



Q43. Anju, Manju and Mamta are partners whose fixed capitals were Rs.10,000, Rs.8,000 and Rs.6,000, respectively. As per the partnership agreement, there is a provision for allowing interest on capitals @ 5% p.a. but entries for the same have not been made for the last three years. The profit sharing ratio during these years remained as follows:

Year	Anju	Manju	Mamta
2013	4	3	5
2014	3	2	1
2015	1	1	1

Make necessary and adjustment entry at the beginning of the fourth year i.e. Jan 2015

Sol:

Interest on Capital

$$\text{Anju} = 10,000 \times \frac{5}{100} = 500$$

$$\text{Manju} = 8,000 \times \frac{5}{100} = 400$$

$$\text{Mamta} = 6,000 \times \frac{5}{100} = 300$$

Adjustment of Profit					
Year 2013					
	Anju	Manju	Mamta	Total	
Interest on Capital	500	400	300	1,200	
Less: Wrong distribution of 1,200 (4:3:5)	(400)	(300)	(500)	(1,200)	

	100		100		(200)		NIL
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Adjustment of Profit Year 2014						
	Anju		Manju		Mamta	Total
Interest on Capital	500		400		300	1,200
Less: Wrong distribution of 1,200 (3:2:1)	(600)		(400)		(200)	(1,200)
	(100)		NIL		100	NIL

Adjustment of Profit Year 2015						
	Anju		Manju		Mamta	Total
Interest on Capital	500		400		300	1,200
Less: Wrong distribution of 1,200 (1:1:1)	(400)		(400)		(400)	(1,200)
	100		NIL		(100)	NIL

Final Adjustment					
	Anju		Manju		Mamta
2013	100		100		(200)
2014	(100)		NIL		100
2015	100		NIL		(100)
	100		100		(200)

Adjusting Entry					
Date	Particulars		L.F.	Dr. Rs.	Cr. Rs.
	Mamta's Capital A/c	Dr.		200	
	To Anju's Capital A/c				100
	To Manju's Capital A/c				100
	(Being adjustment of profit made)				

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