FUNDAMENTALS OF PARTNERSHIP

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| 1 | X,Y & Z are partners. Their fixed capitals as on 31-03-2014 were Rs 50000, Rs 100000 and Rs 150000. Profits for the year 2013-14 amounting to Rs 60000 was distributed. Interest on capital was not credited @ 10%p.a. Though there was such provision in the deed. Pass journal.<br>OR<br>L, M and N are partners in the ratio of 3 : 2 : 1. After the final accounts have been prepared it was discovered that interest on drawings had not been taken into consideration. The interest on drawings of partners amounted to L Rs. 500, M Rs. 360 and N Rs. 200. Give the necessary adjusting entry.<br>OR<br>A, B and C were partners with a capital of Rs. 1,00,000, 2,00,000 and 3,00,000 respectively, on 1st January 2001. After distributing the profits for the year ending 31st December 2001, it was fund that there was no provision for interest on capital in the partnership deed. But interest on capital @ 10% p.a. was wrongly provided without having agreement for it.<br>You are required to pass a single journal entry in the beginning of the next year to rectify the above error.<br>OR<br>A , B and C are partners in a firm sharing profits and losses in the ratio of 2 : 3 : 5. Their fixed capitals were Rs 15,00,000, Rs. 30,00,000 and Rs. 60,00,000 respectively. For the year 1996 interest on capital was credited to them @ 12% p.a instead of 10% p.a. pass the necessary adjustment entry. | 3 |
| 2 | X,Y & Z are partners sharing profits in the ratio of 3:2:1. The profits of the last 3 years were Rs 140000, Rs 84000 and Rs 106000 respectively. These profits were by mistake shared equally for all the three years. It is now decided to correct the error. Pass necessary journal entry. | 3 |
| 3 | X,Y & Z are partners sharing profits in the ratio of 4:3:3. X however personally guaranteed that Z'S profit after charging interest on capital@5% p.a. would not be less than Rs 40000 in any year. The capital ( fixed) were Rs 300000, Rs 200000 and Rs 150000. The profit for the year 2013-14 amounted to Rs 160000. Prepare P/L appropriation account.<br>OR<br>R,S and T are partners in the ratio of 5 : 3 :2. According to the agreement T was given a guarantee of minimum amount of Rs. 51,000 as his share of profit every year. The profit of the year 2005 was Rs. 2,04,000. Divide the profit between R, S and T by preparing profit and loss appropriation account.<br>OR<br>A, B and C are partners. They admit D and guarantee that his share of profit will not be less than Rs. 28,000 profits are to be shared as 4 : 3: 3: 2 respectively. Total profits were Rs. 1,34,400. It was agreed that the excess payable to D over his share will be borne by A, B and C in the ratio of 3 : 2 : 1. Calculate the share of profit for each partners.<br>OR<br>X,Y and T are partners in the ratio of 5 : 3 :2. According to the agreement T was given a guarantee of minimum amount of Rs. 60,000 as his share of profit every year. The incurred a net loss of Rs 120000 for the year 2014 Pass journal and preparing necessary account to distribute the loss. | 3 |
| 4 | X,Y & Z are partners. Their capitals were Rs 50000, Rs 25000 and Rs 25000 respectively. Their deed provided the following:<br>Interest on capital @5%p.a.<br>Salary to Z Rs 1500 p.m.<br>Profits to be shared in capital ratio.<br>Ignoring the above provision net profit for the year ended on 31-03-2014 Rs 45000 was distributed equally between them. Pass single journal entry. | 3 |
| 5 | X & Y are partners sharing profits in the ratio of 3:2. Their fixed capital on 1-04-2013 were Rs 300000, Rs 250000. On 01-10-2013 they decided that their total fixed capital should be Rs 600000 in their profit sharing ratio. Accordingly they introduce extra capital and withdrew excess capital. Their deed provide the following: Interest on capital @ 12% p.a.<br>Interest on drawings @ 18% p.a.<br>Salary to X - Rs 2000 p.m. and to Y -Rs 4500 per quarter.<br>Their drawings are as follows: X Y<br>30-09-2013 Rs 20000 Rs 15000<br>31-12-2013 Rs 20000 Rs 25000<br>Net profit for the year 2013-14 amounted to Rs 150000. 10% of this profit to be transferred to General Reserve.<br>Prepare P/L appropriation account, Partners capital account and Partners current account. | 3 |
| 6 | X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide | 3 |

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| | interest on capital @ 6% p.a. Net profit for the year amounted to Rs 1500.Prepare P/L appropriation account.<br>OR<br>X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net loss for the year amounted to Rs 1500.Prepare necessary account. | |
| 7 | X and Y are partners. They do not have any partnership deed. What should be done in the following cases:<br>X devotes full time to partnership business claiming Monthly salary of Rs 5000.<br>Y invested Rs 500000 as capital and X invested Rs 300000 and in addition X provide loan of Rs 200000 to firm. What interest will be given to X & Y.<br>Y wants profit to be distribute in the capital ratio. X object it.<br>X wants to introduce his son T into business as a partner. Y object. | 3 |
| 8 | State any three items to be shown on the credit side of partners fluctuating capital account.<br>State any three items to be shown on the debit side of partners fluctuating capital account.<br>State any three items to be shown on the credit side of partners current account. | 3 |
| 9 | X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net profit for the year amounted to Rs 1500.Prepare P/L appropriation account.<br>OR<br>X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. even if it involves the firm in loss. Net profit for the year amounted to Rs 1500.Prepare P/L appropriation account.<br>OR<br>X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net profit for the year amounted to Rs 2100.Prepare P/L appropriation account. | 3 |
| 10 | a) In what ways charge against profit is different from Appropriation of profit.<br>b) State the rules applicable in the absence of partnership deed.<br>c) List any two circumstances under which the fixed capital of partner may change.<br>d) Can a partner be exempted from sharing the losses in a firm? If yes, under what circumstances?<br>e) Why is it that the capital account of a partner does not show a "debit balance" in spite of regular and consistent losses year after year?<br>f) How would you calculate interest on drawings on equal amount drawn on last day of each month?<br>g) How would you calculate interest on drawings on equal amount drawn on first day of each month?<br>h) In absence of any provision in the partnership deed, at what rate is working partner entitled for a remuneration? | 3 |