

4

PARTNERSHIP ACCOUNTS (I)

Division of Profit or loss

PARTNERSHIP ACCOUNT

Problem No. 1

Profit and Loss Account

		Rs.		Rs.
To C's Salary		5,000	By Profit b/d	60,000
To Interest on Capitals				
A	3,000			
B	1,800			
C	1,200	6,000		
Share of Profits:				
A	24,500			
B	14,700			
C	9,800	49,000		
		60,000		60000

Capital Accounts

	A	B	C		A	B	C
To Drawings a/c	6,000	5,000	6,000	By Balance b/d	50,000	30,000	20,000
				By Profit	24,500	14,700	9,800
To Balance c/d	71,500	41,500	30,000	By Interest	3,000	1,800	1,200
				By Salary	--	--	5,000
	77,500	46,500	36,000		77,500	46,500	36,000

Problem No. 2

- i. Partners profit if no interest is calculated on capital

Total Profit = Rs. 36,000

A's Share $36,000 \times \frac{5}{10} =$ Rs. 18,000

B's Share $36,000 \times \frac{3}{10} =$ Rs. 10,800

C's shares $36,000 \times \frac{2}{10} =$ Rs. 7,200

ii.

Profit and loss Account

Particulars		Amount	Particulars		Amount
To Interest	A	2,500	By Balance		36,000
	B	2,000			
	C	1,500			
A's Shares	15,000				
B's Share	9,000				
C's Shares	6,000	30,000			
		36,000			36,000

Problem No. 3

Profit and Loss Account

		Rs.			Rs.
To Interest on capital			By Profit b/d		175,000
X =	6,000				
Y =	9,000				
Z =	12,000	27,000			
To Z's salary		48,000			
To share of profit					
X =	25,000				
Y =	25,000				
Z =	50,000	10,000			
		175,000			175,000

a) Capital Accounts under fluctuating method

	X	Y	Z		X	Y	Z
To Drawings	2,000	2,000	2,000	By Balance b/d	100,000	150,000	2,00,000
				By Interest	6,000	9,000	12,000
				By Profit	25,000	25,000	50,000
To Balance c/d	129,000	182,000	308,000	By Salary	---	---	48,000
	131,000	184,000	310,000		131,000	184,000	310,000

b) Capital Account under Fixed Method

	X	Y	Z		X	Y	Z
To Balance	100,000	15,000	200,000	By Balance b/d	100,000	150,000	2,00,000
	100,000	15,000	200,000		100,000	150,000	2,00,000

Current Accounts

	X	Y	Z		X	Y	Z
Drawings	2,000	2,000	2,000	By Interest	6,000	9,000	12,000
				By Profit	25,000	25,000	50,000
To Balance c/d	29,000	32,000	108,000	By Salary	--	--	48,000

Problem No. 4

Profit and Loss Appropriation Account

		Rs.		Rs.
To Interest on Capitals			By Profit b/d	50,000
Faraz	10,000			
Farrukh	8,000			
Fahad	5,000	23,000		
Farrukh's Salary		6,000		
Reserve 5% on Net Profit		1,050		
Net Profit		19,950		
		50,000		50,000

Capitals are Fluctuating

Capitals Account

	Faraz	Farrukh	Fahid		Faraz	Farrukh	Fahid
To Drawings	5,000	7,000	9,000	By Balance b/d	100,000	80,000	50,000
				By Interest	10,000	8,000	5,000
				By Salary	--	6,000	--
To Balance c/d	113,674	93,939	50,337	By Profit	8,974	6,939	4,337
	118674	100939	59387		118674	100939	59387

Problem No. 5**Profit and Loss Appropriation Account**

				Rs.		Rs.
To Interest on capitals					By profit b/d	25,021
X =		2,400				
Y =		1,668				
Z =		954		5,022		
Remaining profit Rs. 19,999 will be transferred to partners capital accounts. First Rs. 10,000 in the ration of 40%/35% and 25% the Rs. 9999 equally.						
X	4,000	+	3,333	7,333		
Y	3,500	+	3,333	6,833		
Z	2,500	+	3,333	5,833		
				25,021		25,021

Capitals Accounts

	A	B	C		A	B	C
To Drawings	8,000	8,000	8,000	By Balance b/d	40,000	27,800	15,900
				By Interest	2,400	1,668	954
To Balance c/d	41,733	33,301	17,687	By Profit	7,333	6,833	5,833
				By Salary	--	5,000	3,000
	49,733	41,301	25,687		49,733	41,301	25,687

Problem No. 6**Profit and Loss Account for the year 1995**

				Rs.		Rs.
To C's Salary				12,000	By Balance b/d	83,000
To Interest on Capitals						
A		3,000				
B		5,000		8,000		
To C's Commission				3,000		
To Charity Fund				12,000		
To A's Profit				24,000		
To B's Profit				24,000		
Total:				83,000	Total:	83,000

Capitals Accounts

	A	B	C		A	B	C
To Drawings	10,000	9,000	13,000	By Balance b/d	60,000	100,000	--
				By Interest	3,000	5,000	--
To Balance c/d	77,000	120,000	2,000	By Salary	--	--	12,000
				By Commission	24,000	24,000	3,000
	87,000	129,000	15,000		87,000	129,000	15,000

Problem No. 7

Profit and Loss Account
For the year 2006

	Rs.		Rs.
To Interest on loan	300	By Balance b/d	20,300
To Net Profit	12,000		
Transferred to Capitals			
A Rs.	10,000		
B Rs.	10,000		
	20,000		
Total:	20,300	Total:	20,300