



Q38.

Mannu and Shristhi are partners in a firm sharing profit in the ratio of 3:2. Following is the balance sheet of the firm as on March 31, 2015.

### Balance Sheet as on March 31, 2015

Liabilities		Amount	Assets		Amount
		Rs.			Rs.
Mannu's Capital	30,000		Drawings		
Shristhi Capital	10,000	40,000	Mannu	4,000	
			Shristhi	2,000	6,000
			Other Assets		34,000
		40,000			40,000

Solution: Profit for the year ended March 31, 2015 was Rs.5,000 which was divided in the agreed ratio, but interest @ 5% p.a. on capital and @ 6% p.a. on drawings was inadvertently enquired. Adjust interest on drawings on an average basis for 6 months. Give the adjustment entry.

Adjustment of Profit				
	Mannu's	Shristhi		Total
Interest on Capital	1,500	500		2,000
Less : Interest on Drawings	(120)	(60)		(180)
Right distribution of 1,820	1,380	440		1,820
Less : Wrong distribution of 1,820 (3:2)	(1,092)	(728)		(1,820)
Adjusted Profit	288	(288)		NIL

Adjusting entry
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Date	Particulars		L.F.	Dr. Rs.	Cr. Rs.
	Shrishti Capital A/c	Dr.		288	
	To Mannu's Capital A/c				288
	(Being adjustment of Profit made)				

\*\*\*\*\* END \*\*\*\*\*