



Q10. Simmi and Sonu are partners in a firm, sharing profits and losses in the ratio of 3:1. The profit and loss account of the firm for the year ending March 31, 2015 shows a net profit of Rs.1, 50,000. Prepare the Profit and Loss Appropriation Account by taking into consideration the following information:

- i. Partners capital on April 1, 2014.  
Simmi, Rs.30,000. Sonu, Rs.60,000:
- ii. Current accounts balances on April 1, 2014.  
Simmi, Rs.30,000 (cr.). Sonu. Rs.15,000 (cr.).
- iii. Partners drawings during the year amounted to Simmi, Rs.20,000. Sonu, Rs.15,000.
- iv. Interest on capital was allowed @ 5% p.a..
- v. Interest on drawing was to be charged @ 6% p.a. at an average of six months:
- vi. Partners' salaries: Simmi Rs.12,000 and Sonu Rs.9,000. Also show the partners' current accounts.

Solution:

Profit and Loss Appropriation Account					
Dr.			Cr.		
Particulars		Amount Rs.	Particulars		Amount Rs.
To Interest on Capital			By Profit and Loss A/c		1,50,000
Simmi	1,500				
Sonu	3,000	4,500	By Interest on Drawings		
			Simmi	600	
To Partner's Salary			Sonu	450	1,050
Simmi	12,000				
Sonu	9,000	21,000			
To Profit transferred to					
Simmi Current [1,25,550×3/4]	94,162				
Sonu's Current [1,25,550×1/4]	31,388	1,25,550			
		1,51,050			1,51,050

### Partner's Capital Account

Dr.				Cr
Particulars	Simmi	Sonu	Particulars	Simmi Sonu
			By Balance b/d	30,000 60,000
To Balance c/d	30,000	60,000		
	30,000	60,000		30,000 60,000

Partner's Current Account					
Dr.					Cr
Particulars	Simmi	Sonu	Particulars	Simmi	Sonu
To Drawings	20,000	15,000	By Balance b/d	30,000	15,000
To Interest on Drawings	600	450	By Interest on Capital	1,500	3,000
			By Partner's Salaries	12,000	9,000
To Balance c/d	1,17,062	42,938	By Profit and Loss Appropriation A/c	94,162	31,388
	1,37,662	58,388		1,37,662	58,388

Note: NCERT book has provided profit transferred to Simmi's Account Rs.92,587 and Sonu's Account Rs.30,863. But as per the solution, the answer arrived is profit transferred to Simmi's Current Account Rs.94,162 and Sonu's Current Account Rs.31,388

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