INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Worksheet: 2	Chapter: PARTNERSHIP ACCOUNTING - FUNDAMENTALS

1.A, B and C were partners in a firm. On 1st April, 2022 the balance in their capital accounts stood at Rs.80,000, Rs.60,000 and Rs.40,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ 5% p.a. A's share of profit, excluding interest on capital, was guaranteed at ₹5,000 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, 2023 amounted to Rs.21,600.
Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2023.

2.P and Q were partners in a firm sharing profits and losses in the ratio of 2 : 1. On 01.04.2022, they admitted R as a new partner for 1/10 profits with a guaranteed minimum of share of Rs.50,000. P and Q continued to share profits as before but agreed to share any deficiency on account of guarantee to R in the ratio of 3 : 2. The net profit of the firm for the year ended 31.03.2023 was Rs.3,00,000.

Pass necessary journal entries in the books of P and Q for the above transactions.

3.X,Y and Z entered into partnership on 1st October 2022, sharing profit/loss in the ratio 4:3:3. X personally guaranteed that Z's share of profit after interest on capital @10% p.a would not be less than Rs.80,000 in any year. The capitals were Rs.3,00,000. Rs.2,00,000 and Rs.1,50,000. The profit for the year ended 31.03.2023 amounted to Rs.1,60,000.

Prepare Profit/Loss Appropriation A/c.

4. A,B and C are partners sharing profit in the ratio 5:4:1. C is given a guarantee that his share of profit in any year would be at least Rs.5,000. Any deficiency would be borne by A and B equally. The loss for the year ended 31st march 2023 was Rs.40,000.

Pass the necessary journal entries in the books of the firm.

5.Aman, Ali and Akash Are partners with capital of Rs.6,00,000; Rs.5,00,000 and Rs.4,00,000 on 1st April 2022. The profit sharing ratio is 4:2:3. Partners are entitled for interest on capital @8% p.a. Ali to receive a salary of Rs.7,000 per month and Akash to get salary of Rs.10,000 per quarter. As per deed, Akash's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of Rs.1,10,000. Any deficiency on this part will met by Aman. The profit for the year ended 31st March 2023 is Rs. 4,24,000.

Prepare Profit/ loss Appropriation A/c for the year ended 31st March 2023

6. Anwar, Biswas and Divya are partners in a firm. Their capital accounts stood at Rs. 8,00,000, Rs. 6,00,000 and Rs. 4,00,000 respectively on 1st April, 2022. They shared profits and losses in the ratio of 3 : 2 :1 respectively.

Partners are entitled to interest on capital @ 6% per annum and salary to Biswas and Divya @ Rs. 4,000 per month and Rs. 6,000 per quarter respectively as per the provisions of partnership deed.
Biswas's share of profit (including interest on capital but excluding salary) is guaranteed at a minimum of Rs.82,000 per annum. Any deficiency arising on that account shall be met by Divya. The profits for the year ended 31st March, 2023 amounted to Rs. 3,12,000.

Prepare profit and loss appropriation account for the year ended 31st March, 2023.

7. Ajay, Manish and Sachin were partners sharing profits in the ratio 5:3:2. Their Capitals were Rs.6,00,000; Rs. 8,00,000 and Rs.11,00,000 as on April 01, 2021. As per Partnership deed, Interest on Capitals were to be provided @ 10% p.a. For the year ended March 31, 2022, Profits of Rs.2,00,000 were distributed without providing for Interest on Capitals.
Pass an adjustment entry and show the workings clearly.

8. Ram, Mohan and Sohan were partners sharing profits in the ratio of 2 : 1 : 1. Ram withdrew Rs.3,000 every month and Mohan withdrew Rs.4,000 every month. Interest on drawings @ 6% p.a. was charged, whereas the partnership deed was silent about interest on drawings. Showing your working clearly, pass the necessary adjustment entry to rectify the error.

9. P,Q and R were partners sharing profit or loss in the ratio 5:3:2. The partnership deed provides interest on drawings @10% p.a. The drawings of P,Q and R for the year ended 31.3.2023 were Rs.20,000; Rs.30,000 and Rs.50,000 respectively. After the final account was prepared, it was discovered that interest on drawings had not been charged.

Pass the necessary adjustment entry to rectify the error.

10.Neena and Sara were partners in a firm with fixed capitals of Rs. 5,00,000 and Rs.4,00,000 respectively. It was discovered that interest on capital @ 6% p.a. was credited to the partners for the two years ending 31st March, 2022 and 31st March, 2023 whereas there was no such provision in the partnership deed. Their profit sharing ratio during the last two years was : 2021 – 22 was 4 : 5 and 2022 – 23 was 5 : 1

Showing your workings clearly, pass the necessary adjustment entry to rectify the error.

