FUNDAMENTALS OF PARTNERSHIP

1)X and Y started business on 1st April, 2013with capitals of ₹ 2,50,000 and ₹ 1,50,000 respectively. On 1st October2013, they decided that their capitals should be ₹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 2014.

2)A partnership firm showed that the capital employed on 31.12.2009 was ₹5,00,000 and the profits for the last 5 years :
2009 ₹40000; 2010 ₹50000; 2011 ₹ 55000; 2012 ₹70000 and 2013 ₹85000.
Calculate the value of goodwill on the basis of 3 years purchase of the average super profits of last 5 years assuming that normal rate of return is 10%

3) A&B were partners in a firm having average capital employed ₹8,00,000. Net Trading results of the firm for past
years –Profit 2014 ₹187600 , Loss 2015 ₹ 130200 and Profit 2016 ₹ 464800.
Rate of interest expected from capital is 15%.
Remuneration to each partner for his service is ₹600 p.m to be treated as charge on profit.
Calculate the value of Goodwill
(a) At 3 years purchase of Super Profits
(b)On the basis of capitalization of super profits

4)Jay and Veeru are partners in a firm sharing profits in the ratio of 5:3 . Their fixed capitals on 1.4.2015 are Jay:₹ 120000 and Veeru : ₹ 160000. They agreed to allow interest on capital @12%p.a and to charge interest on drawings @15%.Drawings of partners during the year– Jay ₹2000 and Veeru ₹4000. The profit of the firm for the year ended 31.3.2016 before adjusting interest loan of ₹33600 (given by Veeru)is ₹ 25200. Prepare Profit & Loss Appropriation a/c of Jay &Veeru.
Show your calculations clearly.

5)X, Y and Z are partners in a firm . On 1stApil 2015 the balance in their capital accounts stood at ₹800000 ₹600000 and ₹400000 respectively. They shared profits in the proportion 5:3:2 respectively. Partner's are entitled to interest on capital @5% p.a and salary to Y @3000 per month and a commission of ₹12000 to Z as per the provisions of the partnership deed .
X withdrew ₹ 8000 in the beginning of each quarter, Y withdrew ₹ 8000 in the end of each quarter and Z withdrew ₹8000 during the middle of each quarter. Interest on drawings was charged @10% p.a . The profits of the firm for the year ended 31st March amounted to ₹2,11,200. Z was guaranteed a profit of ₹18000. Any deficiency arising on that will be met by X & Y in the ratio 3:2. Prepare Profit & Loss Appropriation account for the year ended 31st March 2016.

6)Charu andDeepika are partners . They decided to admit Elizabeth , their specially abled unemployed friend into partnership . They shared profit & loss in the ratio of 2:2:1 . After the final accounts have been prepared it was discovered that interest on drawings & interest on capital @10% p.a had not been taken into consideration. Their fixed capital was – Charu ₹100000 , Deepika ₹ 80000 , Elizabeth ₹70000. Interest on drawings of partners amounted to Charu₹2550 , Deepika ₹ 1850 and Elizabeth ₹ 1000. Give the necessary adjusting journal entry.

7)Ayush, Aditya and Mehul, are partne□ sharing profits in the ratio of 3:2:1. Their fixed capitals were ₹.400000, ₹.300000 and ₹.200000 respectively for the year ended 31st March, 2011. Interest on Capital was credited to them @ 9% p.a. instead of 6% p.a.
Record necessary adjustment entry.

8)P,Q and R are partners in a firm. They have omitted interest on capital @10%p.a for three years ended 31st
March 2013. Their fixed capitals on which interest was to be calculated throughout were:

P	₹1,00,000
Q	₹ 80,000
R	₹ 70,000

Give the necessary adjustment journal entry with working notes.

