

**Practical Problems****Chapter 1 (Introduction to Partnership)**

1. Ishika, Soumi and Subhodeep are partners in a firm. Their capital balances as on 1.4.2019 were Rs.60000, Rs.70000 and Rs.80000 respectively. Prepare Profit & Loss Account for the year ended 31.2.2020 after considering the following clauses:
  - (a) Interest on capital @ 6% p.a.
  - (b) Each partner withdrew Rs.1000 from the business and interest on partner's drawings @5% p.a.
  - (c) Ishika is entitled to get a salary of Rs.1000 p.m.
  - (d) Net profit before interest but after Ishika's salary amounting to Rs.38000.
  - (e) Partners are entitled to share profit or loss in 3:2:1 for first Rs.12000 and rest is shared equally.

[Ans: share of profit: Ishika Rs.10717; Soumi Rs.8717; Subhodeep Rs.6716]

2. Shouvik and Raj are partners in a firm. Their profit sharing ratio is 4:1. On 1<sup>st</sup> April 2019, the capitals of the partners were – Shouvik Rs.100000 and Raj Rs.80000. The net profit of the firm for the year ended on 31<sup>st</sup> March 2020 was Rs.350000. Prepare Profit & Loss Appropriation Account for the year ended 31<sup>st</sup> March 2020, after taking into consideration the following information:
  - (a) Interest on capital @ 5% p.a.
  - (b) Interest on Drawings of partners @ 6% p.a. the drawings were – Shouvik Rs.30000 and Raj Rs.20000
  - (c) Transfer 10% of the divisible profits before distribution to the Reserve Fund of the firm

[Ans: share of profit- Shouvik Rs.246600; Raj Rs.64650]

3. Ayush and Dhritobroto enter into a partnership on 1<sup>st</sup> April, 2019 with capitals of Rs.20000 and Rs. 40000 respectively. As per Partnership deed:
  - (i) Ayush and Dhritobroto entitled to receive Salary of Rs.200 per month and Rs.300 per month respectively.
  - (ii) Interest on capital is to be allowed at the rate of 6%p.a.
  - (iii) The profit sharing ration of Ayush and Dhritobroto will be 1:1.
  - (iv) Profit earned during the year 2019-20 amounted to Rs.50000. Give Journal entries.

[Ans: P/L Appro A./C Dr.6000; To Ayush's capital A.cRs.2400 ; To Dhritobroto's capital A.c3600

p/L Appro A/c Dr.3600 ; To Ayush Capital A/c 1200; to Dhritobroto Capital A/c 2400

P/L A/c Dr 40400; To Ayush Capital A/c 20200 ; To Dhritobroto Capital A/c 20200]

4. Aniket and Niladri entered into partnership with a capital contribution of Rs. 120000 and Rs.40000 respectively as on 1.4.2019. The net profit earned during the year 2019-20 (before taking into consideration the clauses of partnership deed) was Rs.48000

Partnership deed provided that:

- (a) Niladri is entitled to – Salary of Rs.12000 per annum.
- (b) Interest on capital to be allowed to the partners @6% per annum.
- (c) Partners are to draw Rs.500 and Rs.400 per month from the firm as drawings.

Prepare the Profit & Loss Appropriation Account and Partners capital account in the following cases:

- (i) When the capitals are fixed and (ii) when partners capitals are fluctuating

[Ans: Share of Profit – Aniket Rs.13200; Niladri Rs.13200]

5. Trina and Tanusree enter into partnership without any partnership deed. Trina proposed the following clauses to B at the end of the year :

- (a) Trina to receive a salary of Rs. 1000 per month.
- (b) Tanusree to be allowed a commission of 5% per annum.
- (c) Interest on Trina's loan to the firm, to be fixed at 12% p.a.
- (d) Profit sharing ratio amongst Trina and Tanusree should be 3:2. Prepare a Profit & Loss Appropriation Account if Trina has given Rs. 1000 to the firm as loan on 1.1.2019 and trading profits of the firm for the year 2019 was Rs.32500

[Ans: share of Profit – Trina Rs.15950; Tanusree Rs.15950]

6. Ishanu, Suvankar and Sourya were partners sharing profits and losses equally. Their respective fixed capitals were Rs.30000, Rs.20000 and Rs.10000. after closing the accounts for the year 2019, it was discovered that the interest on capital at the rate 10% p.a. was omitted before distribution of the profits. The profits for the year 2019 were Rs.9000, instead of changing the audited Balance sheet it was decided to pass a single adjusting entry in the beginning of the year, so that the accounts of the previous years can be rectified.

[Ans: sourya Current A/c Dr 1000; To Ishanu Current A/c 1000]

7. Progya and Ritika are partners sharing profits in proportion of 3:2 with capitals of Rs. 400000 and Rs.300000 respectively. Interest on capital is agreed @5% p.a. Ritika is to allowed on annual salary of Rs.30000 which has not been withdrawn. During 2019-20, the profit for the year prior to calculation of interest on capital but after charging Ritika's salary amounted to Rs.120000. A provision of 5% of this amount is to be made in respect of commission to the manager. Prepare an account showing the allocation of profits.

[Ans: share of profit – Progya Rs.47400; Ritika Rs.31600]

8. Anish, Avra and Santanu are partners in a firm sharing Profits and losses as 2:2:1. The partnership deed provides the following:

- (i) Interest on capital @5% p.a.

- (ii) Commission to Anish at 2% of net profit after charging such commission.
  - (iii) Salary to Avra and Santanu @Rs.400 and Rs.300 per month respectively.
- Capital accounts as on 1.1.2019 were: Anish Rs.25000; Avra Rs.20000 and Santanu Rs.15000

Net profit during the year ended on 31.12.2019 after charging above items amounted to Rs.20400. During the year each partner drew Rs.2500

Prepare Capital Accounts of the partners.

[Ans: balance of Capital- anish Rs. 32546; Avra Rs.31460; Santanu Rs.20930, Anish commission Rs. 636;; Net profit as per profit & loss account Rs.32436]

9. Dipta and Moumita commenced a partnership on 1.1.2019 introducing Rs.20000 and Rs.30000 respectively as capitals. The partnership Deed provided the following :

- (i) Profits and losses to be shared between Dipta and Moumita as 2:3
- (ii) Interest on capital @6% p.a.
- (iii) Interest on partner's drawings @8% p.a.
- (iv) Moumita will get salary Rs.2000 per annum.

The net profit for the year ended 31.12.2019 amounted to Rs.19280 before considering the above mentioned points. During the year each partner drew @Rs.3000 at the end of each quarter for a total of Rs.9000. The dates of their first drawings were on 1.04.2019.

Show the Profit & Loss Appropriation account for the year ended 31.03.2020. and also the capital accounts of the partners.

[ Ans: share of profit – Dipta Rs.6800; Moumita Rs.10200]

10. Sayani, Sulagna and Neha are partners of a firm. On 1<sup>st</sup> January, 2019 their capitals were : Sayani Rs.80000; Sulagna Rs.60000 and Neha Rs.50000. All of them agreed that:-

- (i) Interest on capital is payable @5%p.a.
- (ii) Sayani is to receive salary Rs.500 per month
- (iii) Sulagna is to receive commission @5% p.a. on net profit after charging such commission
- (iv) 10% of net profit is to be transferred to General Reserve.

The net profit for the year ended 31.12.2019 before considering the above facts was Rs.40000

Prepare the Profit & Loss Appropriation Account and the Partner's capital Account.