



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Worksheet: 1	Chapter: PARTNERSHIP ACCOUNTING - FUNDAMENTALS

1. Ajay, Binod and Chandra entered into partnership on 1st April 2019 with a capital of Rs.3,00,000, Rs.2,00,000 and Rs.1,00,000 respectively. In addition to capital Chandra has advanced a loan of Rs.1,00,000. Since they had no agreement to guide them, they faced following issues during and at the end of the year.
- Ajay wanted interest on capital to be provided @8% pa but Binod and Chandra did not agree.
 - Chandra wanted that interest on loan be paid to him @ 10% pa but Ajay and Binod wanted to pay @ 5% pa.
 - Ajay and Binod demanded to share profits in the ratio of their capital contribution, Chandra is not in agreement with this proposal.
 - Binod, being working partner, demands a lump sum payment of `40,000 as remuneration for which other others partners are not in agreement.

You are required to suggest and help them resolve these issues.

2. A partner draws Rs. 10,000 per month. Under the partnership deed, interest on drawings is to be charged @ 15% p.a. Calculate interest on drawings if the drawings are made regularly:

- In the beginning of the month.
- In the middle of the month.
- At the end of the month.

3. Calculate interest on drawings of Roy @10% p.a. for the year ended 31st March, 2023 in each of the following cases:

If he withdrew Rs. 50,000 in the beginning of each quarter.

If he withdrew Rs. 50,000 at the end of each quarter.

If he withdrew Rs. 50,000 in the during each quarter.

4. A, B and C started a firm on 1st October, 2022 sharing profits equally. A drew regularly Rs. 2,000 in the beginning of every month, B drew regularly Rs. 4,000 at the end of every quarter & C drew regularly Rs. 4,000 in the middle of every quarter.

Calculate interest on drawings @ 6% p.a. for the period ended 31st March, 2023.

5. A & B are partners doing a dry-cleaning business in Lucknow, sharing profits in the ratio 2:1 with capitals Rs. 5,00,000 and Rs. 4,00,000 respectively. A withdrew the following during the year to pay the hostel expenses for her son:

1 st May	Rs. 10,000
31 st July	Rs. 20,000

30 th November	Rs. 14,000
1 st January	Rs. 5,000

B withdrew Rs. 10,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. Calculate interest on drawings @ 12%p.a. for the year ending 31/03/2023. Also pass journal entries.

6. A and B are partners in a business and their capitals at the end of the year were Rs. 7,00,000 and Rs. 6,00,000 respectively. Calculate their opening capitals on the basis of the following information. Drawings of A and B for the year were Rs. 75,000 and Rs. 50,000 respectively. B introduced capital of Rs. 1,00,000 during the year.

Interest on capital credited to the capital accounts of A and B were Rs. 15,000 and Rs. 10,000 respectively.

a) Interest on drawings debited to the capital accounts of A and B were Rs. 7,500 and Rs. 5,000 respectively.

b) Share of profit credited to capital accounts was Rs. 10,000 each.
Calculate the opening capital.

7. Kamal and Kapil are partners having fixed capitals of Rs. 5,00,000 each as on 31st March, 2023. Kamal introduced further capital of Rs. 1,00,000 on 1st October, 2022 whereas Kapil withdrew Rs. 1,00,000 on 1st December 2022 out of capital. Interest on Capital is to be allowed @ 10% p.a.

The firm earned a net profit of Rs. 6,00,000 for the year ended 31st March, 2023.

Pass Journal entry for interest on capital.

8. Rakshit and Malik are partners in a firm sharing profits and losses in the ratio of 4 : 1. On 1st April, 2021, their capitals were Rs. 1,20,000 and Rs.80,000 respectively. On 1st December, 2021, they decided that the total capital of the firm should be Rs.2,70,000 to be contributed by them in the ratio of 2 : 1. According to the partnership deed, interest on capital is allowed to the partners @ 6% p.a. Calculate interest on capital to be allowed for the year ending 31st March, 2022.

9. Naresh and Sukesh are partners with Capitals of Rs. 3,00,000 each as on 31st March, 2022. Naresh had withdrawn Rs. 50,000 against Capital on 1st October, 2021 and Rs. 1,00,000 drawings against profit. Sukesh also had drawings of Rs. 1,00,000. Interest on Capital is to be allowed @ 10% p.a. Net profit for the year was Rs. 2,00,000 which is yet to be distributed.

Pass the journal entries for interest on capital.

10. A & B are partners sharing profits and losses in the ratio of 3: 2. Their capital accounts showed balances of Rs. 1,00,000 and Rs. 2,00,000. Show the treatment of interest on capital for the year ending March 31, 2023 in each of the following alternatives:

(a) If the partnership deed is silent as to the payment of interest on capital and the profit for the year is Rs. 50,000;

(b) If partnership deed provides for interest on capital @ 8% p.a. and the firm incurred a loss of Rs. 10,000 during the year;

(c) If the partnership deed provides for interest on capital @ 8% p.a. and the firm earned a profit of Rs. 12,000 during the year.

11. P & Q were partners sharing profits and losses in the ratio of 5:3. On 1st April 2022, their capital accounts showed balances of Rs. 6,00,000 and Rs. 2,00,000 respectively. Calculate the amount of profit to be distributed between the two partners if the partnership deed provided for interest on capital @ 10% p.a. and the firm earned a profit of Rs. 40,000 for the year ended 31st March, 2023.

12. A, B and C are partners sharing profits and losses in the ratio of 2:2:1. A is entitled to a commission of 10% on the net profit. The net profit for the year is Rs. 2,20,000. Determine the amount of commission payable to A.

