



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 | | | | | |
|------------------------------------|--------|---------------|--------------|-------|---------------|
| Liabilities | | Amount Rs. | Assets | | Amount Rs. |
| 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 |

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.

Sol:

| 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 | | | | | |
|-----------------|-----------------------------------|-----|------|------------|------------|
| 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 *****