

# INTERNATIONAL INDIAN SCHOOL RIYADH

## WORKSHEET 2016 - 17

### ACCOUNTANCY (GRADE XII)

#### CHAPTER: 1 ACCOUNTING FOR PARTNERSHIP FIRMS –FUNDAMENTALS

1. State the provisions of Partnership Act ,1932 in the absence of partnership deed.
2. A and B are partners sharing profits and losses in the ratio of 2:3 with capitals of Rs 2,80,000 and 1,40, 000 respectively. On 1<sup>st</sup> July 2013 A and B advanced loans of Rs56,000 and Rs 28,000 to the firm . Show the distribution of profit s/Losses for the year ended 31-12 -2013 , if the profit before interest for the year amounted to Rs 2,100.
3. Arun , Arjun and Ayush are partners having capitals of Rs 120,000 Rs 120,000 and Rs 160,000 respectively. Their current account balances were Rs 20,000, Rs 10,000 and Rs 4,000.respectively.

According to the partnership deed, the partners were entitled to interest on capital @5% per annum. The profits were to be divided as follows:

- (a) The first Rs 40,000 in proportion to their capitals.
- (b) Next Rs 60,000 in the ratio of 5:3:2.
- (c) Remaining profits to be shared equally

The firm made a profit of Rs 3, 12,000 before charging the above items.

Prepare profit and loss appropriation account .and show your workings clearly.

4. On 31<sup>st</sup> march 2014 after the close of books of accounts, the capital accounts of A , B and C stood at Rs 24,000 Rs 20,000 and Rs 12,000 respectively. The profit for the year was Rs 36,000 which was distributed equally. Subsequently, it was discovered that interest on capital @ 5% p.a had been omitted. The profit sharing ratio was 2:2:1. Pass an adjustment entry.
5. Three Chartered Accountants X ,Y and Z form a partnership firm sharing profits and losses equally, subject to the following conditions:
  - (a) Z 's share of profit is guaranteed to be not less than Rs 90,000 p.a.
  - (b) Y gives guarantee to the effect that the gross fees earned by him shall not be less than Rs 80,000.Profit for the first year is Rs 2, 00,000. The gross fees earned by Y are Rs 67,000.  
Prepare Profit and Loss appropriation Account.
6. E , F and G are partners where fixed capitals were Rs 30,000 and Rs 24,000 and Rs 18,000 respectively . As per partnership agreement, there is a provision for allowing

interest on capitals @ 5% per year but entries for the same have not been made for the last two years. The profit sharing ratio during these years is as follows.

Year	E	F	G
2011	4	3	2
2012	3	2	1
2013	1	1	1

Make the necessary adjustment entry at the beginning of the third year (Jan 2014). Show your workings clearly.

7. Nivin , Safwan and Fouzan are partners in a firm. The partnership deed provided that interest on drawings will be charged @ 6% p.a. during the year ended 31-12 -2012 ,Nivin withdraws Rs 6,000 in the beginning of each quarter and safwan withdraws Rs 6,000 in the middle of each quarter and Fouzan withdraws Rs 6,000 at the end of each quarter . calculate interest on partners drawings.
8. A ,B and C entered into partnership on October 1 2014 to share profits and losses in the ratio of 3:2:1. A ,however personally guaranteed that C's share of profit after charging interest on capitals at 5% p.a would not be less than Rs 30,000 in any year. The capital contributions were A RSs 3,00,000, B RS 2,00,000 and C Rs 1,00,000. The profits for the period ended March 31<sup>st</sup> 2015 were Rs 1,20,000. Show the distribution of profits.
9. X and Y are partners in a business their capitals at the end of the year were Rs 96,000 and Rs 72,000 respectively. During the year ended 31-Dec 2013 , X's drawings were Rs 16,000 and Rs 24,000 respectively. Profits before charging interest on capital during the year were Rs 64,000. Calculate interest on capital @5% for the year ended 31<sup>st</sup> December 2013, assuming that the capitals were fixed.
10. A ,B and C were partners in a firm on 1<sup>st</sup> Jan 2015 their fixed capitals were Rs 1,00,000, Rs 50,000 and Rs 50,000 respectively. As per the provisions of partnership deed:
  - (a) All the partners were entitled to receive 5% interest per annum on their capital.
  - (b) Profits were to be divided in their capital ratio.
  - (c) B was entitled for a salary of Rs 7,500 per annum

The net profits for the year ended 31<sup>st</sup> December 2014 and 31<sup>st</sup> December 2015 were Rs 58, 500 and 75,000 respectively.net profits were divided equally without providing for the above terms.

Pass an adjustment entry to rectify the above error.