

Do it Yourself

1. Gupta and Sarin are partners in a firm sharing profits in the ratio of 3:2. Their fixed capitals are: Gupta 2,00,000, and Sarin 3,00,000. After the accounts for the year are prepared it is discovered that interest on capital @10% p.a. as provided in the partnership agreement, has not been credited in the capital accounts of partners before distribution of profits. Record adjustment entry to rectify the error.
2. Krishna, Sandeep and Karim are partners sharing profits in the ratio of 3:2:1. Their fixed capitals are: Krishan Rs. 1,20,000, Sandeep 90,000 and Karim 60,000. For the year 2014-15, interest was credited to them @ 6% p.a. instead of 5% p.a. Record adjustment entry.
3. Leela, Meera and Neha are partners and have omitted interest on capital @9% p.a. for three years ended March 31, 2013. Their fixed capitals on which interest was to be allowed throughout were: Leela Rs. 80,000, Meera Rs. 60,000 and Neha Rs. 1,00,000. Their profit sharing ratio during the last three years were:

Year	Leela	Meera	Neha
2015-16	2	2	2
2014-15	4	5	1
2013-14	1	2	2

Record adjustment entry.

41. Kavita and Pradeep are partners, sharing profits in the ratio of 3 : 2. They employed Chandan as their manager, to whom they paid a salary of Rs. 750 p.m. Chandan deposited Rs. 20,000 on which interest is payable @ 9% p.a. At the end of 2017 (after the division of profit), it was decided that Chandan should be treated as partner w.e.f. Jan. 1, 2014 with $\frac{1}{6}$ th share in profits. His deposit being considered as capital carrying interest @ 6% p.a. like capital of other partners. Firm's profits after allowing interest on capital were as follows:

		(Rs.)
2014	Profit	59,000
2015	Profit	62,000
2016	Loss	(4,000)
2017	Profit	78,000

Record the necessary journal entries to give effect to the above.

(Ans : Kavita (Dr.) 300, Pradeep (Dr.) 200 and Chandan (Cr.) 500)

42. Mohan, Vijay and Anil are partners, the balance on their capital accounts being Rs. 30,000, Rs. 25,000 and Rs. 20,000 respectively. In arriving at these figures, the profits for the year ended March 31, 2017 amounting to Rupees 24,000 had been credited to partners in the proportion in which they shared profits. During the year their drawings for Mohan, Vijay and Anil were Rs. 5,000, Rs. 4,000 and Rs. 3,000, respectively. Subsequently, the following omissions were noticed:

- Interest on Capital, at the rate of 10% p.a., was not charged.
- Interest on Drawings: Mohan Rs. 250, Vijay Rs. 200, Anil Rs. 150 was not recorded in the books.

Record necessary corrections through journal entries.

(Ans : Debit Anil's Capital Account by Rs. 550 and Credit Mohan's Capital Account by Rs. 550)

43. Anju, Manju and Mamta are partners whose fixed capitals were Rs. 10,000, Rs. 8,000 and Rs. 6,000, respectively. As per the partnership agreement, there is a provision for allowing interest on capitals @ 5% p.a. but entries for the same have not been made for the last three years. The profit sharing ratio during these years remained as follows:

Year	Anju	Manju	Mamta
2014	4	3	5
2015	3	2	1
2016	1	1	1

Make necessary and adjustment entry at the beginning of the fourth year i.e. Jan. 2015.

(Ans : Mamta (Dr.) Rs. 200, Anju (Cr.) Rs. 100 and Manju (Cr.) Rs. 100)