11.A and B are partners sharing profits and losses in the ratio of 3 : 2. Their capital on 31st March, 2023 after all adjustments stood at Rs. 1,65,500 and Rs.1,27,600 respectively. Profits amounting to 50,000 for the year 2022-23 were distributed after allowing interest on drawings @ 12% p.a. During the year A withdrew Rs.15,000 at the beginning of every quarter and B withdrew Rs.40,000 during the year. Partnership deed is silent on interest on drawings but provides for interest on Capital @ 5% p.a. Interest on Capital has not been provided.

Showing your workings clearly, pass the necessary adjustment entry to rectify the above errors.

12. Puneet and Akshara were partners in a firm sharing profits and losses in the ratio of 2:3. The following was the balance sheet of the firm as on 31st March, 2023.

Liabilities	Rs.	Assets	Rs.

Puneet's capital Akshara's Capital	90,000 1,10,000 2,00,000	Sundry Assets	2,00,000 2,00,000

The profits Rs.40,000 for the year ended 31st March, 2023 were divided between the partners without allowing interest on capital @ 5% p.a. and commission to Akshara @ Rs.1,000 per quarter. The drawings of the partners during the year were : Puneet Rs.2,500 per month. Akshara Rs.10,000 per quarter. Showing your workings clearly, pass necessary adjustment entry in the books of the firm.

13. Rohit, Raman and Raina are partners in a firm. Their capital accounts on 1st April, 2022, stood at Rs.2,00,000, Rs.1,20,000 and Rs.1,60,000 respectively. Each partner withdrew Rs.15,000 during the financial year 2022-23.

As per the provisions of their partnership deed:

(a) Interest on capital was to be allowed @ 5% per annum.

(b) Interest on drawings was to be charged @ 4% per annum.

(c) Profits and losses were to be shared in the ratio 5:4:1.

The net profit of Rs.72,000 for the year ended 31st March 2023, was divided equally amongst the partners without providing for the terms of the deed.

You are required to pass a single adjustment entry to rectify the error (Show workings clearly).

14. Sharma and Verma were partners in a firm sharing profits and losses in the ratio of 3 : 2. Their fixed capitals were Rs.14,00,000 and Rs.10,00,000 respectively. The partnership deed provided for the following :

(i) Interest on capital @ 10% per annum.

(ii)Interest on drawings @ 12% per annum.

During the year ended 31.03.2023, Sharma withdrew and Verma withdrew Rs.2,00,000 and Rs.1,00,000. After preparing the accounts for the year ended 31.03.2023, it was realised that interest on capital was not allowed and interest on drawings was not charged.

Showing your working notes clearly pass necessary journal entries in the books of the firm to rectify the above error.

15. A, B and C were partners in a firm. On 1st April, 2022 their capitals stood as Rs. 5,00,000; Rs. 2,50,000 and Rs. 2,50,000 respectively.

As per provisions of the partnership deed

(i) C was entitled for a salary of Rs. 5,000 per month.

(ii) A was entitled for a commission of Rs. 80,000 per annum.

(iii) Partners were entitled to interest on capital @ 6% per annum.

(iv) Partners will share profits in the ratio of capitals.

Net profit for the year ended 31st March, 2023 was Rs. 3,00,000 which was distributed equally, without taking into consideration the above provisions.

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

16. The partners Kareena, Juhi and Alia distributed the profit for the year ended 31st March 2023 in the ratio 3:3:2, without the following adjustments:

(i)Kareena and Alia were entitled for s salary of Rs.1,500 per month.

(ii)Juhi was entitled for a commision od Rs.4,000.

(iii)Juhi and Alia guaranteed a minimum profit of Rs.35,000 to Kareena. Any deficiency to be borne equally.

Pass the necessary journal entry.

17. A, B & C are partners in a firm. Their capital accounts on 1st April, 2022, stood at Rs.2,00,000, Rs.1,20,000 and Rs.1,60,000 respectively. Each partner withdrew Rs.15,000 during the financial year 2022-23.

As per the provisions of their partnership deed:

(a) Interest on capital was to be allowed @ 5% per annum.

(b) Interest on drawings was to be charged @ 4% per annum.

The net profit of Rs.72,000 for the year ended 31st March 2023, was divided equally amongst the partners without providing for the terms of the deed.

You are required to pass journal entries to rectify the above errors.