

## Fundamental of Partnership

**TIME: 1:15Hr.**

**M.M 20**

**Q.1** A and B are partners sharing profits and losses in the ratio of 3 : 2. Their capital accounts showed balances of Rs. 1,50,000 and Rs. 2,00,000 respectively on Jan 01, 2017. Show the treatment of interest on capital for the year ending December 31, 2017 in each of the following alternatives:

- A. If partnership deed provides for interest on capital @ 8% p.a. and the firm incurred a loss of Rs. 10,000 during the year;
- B. If partnership deed provides for interest on capital @ 8% p.a. and the firm earned a profit of Rs. 50,000 during the year;
- C. If the partnership deed provides for interest on capital @ 8% p.a. and the firm earned a profit of Rs. 14,000 during the year.

**6**

**Q.2** J and K are partners sharing profits and losses in the ratio of 3:1. Their capitals at the end of the financial year 2015-2016 were Rs. 1,50,000 and Rs. 75,000. During the year 2015-2016, J drawings were Rs. 20,000 and the drawings of K were Rs. 5,000, which had been duly debited to partner's capital accounts. Profit before charging interest on capital for the year was Rs. 16,000. The same had also been debited in their profit sharing ratio. K had brought additional capital of Rs. 16,000 on October 1, 2015. Calculate interest on capital @ 12% p.a. for the year 2015-2016.

**3**

**Q.3** . Following is the extract of the Balance Sheet of, N and M as on March 31, 2017:

**Balance Sheet as at March 31, 2017**

Liabilities	Amount	Assets	Amount
N/s Capital	10,00,000	Sundry Assets	30,00,000
M's Capital	10,00,000		
N's Current Account	1,00,000		
M's Current Account	1,00,000		
P/L App A/c (March 2017)	8,00,000		
	<b>30,00,000</b>		<b>30,00,000</b>

During the year M's drawings were Rs. 30,000. Profits during 2016-17 is Rs. 10,00,000. Calculate interest on capital @ 5% p.a for the year ending March 31, 2017.

**2**

**Q.4.** H is a partner in a firm. He withdrew the following amounts during the year 2017:

. February 01 4,000; May 01 10,000; June 30 4,000; October 31 12,000; December 31 4,000. Interest on drawings is to be charged @ 7½ % p.a. Calculate the amount of interest to be charged on H's drawings for the year ending December 31, 2017.

**2**

**Q.5** P, Q and R are equal partners in a firm. They share profit equally with the following provision.

1. P is entitled to a salary of Rs 750 per quarter and interest on loan given by any partner should be @6% p.a.
2. P's loan amounts to Rs 20,000 stands in the books in the beginning of the accounting period and Q's loan amount to Rs 10,000 which was given by him on 1<sup>st</sup> day of July.
3. Q's has drawn Rs 1,000 during the middle of each quarter.
4. Interest on drawings is to be charged @ 10@ p.a.

The profit for the year ended 31<sup>st</sup> March 2013 amounted to Rs 20,800 before charging interest on loan/Drawing but after charging salary.

Prepare Profits and Loss Appropriation Account at the end of the year.

**4**

**Q.6** T and K are partners sharing profits in proportions of 3:2 up to Rs 1,0,000 and profit above this limit will be shared equally with fixed capitals of Rs 8,00,000 and Rs 6,00,000 respectively . Interest on capitals is agreed at 6% p.a. T is allowed a salary of Rs 6,000 per month which has not been withdrawn. During 2013, the profits prior to calculation of interest on capital but after charging T's Salary amounted to Rs 2,28,000. Manager is to be allowed a commission of 10% of this amount. . Prepare Profit and Loss Appropriation Account.

**3**

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