



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**

<b>Liabilities</b>		<b>Amount</b>	<b>Assets</b>		<b>Amount</b>
		<b>Rs.</b>			<b>Rs.</b>
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 \*\*\*\*\*