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Questions:

6 Marks

1. Calculate interest on drawings of Mr.Ghai @ 10% per annum for the year ended 31st March 2018, in each of the following alternative cases
Case I If he Withdrew Rs.15,000 in the beginning of each quarter.
Case II If he Withdrew Rs.15,000 at the end of each quarter.
Case III If he Withdrew Rs.15,000 during the middle of each quarter.

2. Rakesh and Roshan are partners, sharing profits in the ratio of 3:2 with capitals of Rs. 40,000 and Rs. 30,000, respectively. They withdrew from the firm the following amounts, for their personal use:

Rakesh	Month	Rs.
	May 31, 2016	600
	June 30, 2016	500
	August 31, 2016	1,000
	November 1, 2016	400
	December 31, 2016	1,500
	January 31, 2017	300
	March 01, 2017	700
Rohan	At the beginning of each month	400

Interest on drawings is to be charged @ 6% p.a. Calculate interest on drawings, assuming that book of accounts are closed on March 31, 2017, every year.

3. A, B and C were partners in a firm sharing profits and losses equally. Their respective capitals were Rs 10,00,000, Rs 9,00,000 and Rs 8,00,000. The partnership deed provided for the following
(i) Interest on capital @ 9% per annum.
(ii) Interest on drawings @ 12% per annum.
(iii) Interest on partners loan to the firm @ 10% per annum.
During the year, B had withdrawn Rs 20,000 for his personal use On 30th September, 2021, A had given a loan of Rs 70,000 to the firm.
Pass the necessary journal entries in the books of the firm for the following for the year ended 31st March, 2022.
(i) Allowing interest on C's capital.
(ii) Providing interest on A's loan.
(iii) Charging interest on B's drawings.
Also give transfer entries in the profit and loss account/profit and loss appropriation account, as the case may be.

4. E, F and G were partners in a firm sharing profits in the ratio of 3 :3 : 4. Their respective fixed capitals were E Rs 3,00,000; F Rs 4,00,000 and G Rs 5,00,000. The partnership deed provided for allowing interest on capital @ 12% p.a. even if it results into a loss to the firm. The net profit of the firm for the year ended 31st March, 2018 was Rs 2,10,000.
Pass necessary journal entries for allowing interest on capital and distribution of profit/loss in the books of the firm.

5. Pass necessary rectifying journal entries for the following omissions committed while preparing profit and loss appropriation account.
You are also required to show your workings clearly.
(i) A, B and C were partners sharing profits and losses equally.Their fixed capitals were A Rs 4,00,000; B Rs 5,00,000 and C Rs 6,00,000. The partnership deed provided that interest on partners' capital will be allowed @10% per annum. The same was omitted.
(ii) P, Q and R were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their partnership deed provided that interest on partners' drawings will be charged @ 18% p.a.
Interest on the partners' drawings was Rs 1,000, Rs 500 and Rs 2,000 respectively. The same was omitted.

3 Marks

6. Sharma and Verma were partners in a firm sharing profits in the ratio of 4 : 1. Their capitals on 01- 04 -2006 were Sharma Rs. 5,00,000 and Verma Rs. 1,00,000. The partnership deed provided that Sharma will get a commission of 10% on the profit after allowing a salary Rs. 5,000 per month to Verma. The profit of the firm for the year ended 31st March, 2007 was Rs. 2,80,000.
Prepare Profit and Loss Appropriation Account of Sharma and Verma for the year ended 31.03.2007.

7. A, B & C were partners in a firm. On 1st April 2012, their capitals stood at Rs. 5,00,000; Rs. 2,50,000 and Rs. 2,50,000 respectively. As per the provisions of the partnership deed :
(i) C was entitled for a salary of Rs. 5,000 per month.
(ii) A's was entitled for a commission of Rs. 80,000 p.a.
(iii) Partners were entitled to interest on capital at 6% p.a.
(iv) Partners will share profits in the ratio of their capitals.
Net profit for the year ended on 31.03.2013 was Rs. 3,00,000 which was divided equally, without providing for the above provisions. Showing your workings clearly, pass necessary adjustment entry for the above.