9)M, N and O are in partnership with respective capitals of ₹20,000, ₹ 15,000 and ₹ 10,000. N and O are entitled to annual salary of ₹ 1000 and ₹ 1500 respectively payable before division of profits. Interest on capital is allowed at 5% per annum. Of the first ₹ 6000 divisible profit M is entitled to 50% , N to 30% and O to 20% respectively.
Annual profits in excess of ₹ 6,000 are divided equally. The profit for the year ended 31.3.2014 was ₹ 10,050 after charging partners' salary but before charging interest on capital.

Prepare Profit & Loss Appropriation Account for the year ended 31-03-2014.

10) Ayush, Aditya and Mehul, are partners sharing profits in the ratio of 3:2:1. Now the partners decide to share the profits in the ratio 2:2:1.They have also decided that the change shall be carried out with retrospective effect from 2008. The profits and losses during the last few years have been 2007:₹ 16000, 2008: Rs 12000, 2009:14000,2010:Rs 19000 and 2011:Rs 15000(loss).Show the adjustment of the profit for the last 4 years by means of a single adjustment entry.

11) Rohan, Rittik and Siddharth were partners in a firm having capitals of Rs 60000 , Rs 60000, and Rs 80000 respectively. Their current account balances were Rohan: Rs 10000, Rittik; Rs 5000 and Siddharth: Rs 2000(Dr). According to the partnership deed the partners were entitled to an interest on capital @ 5% p.a. Siddharth being the working partner was also entitled to a salary of Rs 6000 p.a. The profits were to be divided as follows :

(a) The first Rs 20000 in proportion to their capital.
(b) Next Rs 30000 in the ratio of 5:3:2
(c) Remaining profits to be shared equally.

The firm earned a profit of Rs.156000 before charging any of the above items. You are required to prepare the Profit and Loss Appropriation A/c for the year and pass the necessary journal entry for the appropriation of profits.

12) P , Q & R are partners in a firm. They closed their accounts on 31st March, 2014 without charging
interest on drawings @10% p.a. Their drawings were as follows :

P drew ₹ 8,000 at the beginning of each quarter,

Q drew ₹3,000 p.m. at the end of each month,

R drew ₹24,000 on 1st September, 2013.

Give single journal entry to record the omission. .

13) Ram and Rahim were partners sharing profits and losses in the ratio of 3:2. In appreciation of service of their clerk John, who was in receipt of a salary of `24,000 per annum and a commission of 5% of the net profit after charging such salary and commission , they took him into partnership as from 1st April, 2013 giving him 1/8th share of profits.

The agreement provides that any excess over his remuneration to which he becomes entitled will be borne by Ram & Rahim in the ratio 2:3.

The profit for the year ended 31st March,2014 amounted to `4,44,000.

Show Profit & Loss Appropriation Account for the year ended 31st March,2014 to distribute the profit.

14) The position of partners capital as on 31st March,2016 after distribution of profit of ₹ 1,20,000 to X, Y and Z in the ratio 2:2:1 was X ₹ 4,20,000 ; Y ₹ 3,00,000 and Z ₹ 2,50,000. The drawings for each partner was ₹30,000.It was, later on, discovered that the following matters were not accounted for :

i) Interest on capital@ 5% p.a. ii) Interest on drawing @ 10% iii) Salary to Z ₹ 2,000 pm.

Give single journal entry to accomodate the above matte ₹ Show your workings clearly.

15)Shah, Dev and Lal were partners sharing profit and losses equally. On 1st April,2016 ; the partners decided to share profit and losses henceforth in the ratio 3:2:1. On that date, assets and liabilities were revalued and there was a profit on revaluation of ₹ 24,000. Goodwill was valued at ₹ 60,000. Reserve and Advertisements Expenditures existed in the books of accounts at ₹ 21,000 and ₹ 6,000 respectively. Give journal entires assuming that assets and liabilities to remain in the book at old figures and Advertisment Expenditures to be distributed.

Give Journal Entries for the above transactions on the change in the profit sharing ratio.