

Fundamental of Partnership**TIME: 1Hr.****M.M 15**

Q.1 The partnership deed between M and G provides that:

- A.** Profits will be shared equally
- B.** M will be allowed a salary of Rs 400 p.m.
- C.** G who manages the sales department will be allowed a commission equal to 10% of net profit after allowing M's salary.
- D.** 7% interest will be allowed on partner's capital.
- E.** 5% interest will be charged on partner's drawings.

The capital of the M and G are Rs 1,00,000 and Rs 80,000 respectively. Their annual drawings were Rs 16,000 and Rs 14,000 respectively. The net profit for the year ending March 31st 2019 amounted to Rs 40,000. Prepare Profit and Loss App. Account. Also give journal entry for interest on drawing. **5**

Q.2 The capital Accounts of X and Y showed balance of Rs 40,000 and Rs 20,000 on 1st January, 2013. They shared profits in the ratio of 3:2. They are allowed interest on capital @ 7.5% and are charged on drawings @ 6% p.a. X also advanced a loan of Rs 10,000 to the firm on 1st May, 2012.

During the year X withdrew Rs 1,000 in the beginning of each quarter whereas Y has drawn Rs 1000 at the end of each month.

The accountant of the firm has advised the partner to keep 10% of the divisible profit in reserve account to which other partner don't have any objection. The net profit of the firm was Rs 47,500.

You are required to prepare Profit and loss Appropriation A/c and Partners capital Account for the year ending 2013. **5**

Q.3 L and A are partners sharing profit in the ratio of 3:2 having fixed capital of Rs 50,000 and Rs 30,000 respectively. Interest on capital is agreed to be paid @ 6% p.a. A is allowed a salary of Rs 2,500 p.a. During the year, the profits prior to the calculation of interest on capital but after charging A's salary amounted to Rs 12,500. A provision of 5% of profits is to be made in respect of manager's commission. Prepare account showing the allocation of profits and partner's capital accounts. **3**

Q.4 On 1st April 2013, J and V entered into partnership and contributed capital of Rs 80,000 and Rs 50,000 respectively. The profit sharing ratio was decided 3:2. The partnership deed provided that interest on capital will be provided @ 9% p.a. During the year firm earned a profit of Rs 7,800. Prepare Profit and Loss App. Account for the year ended 31st March 2014. **2**

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