

1. Ram and Shyam are partners in a firm. They do not have any partnership deed. What should be done in the following case?
- Ram is more devoted to work and manages most of the work of the firm. He claims that he should get a salary of ` 12,000 per month for his extra time spent.
 - Shyam has provided capital of ` 2,00,000, whereas Ram has provided only ` 50,000. Shyam demands interest on capital @ 10% p.a. and the share of profit in the capital ratio.
 - Ram wants to introduce his nephew David into his business, but Shyam objects to it.
 - Shyam claims that he should get interest on loan @ 12% p.a. on the loan of ` 40,000 advanced by him.
2. A and B are partners in a firm sharing profits in the ratio of 3:2 respectively. They had advanced to the firm a sum of ` 30,000 as a loan in their profit-sharing ratio on 1st July, 1998. The partnership deed is silent on the question of interest on loan from partners. Compute the interest payable by the firm to the partners, assuming that the firm closes its books on 31st December.
3. Manik and Samyak are partners in M/s Trendz Industries sharing profits and losses equally. Following are the balances extracted as on 31.03.19:

Particulars	Amt.(`)	Particulars	Amt.(`)
Debit Balances		Salaries	12,000
Opening Stock	12,000	Manik's Drawings	6,000
Cash in Hand	8,000	Samyak's Drawings	4,000
Cash at Bank	16,000	Sundry Debtors	40,000
Purchases	80,000	Credit Balances	
Returns Inward	2,000	Sales	2,44,000
Wages	11,000	Returns Outward	1,000
Power and Fuel	9,000	Manik's Capital	1,10,000
Carriage Inward	3,000	Samyak's Capital	90,000
Insurance	4,000	Sundry Creditors	7,000
Building	2,00,000	Bills Payable	10,000
Plant	42,000	Commission	2,000
Patents	15,000		

Adjustments:

- Closing Stock as on 31st March, 2019 was ` 15,000.
- Salaries for the month of March are outstanding for ` 6,000. Wages outstanding for ` 3,000.

- iii. Depreciate plant by ` 2,000.
- iv. Commission is accrued for ` 1,200.
- v. Insurance paid in advance ` 700.
- vi. Interest on capital is allowed @ 10% p.a.
- vii. Manik is to be allowed a salary of ` 3,000 per month.

Prepare Trading and Profit and Loss Account and Profit and Loss Appropriation Account for the year ended 31st March, 2019 and the Balance Sheet as at that date after taking into account the adjustments.

4. Sanjay and Himanshu entered into partnership on 1st January, 2018, contributing ` 3,00,000 and ` 2,00,000 respectively. They agreed to share profits and losses in the ratio of 3:2. Following information is provided regarding the partnership:

- i. Each partner is allowed a salary of ` 10,000 per annum.
- ii. Interest is to be allowed on Capital @ 8% p.a.
- iii. The interest on drawings being ` 1,500 and ` 2,500 respectively for Sanjay and Himanshu.

The profit of the firm for the year ended 31st December, 2018 was ` 1,86,000. Pass necessary Journal Entries relating to appropriation of profits and prepare Profit and Loss Appropriation Account for the year ended 31st December, 2018.

5. X and Y started a partnership business on 01.04.18. They contributed ` 2,00,000 and ` 1,00,000 respectively as their capitals. The terms of the partnership agreement are as given under:

- i. Interest on capital is to be allowed @ 12% p.a.
- ii. X and Y to get a monthly salary of ` 2,000 and ` 3,000 respectively.
- iii. The interest on drawings being ` 1,500 and ` 2,500 respectively for X and Y.
- iv. Sharing of profit or loss will be in equal ratio.

The profit for the year-ended 31.03.19, before making above appropriations was ` 1,76,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2019.

6. Ravi and Sonu are partners in a firm. They do not have partnership deed. Ravi presents the following Profit and Loss Appropriation Account to his partner Sonu:

PROFIT AND LOSS APPROPRIATION ACCOUNT

Dr.	for the year ended 31 st March, 2019		Cr.
Particulars	Amt.([₹])	Particulars	Amt.([₹])
To Salary A/c Ravi	4,000	By Net Profit {as per Profit & Loss A/c)	35,000
To Interest on Ravi's Loan	2,000		

{10% of ` 20,000}			
To Interest on Capital A/c:			
Ravi{`30,000 x 6%} 1,800			
Sonu{`20,000 x 6%} <u>1,200</u>		3,000	
To Profit transferred to: {3:2}			
Ravi's Capital A/c 15,600			
Sonu's Capital A/c <u>10,400</u>		26,000	
		35,000	35,000

Sonu feels that Ravi has contravened the provisions of law. Prepare the revised Profit and Loss Appropriation Account on proper lines.

