

INTERNATIONAL INDIAN SCHOOL BURAIDAH

ACCOUNTANCY WORKSHEET-2

CLASS- XII

Chapter-2 Accounting for Partnership : Basic Concepts

**One mark questions:**

1. In the absence of a partnership deed, how are mutual relations of partners governed?
2. State the provision of 'Indian partnership Act 1932' relating to sharing of profits in absence of any provision in the partnership deed.
3. Give two circumstances in which the fixed capital of partners may change.
4. Ramesh, a partner in the firm has advanced a loan of a Rs. 1,00,000 to the firm and has demanded on interest @ 9% per annum. The partnership deed is silent the matter. How will you deal with it?
5. Kanha, Neeraj and Asha were partners in a firm. They admitted Raghav their Landlord as a partner in the firm. Raghav brings sufficient amount of capital and goodwill premium for his share in the profits. Raghav had given a loan of Rs.1,00,000 @ 10% p.a. interest to the partnership firm before he became the partner. Now the accountant of the firm is emphasizing that the interest on loan should be paid @ 6% p.a. Is he right in doing so? Give reason in support of your answer.

**Three and Four mark questions.**

1. X, Y, and Z are partners sharing profits in the ratio of 5: 4: 1. Z is given a guarantee that his share of profit in any given year would be Rs. 10000. Deficiency if any would be borne by X and Y equally. The profits for the year 2016 amounted to Rs.80000. Pass necessary entries in the books of the firm.
2. A, B and C are in partners sharing profits and losses in the ratio if 1:2:3. They have omitted interest on capital @8% p.a. for two year ended 31st March 2016. Their fixed capitals were Rs.4,00,000, Rs.6,00,000 and Rs.8,00,000 respectively. Pass the necessary adjusting entries
3. A, B and C entered into partnership on 1st April, 2016 to share profits & losses inthe ratio of 4:3:3. A, however, personally guaranteed that C's share of profit after charging interest on Capital @ 5% p.a. would not be less than Rs. 40,000 in any year. The Capital contributions were:A Rs. 3, 00,000; B Rs. 2, 00,000 and C Rs. 1, 50,000.The profit for the year ended on 31st March, 2016 amounted to Rs. 1, 60,000. Show the Profit & Loss Appropriation Account.

4. From the following balance sheet of X and Y, calculate interest on capitals @ 10% p.a.payable to X and Y fothe year ended 31st December, 2016.

<u>Liabilities Amount</u>	<u>Assets Amount</u>
X's Capital 50,000	Sundry Assets 1, 00,000
Y's capital 40,000	Drawings X      10,000
P&L appropriation A/c(2016)	
20,000	
<u>1,10,000</u>	<u>1,10,000</u>

During the year 2016, X's drawings were Rs. 10,000 and Y's Drawing were Rs.3,000. Profit during the year, 2008 was Rs.30, 000

**Six mark questions.**

1. Pappu and Munna are partners in a firm sharing profits in the ratio of 3:2. The partnership deed provided that Pappu was to be paid salary of Rs. 2,500 per month and Munna was to get a commission of Rs. 10,000 per year capital was to be allowed @5% per annum and interest on drawings was to be charged @ 6% per annum. Interest on Pappu's drawings Rs. 1,250 and on Munna's drawings Rs. 425. Capital of the partners were Rs. 2,00,000 and Rs.1,50,000 respectively, and were fixed The firm earned a profit of Rs. 90,475 for the year ended 31.03.2014. Prepare Profit and Loss Appropriation Account of the firm.

2. Ram and Shyam started a partnership business on 1st January, 2015. Their capital contributions were Rs. 2,00,000 and Rs. 10,0000 respectively. The partnership deed provided:

- i. Interest on capitals @10% p.a.
- ii. Ram, to get a salary of Rs. 2,000 p.m. and ShyamRs. 3,000 p.m.
- iii. Profits are to be shared in the ratio of 3:2.

The profits for the year ended 31st December, 2015 before making above appropriations were Rs. 2,16,000. Interest on Drawings amounted to Rs. 2,200 for Ram and Rs. 2,500 for Shyam. Prepare Profit and Loss Appropriation Account.

3. P and Q are partners with capitals of Rs. 6,00,000 and Rs. 4,00,000 respectively. The profit and Loss Account of the firm showed a net Profit of Rs. 4, 26,800 for the year. Prepare Profit

and Loss Appropriation account after taking the following into consideration:-

- (i) Interest on P's Loan of Rs. 2,00,000 to the firm
- (ii) Interest on 'capital to be allowed @ 6% p.a.
- (iii) Interest on Drawings @ 8% p.a. Drawings were; P Rs. 80,000 and Q Rs. 50,000.
- (iv) Q is to be allowed a commission on sales @ 3%. Sales for the year was Rs. 10,00,000
- (v) 10% of the divisible profits is to be kept in a Reserve Account.