



Numerical Problems:

Q1. Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires and goodwill of the firm is valued at Rs.1,80,000. Aparna and Sonia decided to share future in the ratio of 3:2. Pass necessary Journal entries.

Sol: a. if interest on Capital and Partner's salaries and interest on drawings is charged against profit the solution will be as:

Profit and Loss Appropriation Account			
Dr.			Cr.
Particulars	Amount Rs.	Particulars	Amount Rs.
To Profit transferred to		By Profit and Loss A/c	30,000
Triphati's Current A/c	18,000		
Chauhan's Current A/c	12,000		
	30,000		30,000

Partner's Capital Account					
Dr.				Cr	
Particulars	Triphati	Chauhan	Particulars	Triphati	Chauhan
			By Balance b/d	60,000	40,000
To Balance c/d	60,000	40,000			
	60,000	40,000		60,000	40,000

Partner's Current Account					
Dr.			Cr		
Particulars	Tripathi	Chauhan	Particulars	Tripathi	Chauhan
To Drawings	12,000	8,000	By Interest on Capital	3,000	2,000
To Interest on Drawings	600	400	By Partner's Salaries	12,000	12,000
To Balance c/d	20,400	17,600	By Profit and Loss Appropriation A/c	18,000	12,000
	33,000	26,000		33,000	26,000

b. Interest on Capital and Partner's salaries and interest on drawings is distributed out of profit, the solution will be as:

Profit and Loss Appropriation Account					
Dr.			Cr.		
Particulars		Amount Rs.	Particulars		Amount Rs.
To Partner's Salary			By Profit and Loss A/c		30,000
Tripathi (1,000 × 12)	12,000		By Interest on Drawings		
Chauhan (1,000 × 12)	12,000	24,000	Tripathi	600	
			Chauhan	400	1,000
To Interest on Capital					
Tripathi	3,000				
Chauhan	2,000	5,000			

To Profit Transferred to					
Tripathi's Current	1,200				
Chauhan's Current	800	2,000			
		31,000			31,000

Partner's Capital Account					
Dr.			Cr		
Particulars	Tripathi	Chauhan	Particulars	Tripathi	Chauhan
			By Balance b/d	60,000	40,000
To Balance c/d	60,000	40,000			
	60,000	40,000		60,000	40,000

Partner's Current Account					
Dr.			Cr		
Particulars	Tripathi	Chauhan	Particulars	Tripathi	Chauhan
To Drawings	12,000	8,000	By Partner's Salaries	12,000	12,000
To Interest on Drawings	600	400	By Interest on Capital	3,000	2,000

To Balance c/d	3,600	6,400	By Profit and Loss Appropriation A/c	1,200	800
	16,200	14,800		16,200	14,800

Note:

Since, the question is quiet about the treatment of Interest on Capitals, Salary to partner, Interest on Drawings. So we have prepared solution by the following two methods:

- a. Charge against profit
- b. Distribution out of profits

The accurate answer to the following question is as per the distribution out of profit method. The 1st method i.e., charge against profit method was done only to match with the answer that was given in the NCERT.

If no information is given about the treatment of the above items then we usually follow Out Of Profits Method.

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