

P/L appropriation account Test

Question 1. A, B and C are partners in a firm. Their capital balances as on 1.4.16 were ₹50,000, ₹60,000 and ₹70,000 respectively. Prepare Profit and Loss Appropriation Account for the year ended 31.3.17 after considering the following information:

- (i) Interest on Capital @ 5% p.a.
- (ii) C is entitled to get salary ₹1,500 p.m.
- (iii) Net profit before charging above ₹51,000
- (iv) Partners will share profit or loss equally.

Question 2. A, B and C are partners in a firm. Their capital balances as on 1.1.16 were ₹50,000, ₹40,000 and ₹30,000 respectively. Prepare Profit and Loss Appropriation Account for the year ended 31.12.16 after considering the following information:

- (i) Interest on Capital @ 10% p.a.
- (ii) A will get a monthly salary of ₹800
- (iii) Net profit before considering the above is ₹50,000
- (iv) 10% of profit should be transferred to general reserve
- (v) The ratio of sharing profit and loss by A, B and C is 4:3:2.

Question 3. Rabi and Shashi are partners in a firm sharing profits and losses in the ratio of 3:1. Net profit of the firm during the year ended 31st December, 2016 amounts to ₹3,00,000.

From the following information, prepare Profit & Loss Appropriation Account of the firm for the year ended on 31st December, 2016:

(i) On 01.01.2016, the balances in the Capital and Current Accounts of the partners were:

Rabi: ₹1,60,000 (capital a/c); ₹20,000 (current a/c)
Shashi: ₹1,20,000 (capital a/c); ₹12,000 (current a/c)

- (ii) Interest on Capital @ 5% p.a.
- (iii) Interest on partners' drawing @ 10% p.a.
- Drawing during the year were: Rabi = ₹40,000; Shashi = ₹30,000
- (iv) Rabi is entitled to a commission of 5% of net profit before considering the above items.

Question 4. A, B and C are partners in a firm with capitals ₹4,00,000, ₹3,00,000 and ₹3,00,000 respectively on 1st January, 2017. The partnership deed contains the following clauses:

- (i) Interest on Capital @ 5% p.a.
- (ii) Interest on drawing @ 6% p.a.
- (iii) A gets salary ₹4,000 p.m.
- (iv) B gets commission @ 10% on the Net Profit
- (v) Profits and losses to be shared: A:B:C = 4:3:3

The net profit of the firm for the year ended 31st December, 2017 amounted to ₹4,80,000 and the drawings of the partners are: A = ₹ 30,000, B = ₹20,000 and C = ₹10,000.

Prepare Profit and Loss Appropriation Account for the year ended on 31.12.2017.

Question 5. A and B are partners in business. Their capitals at the end of year were Rs. 48,000 & Rs. 36,000 respectively. During the year ended March 31st 2015 A's Drawings and B's drawings were Rs. 8,000 & Rs. 12,000 respectively. Profits before charging interest on capital during the year were Rs. 32,000. Calculate Interest on partners' capitals @ 10% p.a.

Question 6. Aarushi and Simran are partners in a firm. During the year ended on 1st March, 2015 Aarushi makes the drawings as under:

Date of Drawing	Amount (Rs.)
01-08-2015	5,000
31-12-2014	10,000
31-03-2015	15,000

Partnership Deed provided that partners are to be charged interest on drawing @ 12% p.a. Calculate the interest chargeable to Aarushi Drawing by using Simple Interest Method and Product Method.

Question 6. A and B entered into partnership on 1st April, 2014 without any partnership deed. They introduced capitals of Rs. 5,00,000 and Rs. 3,00,000 respectively. On 31st October, 2014, A advanced Rs. 2,00,000 by way of loan to the firm without any agreement as to interest.

The Profit and Loss Account for the year ended 31-03-2015 showed a profit of Rs. 4,30,000 but the partners could not agree upon the amount of interest on Loan to be charged and the basis of division of profits. Pass a Journal Entry for the distribution of the Profits between the partners and prepare the Capital A/cs of both the partners and Loan A/c of 'A'.

Question 7. Ram, shyam & Mohan are partners in a firm sharing profit & losses in the ratio of 2:1:2. Their fixed capitals were Rs. 3,00,000, Rs. 1,00,000 and Rs. 2,00,000 respectively. Interest on capital for the year ending 31st March, 2015 was credited to them @ 9% p.a. instead of 10% p.a. The profits for the year before charging interest was Rs. 2,50,000. Prepare necessary adjustment entry.

Question 8. A and B were partners in a firm sharing profits and losses in the ratio of 3:2. They admit C for 1/6th share in profits and guaranteed that his share of profits will not be less than Rs. 25,000. Total profits of the firm for the year ended 1st March, 2015 were Rs. 90,000. Calculate share of profits for each partner when.

1. Guarantee is given by firm.
2. Guarantee is given by A
3. Guarantee is given by A and B equally.