7. Ram and Mohan are partners in a firm. They admitted Rakhi as a partner without capital for 1/3rd share in the profit of the firm. She is blind by birth but having good management qualities. The new partnership agreement provides for the following:
- 10% of the trading profit will be donated to Prime Minister's Relief Fund.
 - 5% of the trading profit will be donated to the National Blind Relief Fund.
 - Products will be sold at a discount of 15% on Maximum Retail Price to the people living below poverty line.
 - New retail shops will be opened in the Naxal affected areas of the country.
 - New jobs of sales persons will be reserved for the girls belonging to Scheduled Castes and Scheduled Tribes.

Trading profit of the firm for the year ended 31st March, 2012 was ` 10,00,000, identify any four values considered by Ram, Mohan and Rakhi while preparing the new partnership deed and also prepare 'Profit and Loss Appropriation Account' of Ram, Mohan and Rakhi for the year ended 31st March, 2012.

8. A, B and C are in partnership with capitals of ` 40,000; ` 30,000 and ` 20,000. B and C are entitled to annual salaries of ` 5,000 and ` 4,000 respectively. Interest on capital is allowed at 5% per annum. Of the first ` 10,000 divisible as profits in any year, A is entitled to 50%, B 30% and C 20%. Annual profits in excess of ` 10,000 are divisible equally. The profits for the year ended 31st March, 2019 was ` 35,500.

Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2019.

9. A and B are partners sharing profits and losses in the ratio of 3:2. Their capitals are ` 5,00,000 and ` 1,00,000 respectively. Is entitled to interest on capital @

10% p.a. and B is entitled to salary @ ` 5,000 per month. The net profit before providing for interest on capital and partner's salary for the year ended 31st December, 2018 was ` 77,000. Show the distribution of profits.

10. A and B started a partnership business on 01.01.18. They contributed ` 3,00,000 and ` 2,00,000 respectively as their capitals. The terms of the partnership agreement are as given under:

- i. Interest on capital is to be allowed @ 7% p.a.
- ii. B is to get annual salary of ` 10,000.
- iii. The drawings of the partners were ` 25,000 and 20,000 respectively
- iv. Interest on drawings being ` 2,500 and ` 1,500 respectively for A and B.

The profit for the year ended 31st December, 2018, before making above appropriations was ` 1,56,000. Prepare Profit and Loss Appropriation Account and Capital Accounts for the year ended 31st December, 2018.

11. If the Partners' Capital Accounts are fixed, where will you record the following items: (a) Salary payable to a partner; (b) Drawings made by a partner; (c) commission payable to a partner; (f) Interest on Capital of a Partner; (g) interest on drawings of a partner.

12. A and B are partners sharing profits and losses in 3:2 ratio. Their capitals are ` 50,000 and ` 40,000. As per the partnership agreement, A is to get salary of ` 1,500 per month, which has not been withdrawn. B is to get commission @ 5% on Sales (Turnover) of ` 80,000. The profit earned by them for the year ended 31st March, 2019 are ` 90,000. They are to get interest on capital @ 10% per annum. It was decided to transfer 10% of Net Profit to General Reserve. Prepare Profit and Loss Appropriation Account and Capital Accounts.

13. X, Y and Z are partners with fixed capitals of ` 3,00,000, ` 2,00,000 and ` 1,00,000 respectively. The Balance of current accounts on 1st January, 2018 were X ` 10,000 (Cr.); Y ` 5,000 (Cr.) and Z ` 3,000 (Dr.). The Partnership Deed provided for the following:

- a. Interest on Capital at 5% p.a.
- b. ` 20,000 is to be transferred to Reserve Fund.
- c. Drawings of X, Y and Z were ` 3,000, ` 4,000 and ` 5,000 respectively
- d. Profit and Loss to be shred in the proportion of 2:2:1.
- e. Net profit of the firm for the year ended 31st December 2018 before above adjustments was ` 1,50,000.

From the above information, pass the necessary Journal Entries, prepare Profit and Loss Appropriation Account, Capital and Current Accounts of the partners.