8. Asha, Nisha and jagat are partners in a firm. On 1st April, 2011 the balance in their capital accounts stood at Rs. 8,00,000 and Rs. 4,00,000 respectively. They shared profits in the profits in the proportion of 3 : 2 : 1.
Partners are entitled to interest on capital @ 6 % per annum and salary to Asha @ Rs.4,000 per month and a commission of Rs. 6,000 per quater to jagat as per the provisions of the partnership deed.
Asha's share of profit excluding interest on capital is guaranteed at Rs. 60,000 p.a. Jagat;s share of profit including interest on capital but excluding salary is guaranteed at Rs. 60,000 p.a. Jagat's share of profit including interest on capital but excluding salary is guaranteed at Rs. 50,000 p.a.
Any deficiency arising on the account shall be met by nisha. The profit of the firm for the year ended 31st March, 2012 amounted to Rs. 3,00,000.
Prepare 'Profit and Loss Appropriation Account' for the year ended 31st March. 2012.

9. R and S were partners in a firm sharing profits in 3 : 2 ratio. Their respective fixed capitals were Rs. 10,00,000 and Rs. 15,00,000. The partnership deed provided for the following :
(i) Interest on Capital @ 10% p.a.
(ii) Interest on drawing @ 12% p.a.
During the year ended 31.3.2007, R's drawings were Rs. 1,000 per month drawn at the end of every month and S's drawing were Rs. 2,000 per month drawn in the beginning of the every month. After the preparation of final accounts for the year ended 31.3.2007 it was discovered that interest on R's drawings was not taken into

consideration.
Calculate interest on R's drawings and give necessary adjusting entry for the same.

10. Ram, Rahim and Raja are partners who share profits and losses in the ratio of 3 : 2 : 1. According to partnership deed, the minimum profit of Raja will be Rs. 10,000 p.a. The profit for half yearly ended on 31st March, 2008 was Rs. 24,000. Give journal entries for division of profit and prepare Profit and Loss Appropriation Account.

11. A firm's average profits are Rs.70,000. It includes abnormal profits of Rs.5,000. Captial invested in the business is Rs.5,50,000 and the rate of returns is 10%. Calculate goodwill at four times the super profit.

12. X and Y started business of recycling the old furniture and refurbishing them for sale on 1st July 2017, each partner contributing Rs.1,50,000 as his share of capital. On 1st October, Y makes an additional contribution of Rs.1,00,000 which is treated as a loan.The profit for the period ending March 2018 was Rs.85,000 before charging any interest.All the partners were entitled to a salary of Rs.3,000 each, per quarter the partners had drawn Rs.24,000 each on 1st January, 2015. Prepare the profit and loss appropriation account for the period ended 31st March, 2018 . Identify the values involved in the above question.

13. P, Q and R entered into a partnership on 1st April, 2014 to share profits in the ratio of 2 : 1 : 1.it was provided in the deed that R's share of profit will not be less than Rs.84,000 per annum.The loss for the year ended 31st March, 2015 was rs.2,40,000 before allowing interest Rs.10,800 on P's loan which is due for the current year. Prepare profit and loss account for the year ended 31st March, 2015.

14. From the following particulars, Calculate value of goodwill of a firm by applying capitalisation of average profit method.
(i) Profits for last five consecutive years are: 2015-Rs.1,08,000, 2014-Rs.84,000, 2013-Rs.78,000, 2012-Rs.1,34,000 and 2011-Rs.1,18,000
(ii) Capitalisation rate 20%
(iii) Net assets of the firm Rs.4,00,000

15. X, Y and Z were partners in a firm sharing profits in the ratio of 7 : 4 : 9.Their fixed capitals were Rs.2,00,000, Rs.75,000 and Rs.3,50,000 respectively.Their partnership deed provided for the following
(i) Interest on capital @ 9% per annum.
(ii) Salary of Rs.6,000 per monthly to Y.
(iii) Interest on Drawings @^% per annum.
During the year ended 31st december, 2015, the firm earned a profit of rs.1,70,000.Interest on X's drawings was Rs.750, on Y's drawings Rs.1,250.Prepare profit and Loss appropriation account for the year ended 31st december 2015.

16. Yadu, Madhu and Vidu are partners sharing profits and losses in the ratio of 2:2:1. There fixed capitals on April 01, 2019 were; Yadu Rs. 5,00,000, Madhu Rs. 4,00,000 and Vidhu Rs. 3,50,000. As per the partnership deed, partners are entitled to interest on capital @ 5% p.a., and Yadu has to be paid a salary of Rs. 2,000 per month while Vidu would be receiving a commission of Rs. 18,000. Net loss of the firm as per profit and loss account for the year ending March 31, 2019 amounted to Rs. 75,000 on the basis of above information prepare profit and loss appropriation account. Prepare profit and loss appropriation account for the year ending March 31, 2019.