13. X, Y and Z are partners sharing profits and losses equally. As per partnership deed, Z is entitled to a commission of 10% on the net profit after charging such commission. The net profit before charging commission is Rs. 4,40,000. Determine the amount of Commission payable to Z.

14. X and Y are partners in a firm. X is entitled to a salary of Rs. 10,000 per month and commission of 10% of the net profit after partners' salaries but before charging commission. Y is entitled to a salary of Rs. 25,000 p.a. and commission of 10% of the net profit after charging all commission and partners' salaries. Net profit before providing for partners' salaries and commission for the year ended 31st March, 2023 was Rs. 4,20,000.
Show distribution of profit.

15. On 01.04.2022, Ravi, Kavi and Avi started a partnership firm with fixed capitals of Rs. 6,00,000, Rs. 6,00,000 and Rs. 3,00,000 respectively. The partnership deed provided for the following :

- (i) Interest on capital @ 10% per annum.
- (ii) Interest on drawings @ 12% per annum.
- (iii) An annual salary of Rs. 1,20,000 to Avi.
- (iv) Profits and losses were to be shared in the ratio of their capitals.

The net profit of the firm for the year ended 31.03.2023 was Rs. 3,08,000. The drawings of the partners were Rs. 1,00,000 each

Prepare Profit and Loss Appropriation Account of Ravi, Kavi and Avi for the year ended 31.03.2023.

16. Sonu and Rajat started a partnership firm on 1st April, 2022. They contributed Rs. 8,00,000 and Rs. 6,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3:2.

The partnership deed provided that Sonu was to be paid a salary of Rs. 20,000 per month. Manager of the firm was entitled to a commission of 5% on turnover. It also provided that interest on capital be allowed @ 8% p.a. Sonu withdrew Rs. 20,000 against profit on 1st December, 2022 and Rajat withdrew Rs. 5,000 at the end of each month for personal use. Interest on drawings was charged @ 12% p.a. The net profit as per Profit and Loss Account for the year ended 31st March, 2023 was Rs. 6,00,000. The turnover of the firm for the year ended 31st March, 2023 amounted to Rs. 20,00,000.

Prepare Profit & Loss Appropriation A/c.

17. A, B and C were partners in a firm sharing profits and losses in the ratio of 3:3:4. On 1st April, 2022 the balances in their capital and current accounts were as follows:

	Capital Accounts (Rs.)	Current Accounts (Rs.)
A	4,00,000 Cr	20,000 Dr
B	5,00,000 Cr	10,000 Dr
C	6,00,000 Cr	15,000 Dr

The deed provided the following terms:

- (i) Interest on capital @ 12% p.a.
- (ii) Salary to A Rs. 30,000 per quarter.

On 1st January, 2023, C had given a loan of Rs. 2,00,000 to the firm. During the year their drawings were A Rs. 40,000, B Rs. 75,000 and C Rs. 55,000. On 1st October, 2022 A introduced further capital Rs. 2,00,000. The net profit of the firm before allowing interest on C's loan was Rs. 4,03,000

Prepare Profit and loss Appropriation account of the firm for the year ending 31st March, 2023 and the current account of the partners.

18. X and Y are partners in a firm sharing profits and losses in the ratio of 2:1. Their fixed capitals were Rs. 5,00,000 and Rs. 3,00,000 respectively. Interest on capital is allowed @ 9% p.a. while interest on drawings is charged @ 12% p.a. X is allowed a salary of Rs. 4,000 per month. Interest on Y's loan of Rs. 60,000 and Y's drawings were Rs. 72,000. 5% of the net profit is to be transferred to general reserve. Incomplete profit and loss appropriation account for the year ended 31st March, 2023 prepared by the firm is given below:

Profit and Loss Appropriation A/c for the year ended 31st March, 2023

Particulars	Amount	Particulars	Amount
To Interest on Capital:		By Profit and Loss A/c:	
X's Current A/c ?		Net profit b/d ?	
Y's Current A/c ?	?		
To Salary:		By Interest on Drawings:	
X's Current A/c ?	?	X's Current A/c ?	
		Y's Current A/c ?	?
To General Reserve	15,000		
To Profit transferred to :			
X's Current A/c ?			
Y's Current A/c ?	?		
	?		?

Complete the Profit and Loss Appropriation Account of X and Y for the year ended 31st March, 2023.

19. X and Y are partners. Their capitals as on 1st April, 2021 were Rs. 2,00,000 and Rs. 1,50,000 respectively. On 1st October, 2021, X gave Rs. 50,000 as loan to the firm. As per the provisions of the partnership deed:

1. 20% of the profits before charging interest on drawings but after making appropriations was to be transferred to general reserve.
2. Interest on capital is to be allowed @ 10% p.a.
3. Interest on drawings is to be charged @12%p.a.
4. X to get monthly salary of Rs. 5,000 and Y to get salary of Rs. 22,500 per quarter.
5. X is entitled to a commission of 5% on Sales. Sales for the year were Rs. 3,50,000.
6. Profit to be shared in the ratio of their capitals up to Rs. 1,75,000 and balance equally.

Profit for the year ended 31st March, 2022 Rs.4,61,000. The drawings of X and Y during the year were Rs. 1,00,000 and Rs. 1,25,000 respectively.

Prepare profit and loss ~~appropriation~~ account and the partners' Capital Accounts.

20. A and B are partners sharing profits in the ratio of 3:2 with capitals of Rs. 9,00,000 and Rs. 3,00,000 respectively. Interest on capital is agreed @ 10% p.a. to A only & B is to be allowed an annual salary of Rs. 30,000. A provision of 10% of net profit is to be made in respect of manager's commission. Profit for the year before manager's commission was Rs. 1,10,000.

Prepare profit and loss appropriation account.