Q12. Sukesh and Vanita were partners in a firm. Their partnership agreement provides that:
1. Profits would be shared by Sukesh and Vanita in the ratio of 3:2.
2. 5% interest is to be allowed on capital.
3. Vanita should be paid a monthly salary of Rs.600.
The following balances are extracted from the books of the firm, on December 31, 2014.

	Sukesh	Verma
	(Rs.)	(Rs.)
Capital Accounts	40,000	40,000
Current Accounts	(Cr) 7,200	(Cr.) 2,800
Drawings	10,850	8,150

Net profit for the year, before charging interest on capital and after charging partner's salary was Rs.9.500. Prepare the Profit and Loss Appropriation Account and the Partner's Current Accounts.
Note: There is printing mistake in the question. it should bevanita instead of verma.

Solution:

Profit and Loss Appropriation Account					
Dr.					Cr.
Particular		Amount Rs.	Particular		Amount Rs.
To Interest on Capital			By Profit and Loss A/c		16,700
Sukesh	2,000		(9,500+7,200)		
Vanita	2,000	4,000			

To Partner's Salary						
	Vanita (600×12)		7,200			
To Profit transferred to						
	Sukesh Capital [5,500×3/5]	3,300				
	Vanita Capital [5,500×2/5]	2,200	5,500			
			16,700			16,700

Partner's Capital Account

Dr.					Cr
Particulars	Sukesh	Vanita	Particulars	Sukesh	Vanita
			By Balance b/d	40,000	40,000
To Balance c/d	40,000	40,000			
	40,000	40,000		40,000	40,000

Partner's Current Account

Dr.					Cr
Particulars	Sukesh	Vanita	Particulars	Sukesh	Vanita

To Drawings	10,850	8,150	By Balance b/d	7,200	2,800
			By Partner's Salaries		7,200
			By Profit and Loss Appropriation A/c	3,300	2,200
To Balance c/d	1,650	6,050	By Interest on Capital	2,000	2,000
	12,500	14,200		12,500	14,200

*********** END **********