17. Arun and Varun are partners sharing profits in the ratio of 3 : 2 with capitals of Rs. 40,000 and Rs. 30,000 respectively. Arun is allowed a rent of 10,000 per annum and Varun is allowed a rent of Rs. 1,000 per month for allowing the firm to carry on the business in their premises. The profits before any interest for the year amounted to Rs. 40,000. Prepare profit and loss account to ascertain the mount of distribute able profits.

18. Arvind and Anand are partners sharing profits and losses in the ratio 8:3:1 Balances in their capital accounts on April 01, 2019 were, Arvind- Rs. 4,40,000 and Anand Rs. 2,60,000. As per their agreement, partners were entitled to interest on capital @ 5% p.a., and interest on drawings was to be charged @ 6% p.a. Arvind was allowed an annual salary of Rs. 35,000/- for the additional responsibilities taken up by him. Partners drawings for the year were, I Arvind Rs. 40,000 and Anand Rs. 28,000. Profit and loss account of the firm for the year ending March 31, 2020 showed a Net Loss of Rs. 32,400. Prepare Profit and Loss Appropriation Account.

19. Rahul, Rohit and Karan started partnership business on April 1, 2016 with capitals of Rs. 20,00,000, Rs. 18,00,000 and Rs. 16,00,000, respectively. The profit for the year ended March 2017 amounted to Rs.1,35,000 and the partner's drawings had been Rahul Rs. 50,000, Rohit Rs. 50,000 and Karan Rs. 40,000. The profits are distributed among partner's in the ratio of 3:2:1. Calculate the interest on capital @ 5% p.a.

20. Rishi is a partner in a firm. He withdrew the following amounts during the year ended March 31, 2017.

May 01, 2017	Rs. 12,000
July 31, 2017	Rs. 6,000
September 30, 2017	Rs. 9,000
November 30, 2017	Rs. 12,000
January 01, 2018	Rs. 8,000
March 31, 2018	Rs. 7,000

Interest on drawings is charged @ 9% p.a.
Calculate interest on drawings

21. Amit and Bhola are partners in a firm. They share profits in the ratio of 3:2. As per their partnership agreement, interest on drawings is to be charged @ 10% p.a. Their drawings during 2017 were Rs. 24,000 and Rs. 16,000, respectively. Calculate interest on drawings based on the assumption that the amounts were withdrawn evenly, throughout the year.

22. E and F were partners in a firm sharing profits in 3:2 ratio. Their respective fixed capitals were Rs.60,000 and Rs.90,000. The partnership deed provided the following (i) Interest on capital
@ 10%per annum, (ii) Interest on drawings
@ 12%per annum. During the year ended 31st March, 2018, E's drawings wereRs60 per month drawn at the end of every month and F's drawings were Rs. 120 per month drawn in the beginning of the every month. After the preparation of final accounts for the year ended 31st March, 2018, it was discovered that interest on E's drawings was not taken into consideration. Calculate interest on E's drawings and give necessary adjusting entry for the same.

23. Calculate the interest on drawings of Kavish @ 10% per annum for the year ended 31st March, 2018 in each of the following alternative cases
Case 1 If he withdrew Rs. 75,000 in the beginning of each quarter.
Case 2 If he withdrew Rs. 75,000 at the end of each quarter.
Case 3 If he withdrew Rs. 75,000 during the middle of each quarter.

24. Sunflower and Pink Rose started partnership business on April 01, 2019 with capitals of Rs. 2,50,000 and Rs.1,50,000, respectively. On October 01, 2019, they decided that their capitals should be Rs. 2,00,000 each. The necessary adjustments in the capitals are made by introducing or withdrawing cash. Interest on capital is to be allowed @ 10% p.a. Calculate interest on capital as on March 31, 2020.

25. Govind is a partner in a firm. He withdrew the following amounts during the year 2019-20:

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	(Rs.)
April 30, 2019	6,000
June 30, 2019	4,000
Sept.30, 2019	8,000
Dec. 31, 2019	3,000
Jan. 31, 2020	5,000

The interest on drawings is to be charged @ 6% p.a. The books are closed on March 31, every year. Calculate interest on drawing :

26. A and B are partners in a firm sharing profits in the ratio of 3 : 2. On 31st March, 2014, the balance sheet of the firm was as follows

Balance Sheet as at 31st March, 2014

Liabilities		Amt (Rs)	Assets	Amt (Rs)
Capital A/cs			Sundry assets	80,000
A	60,000			
B	20,000	80,000		
		80,000		80,000

The profit of Rs 80,000 for the year ended 31st March, 2014 was divided between the partners without allowing interest on capital @12% per annum and salary to A Rs 1,000 per month. During the year A withdrew Rs 10,000 and B Rs 20,000. Pass a single journal entry to rectify the error.

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