

### Test your Understanding - I

1. Mohan and Shyam are partners in a firm. State whether the claim is valid if the partnership agreement is silent in the following matters:
  - (i) Mohan is an active partner. He wants a salary of Rs. 10,000 per year;
  - (ii) Shyam had advanced a loan to the firm. He claims interest @ 10% per annum;
  - (iii) Mohan has contributed Rs. 20,000 and Shyam Rs. 50,000 as capital. Mohan wants equal share in profits.
  - (iv) Shyam wants interest on capital to be credited @ 6% per annum.
2. State whether the following statements are true or false:
  - (i) Valid partnership can be formulated even without a written agreement between the partners;
  - (ii) Each partner carrying on the business is the principal as well as the agent for all the other partners;
  - (iii) Maximum number of partners can be 50;
  - (iv) Methods of settlement of dispute among the partners can't be part of the partnership deed;
  - (v) If the deed is silent, interest at the rate of 6% p.a. would be charged on the drawings made by the partner;
  - (vi) Interest on partner's loan is to be given @ 12% p.a. if the deed is silent about the rate.

### Do it Yourself

1. Soumya and Bimal are partners in a firm Sharing profits and losses in the ratio of 3:2. The balance in their capital and current accounts as on April 01, 2017 were as under:

	<i>Soumya</i> (Rs.)	<i>Bimal</i> (Rs.)
Capital Accounts	3,00,000	2,00,000
Current Accounts (Cr.)	1,00,000	80,000

The partnership deed provides that Soumya is to be paid salary @ Rs, 500 per month where as Bimal is to get a commission of Rs. 40,000 for the year. Interest on capital is to be credited at 6% p.a. The drawings of Soumya and Bimal for the year were Rs. 30,000 and Rs. 10,000 respectively. The net profit of the firm before making these adjustment was Rs, 2,49,000. Interest on Soumya's drawings was Rs. 750 and Bimal's drawings, Rs. 250. Prepare Profit and Loss Appropriation Account and Partner's Capital and Current Accounts.

2. Soniya, Charu and Smita started a partnership firm on April 1, 2017. They contributed Rs, 5,00,000, Rs. 4,00,000 and Rs. 3,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3:2:1.

The partnership provides that Soniya is to be paid a salary of Rs. 10,000 per month and Charu a commission of Rs. 50,000. It also provides that interest on capital be allowed @6% p.a. The drawings for the year were Soniya Rs. 60,000, Charu Rs. 40,000 and Smita Rs. 20,000. Interest on drawings was charged as Rs. 2,700 on Soniya's drawings, Rs. 1,800 on Charu's drawings and Rs. 900 on Smita's drawings. The net amount of profit as per Profit and Loss Account for the year 2015-16 was Rs. 3,56,600.

- (i) Record necessary journal entries.
- (ii) Prepare profit and loss appropriation account
- (iii) Show capital accounts of the partners.