



Q26. On March 31, 2015, after the close of books of accounts, the capital accounts of Ram, Shyam and Mohan showed balance of Rs.24,000 Rs.18,000 and Rs.12,000, respectively. It was later discovered that interest on capital @ 5% had been omitted. The profit for the year ended March 31, 2015, amounted to Rs.36,000 and the partner's drawings had been Ram, Rs.3,600. Shyam, Rs.4,500 and Mohan, Rs.2,700. The profit sharing ratio of Ram, Shyam and Mohan was 3:2:1. Calculate interest on capital.

Solution:

Interest on capital is calculated on the opening balance of capital.

Therefore, opening Capital:

	Ram	Shyam	Mohan
Capital as on March 31, 2015 (closing)	24,000	18,000	12,000
Add: Drawings	3,600	4,500	2,700
Less: Profit (3:2:1)	(18,000)	(12,000)	(6,000)
Capital as on April 01, 2014 (opening)	9,600	10,500	8,700

Here Interest on Capital = Opening Capital x Rate/100

Ram's = $9,600 \times 5/100 = 480$

Shyam's = $10,500 \times 5/100 = 525$

Mohan's = $8,700 \times 5/100 = 435$

Q27. Amit, Sumit and Samiksha are in partnership sharing profits in the ratio of 3:2:1. Samiksha's share in profit has been guaranteed by Amit and Sumit to be a minimum sum of Rs.8,000. Profits for the year ended March 31, 2015 was Rs.36,000. Divide profit among the partners.

Solution:

Profit and Loss Adjustment Account					
Dr.			Cr		
Particulars		Amount Rs.	Particulars		Amount Rs.
To Profit transferred to			By Profit and Loss A/c		36,000
Amit's Capital	18,000				
Less : Guarantee to Samiksha	(1,200)	16,800			
Sunit's Capital	12,000				
Less : Guarantee to Samiksha	(800)	11,200			
Samiksha Capital	6,000				
Add : Deficiency received from:					
Amit	1,200				
Sumit	800	8,000			
		36,000			36,000

Working Note:

1. Calculation for guarantee to the partner

	Amit	Sumit	Samiksha
Guarantee to Samiksha			8,000
Profit of Rs.36,000 (3:2:1)	18,000	12,000	6,000
Deficiency in Samiksha Share			2000

Deficiency in Samiskha share is to be borne by Amit and Sumit in 3:2 ratio (i.e., PSR).

$$\text{Amith} = 2000 \times \frac{3}{5} = 1200$$

$$\text{Sumit} = 2000 \times \frac{2}{5} = 800$$

***** END *****