and Jay guaranteed that he will earn an annual fee of Rs. 2,00,000. Any deficiency arising because of guarantee to Karan will be borne by Jay and Vijay in the ratio of 3:2.

During the year ended 31st March, 2018 Jay earned fee of Rs. 1,75,000 and the profits of the firm amounted to Rs. 15,00,000.

Showing your workings clearly prepare Profit and Loss Appropriation Account and the Capital Account of Jay, Vijay and Karan for the year ended 31st March, 2018.

15. The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2017, ₹80,000 in the ratio of 3:3:2 without providing for the following adjustments:

a) Alia and Chand were entitled to a salary of ₹ 1,500 each p.a.

b) Bhanu was entitled for a commission of ₹ 4,000

c) Bhanu and Chand had guaranteed a minimum profit of ₹ 35,000 p.a. to Alia any deficiency to borne equally by Bhanu and Chand.

Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly.

16. Ajay, Binay and Chetan were partners sharing profits in the ratio of 3:3:2. The partnership deed provided for the following:

(a) Salary of Rs. 2,000 per quarter to Ajay and Binay.

(b) Chetan was entitled to a Commission of Rs. 8,000

(c) Binay was guaranteed a profit of Rs. 50,000 p.a

The profit of the firm for the year ended 31st March, 2020 was Rs. 1,50,000 which was distributed among Ajay, Binay and Chetan in the ratio of 2:2:1, without taking into consideration the provisions of the partnership deed. Pass rectifying entry for the above adjustments in the books of the firm.

17. Shreya and Vivek were partners in a firm sharing profits in the ratio 3:2.

The balances in their capital and current accounts as on 1st April, 2017 were as under:

	Shreya (Rs)	Vivek (Rs)
Capital accounts	3,00,000	2,00,000
Current accounts	1,00,000 (Cr.)	28,000 (Dr.)

The partnership deed provided that Shreya was to be paid a salary of Rs 5,000 p.m. whereas Vivek was to get a commission of Rs 30,000 for the year. Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Shreya were Rs 3,000 at the beginning of each quarter while Vivek withdrew Rs 30,000 on 1st September, 2017. The net profit of the firm for the year before making the above adjustments was Rs 1, 20,000. Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

18. L, M and N are partners in a firm sharing profits & losses in the ratio of 2 : 3 : 5. On April 1st, 2016 their fixed capitals were Rs. 2,00,000, Rs. 3,00,000 and Rs. 4,00,000 respectively. Their partnership deed provided for the following:

- (i) Interest on capital @ 9% per annum.
- (ii) Interest on Drawings @ 12% per annum.
- (iii) Interest on partners' loan @ 12% per annum.

On July 1, 2016, L brought Rs. 1,00,000 as additional capital and N withdrew Rs. 1,00,000 from his capital. During the year L, M and N withdrew Rs. 12,000, Rs. 18,000 and Rs. 24,000 respectively for their personal use. On January 1, 2017 the firm obtained a Loan of Rs. 1,50,000 from M. The Net profit of the firm for the year ended March 31, 2017 after charging interest on M's Loan was Rs. 85,000. Prepare Profit & Loss Appropriation Account and Partners Capital Account.