

CLASS XII
WORKSHEET - 1
CHAPTER 1: ACCOUNTING FOR PARTNERSHIP - FUNDAMENTALS

Q.1 X is a partner who used the stock of the firm worth ` 10,000 and suffered a loss of ` 2,000. He went the firm to bear the loss. How much 'X' is liable to pay to firm.

Q.2 Rajesh and Rakesh two partners draw for private use ` 1,28,000 and ` 86,000. Interest is chargeable at 6% per annum on drawings. What is the interest?

Q.3 A and B contribute ` 80,000 and ` 40,000 respectively by way of capital on which they agree to pay interest @ 6% p.a. Their respective share of profit is 2:3 and the business profit (before interest) for the year is 6,000. Show the relevant account to allocate interest about the treatment of interest on capital.

Q.4 It was discovered that in arriving at the profit for 2014, the following two items have been ignored.

- (i) Outstanding expenses of ` 3,500 and
- (ii) Accrued interest on investment of ` 2,000

Make journal entries relevant to adjustments.

Q.5 A, B and C shared the profit of ` 9,00,000 in the ratio of 2:2:1 without providing for interest on B's loan, B granted a loan of ` 4,00,000 in the beginning of accounting year. Whereas the partnership deed is silent on the interest on loan and the profit sharing ratio. Give adjusting entry.

Q.6 Calculate interest on X's drawings @ 12% if he withdraws ` 2,000 per month during the year.

Q.7. Calculate interest on X's drawings @ 12% p.a if he withdraws ` 2,000 per month during the year.

Q.8. Is a partner entitled to salary if he works more than others if partnership deed is silent?

Q.9 Distinguish between drawings against profit and drawings against capital. (Any two)

Q.10 There is no agreement regarding sharing of profits (or) partnerships salary. Rose is a whole-time partner whereas Lilly does not attend business regularly. Rose claims `3,000 salary a month and 60% of balance profits `24,600 Lilly advanced ` 10,000 as loan and now she claims 10% interest. State how you will settle the accounts.

Q.11 Tariq and Bilal are partners in a firm. Their capital contribution were `6,00,000 and `4,00,000 respectively. The terms of the Partnership agreement are as follows.

- (i) 20% of the profit should be transferred to General Reserve.
- (ii) Interest on capital @ 12% p.a and Interest on drawings @ 10% p.a.
- (iii) Tariq and Bilal to get a monthly salary of `3,000 and `4,000 respectively.
- (iv) Bilal is entitled to a commission of `14,000
- (v) Sharing profits and losses will be in the capital ratio.

The profit for the year ended 31st December, 2014 before making above appropriations was `4,80,000/-. The drawings of Tariq and Bilal were ` 80,000 and `60,000 respectively. Prepare Profit and loss appropriation account.

Q12. On 1st April 2014 A and B entered into partnership contributing `4,00,000 and `3,00,000 respectively. They agreed to share profits and losses in the ratio 3:2. B is allowed a salary of `4,000 per quarter. Interest on capital is to be allowed @10%p.a. During the year A withdrew `18,000 and B `36,000 as drawings. Interest on drawings of A and B was `600 and `1,200 respectively. Profit as on 31st December 2014 before the adjustment were `1,25,000. Prepare profit and loss Appropriation Account and Capital account of partner.

Q13. What entries will you pass to record the following transactions in the books of the firm A and B before distributing the profits earned?

- (a) Commission of `50,000 payable to B
- (b) Interest on capital: A `16,000 and B `10,000.
- (c) Interest on drawings A `4,000 and B `3,000.
- (d) Salary payable to A `3,000 per month.
- (e) Transfer to General Reserve `20,000.

Q14. A is a partner in a firm. A has withdrawn `12,000 during the year 2014.

- (a) Calculate interest on drawings @12% when period is not given.
- (b) Calculate interest on drawings @12% irrespective of the period.
- (c) Calculate interest on drawings @12% when A has withdrawn the money on 1st Sep.2014.
- (d) Calculate interest on drawings @12% when A has withdrawn the money on 15th Nov.2014.

Q15. A is a partner in a firm. A's drawings during the year 2014-15 were as follows: Accounts are closed on 31st March every year.

1st May 14	`1,000	1 st November 14	`750
30 th June 14	`1,250	31 st December 14	`500
1 st September 14	`500	1 st March 2015	`1,000

Interest on drawings is charged @10% p.a. Calculate interest on drawings of A.

Q16. A, and B were partners sharing profits and losses in the ratio of 2:1. The drawings of the partners were:-

- (i) `1,200 per month by A throughout the year
- (ii) `600 per month by B for 6 months.

Calculate interest on drawing @6% p.a in the following cases. When drawings are made (a) In the beginning of every month, (b) In the middle of every month and (c) At the end of every month.

Q17. M and N are partners in a firm. M has given a loan of `8,000 to the firm on 1st April, 2011. The partnership deed is silent upon the question of provision of interest on partner's loan. Compute the amount of interest payable on the loan advanced by M to the firm assuming the books are closed on 31st December every year.

Q18. A and B are partners sharing profits in proportion of 3:2 with capitals of `80,000 and `60,000 respectively. Interest on capital is agreed at 5%p.a. B is to be allowed an annual salary of `6,000 which has not been withdrawn. During 2011, the profits for the year prior to calculation of interest on capital but after charging B's salary amounted to `24,000. A provision of 5% of this amount is to be made in respect of commission to the manager. Prepare P&L Appropriation a/c.

Q.19. A, B and C were partners in a firm having capitals of ₹80,000, ₹80,000 and ₹1,40,000 respectively. According to partnership deed the partners were entitled to interest on capital @ 5% p.a B was also entitled annual salary of ₹6,000. The profits were to be divided as follows:

- (i) The first ₹30,000 in proportion to capitals of partner.
- (ii) Next ₹30,000 in the ratio of 5:3:2.
- (iii) Remaining profits to be shared equally.

During the year the firm made a profit of ₹1,56,000 before charging any of the above items. Prepare the profit & loss appropriation A/c.

Q20. A and B are partners in a firm. Their fixed capitals as on 1st Jan.2009 were ₹2,10,000 and ₹90,000 respectively. They share profits in the ratio 2:1. On 1st May 2009, They decided that their capitals should be readjusted according to their profit sharing ratio. The necessary adjustments in the capitals were made by withdrawing and introducing cash. Interest is allowed on capital @ 12%p.a. Prepare Fixed Capital Account and Compute interest on capital for the year 2009.

Q.21 The Capitals of A,B and C stood at ₹60,000, ₹40,000 and ₹30,000 respectively after the necessary adjustment in respect of Drawings and Net profits. Subsequently it was discovered that interest on capital @ 10% p.a and interest on drawings ₹130, ₹90 and ₹50 respectively have been ignored. Profits for the year ₹20,000 was already adjusted. The drawings of the partners were ₹1,500, ₹1,000 and ₹500 respectively. They share profits and losses in the ratio 2:2:1. Give necessary adjustment journal entry and prepare Profit and Loss adjustment account.

Q22. A, B and C were partners in a firm. On 1st Jan.2012 their capital stood at ₹1,00,000, ₹50,000 and ₹50,000 respectively. As per the provisions of the deed:

- (a) C was entitled for a salary of ₹2000 per month.
- (b) Partners were entitled to interest on Capital @ 10% p.a.
- (c) Profits were to be shared in the ratio of Capital.

The net profits for the year 2012 of ₹90,000 was divided equally without providing for the above terms. Pass an adjustment entry to rectify the above errors.

Q23. The partners of a firm distributed the profits for the year ended 31st March , 2013, `3,00,000 equally without providing for the following adjustments:

- (i) A and C were entitled to a salary of `10,000 each per annum .
- (ii) B was entitled to a commission of `10,000
- (iii) A and C had guaranteed a minimum profit of `1,20,000 p.a. to B.
- (iv) Profits were to be shared in the ratio of 2:2:1.

Pass necessary journal entries for the above adjustments in the books of the firm and Prepare Profit and Loss appropriation Account.

Q24. The following is the Balance sheet of X and Y as on 31st December 2014. You are required to pass an adjustment entry for the omission of interest on capital @10% p.a.

Liabilities	`	Assets	`
X's Capital	20,000	Sundry Assets	41,000
Y's Capital	16,000	X's Drawings	2,000
Profit and Loss App.-2014	8,000	Y's Drawings	1,000
	44,000		44,000

During the Year 2014, X's drawings were `5,000 and Y's drawings were `3,000. Profit during the year 2014 were `12,000.

Q25. A & B are partners sharing profits and losses in the ratio 3 : 2. At the end of the year, i.e. 31st Dec. 2011, they decided to take their Manager C into partnership. As manager C was getting annual salary of `9,000. He had also advanced `60,000 to the firm by way of a loan on which he is getting interest @ 10% P.a. During the three years, firm's profit after adjusting salary to C, interest on loan and interest on capital of the partners were –

2009	Profit	`80,000
2010	Loss	`40,000
2011	Profit	`1,20,000

According to the new agreement, C is to be given annual salary of ₹7,000 and $\frac{1}{5}$ th share in the profits of the firm. C's loan shall be treated as his capital from the beginning and similar to other partners, his capital will carry interest @6% P.a. Record the necessary entries.

Q.26. A, B and C are sharing profits in the ratio of 3:2:1 respectively. C wants that profits be shared equally and it should be applicable retrospectively for the last three years. Other partners have no objection to this. Profits for the last three years were ₹1,20,000, ₹94,000 and ₹1,10,000 respectively. Record adjustment by means of a journal entry and show the working notes.

Q27. A, B and C are partners sharing profits and losses in the ratio of 3:2:1 respectively with a minimum profit of ₹20,000 for C. The profit for the year ended 31st March 2002 amounted to ₹90,000. Pass journal entries and prepare Profit and Loss Appropriation account.

Q28. A, B and C entered into partnership on 1st Jan 2013 to share profits and losses in the ratio 5:3:2. A however, personally guaranteed that C's share of profits, after charging interest on capital @ 5 % p.a would not be less than ₹15,000 in any year.

The capital was provided as follows:

A ₹1,60,000

B ₹1,00,000

C ₹80,000

The profit for the year ended 31st Dec. 2013 amounted to ₹77,000 before providing interest on capital. Show Profit and Loss appropriation account.

Q29. The partners of a firm distributed the profits for the year ended 31ST March 2006 ₹3,00,000 equally without providing for the following adjustments:

(i) Seema and Rita were entitled to a salary of ₹5,000 per annum.

(ii) Nega was entitled to a Commission of ₹5,000

(iii) Seema and Rita had guaranteed a minimum profit of ₹1,20,000 per annum to Nega

(iv) Profit was to be shared in the ratio of 2:2:1

Prepare necessary journal entries.

Q30. A, B and C shared the profits of ₹15,00,000 in the ratio of 2:2:1 without providing for interest on B's loan. B granted a loan of ₹10,00,000 in the beginning of accounting year

whereas the partnership deed is silent on interest on loan and the profit sharing ratio. Give necessary adjusting entries.
