

Subject-
account

Accounts

Class-

12

Topic- partners capital

- Chapter 1 : General Introduction of Partnership 45
5. Ram, Shyam and Mohan were partners. Their capital on 1st January, 2016 were ₹ 50,000, ₹ 30,000 and ₹ 20,000 respectively. Before division of profit, Shyam is entitled for salary of ₹ 3,000 and Mohan ₹ 2,000 per annum. Interest is allowed on Capital @ 10% per annum. Out of net divisible profits, first ₹ 50,000 will be divided in their capital ratio and the balance of profits is to be divided equally. The profit of the firm for the year ending on 31st December, 2016 amounted to ₹ 95,000 before making all the above adjustments. Prepare P & L appropriation A/c and give Journal entries.
6. Ram, Mohan and Sohan were partners. Their capital on 1st January, 2016 were ₹ 40,000, ₹ 60,000 and ₹ 1,00,000 respectively. Before division of profit, Ram is entitled for salary of ₹ 12,000 and Mohan ₹ 18,000 per annum. Interest is allowed on Capital @ 10% per annum. Out of net divisible profits, first ₹ 40,000 will be divided in their capital ratio and the balance of profits is to be divided equally. The profit of the firm for the year ending on 31st December, 2016 amounted to ₹ 1,20,000 before making all the above adjustments. Prepare Profit & Loss Appropriation A/c the Partners' capital account on 31st December, 2016 and Pass a Journal entry for distribution of profit.
- [Ans : Profit divided Ram ₹ 18,000; Mohan ₹ 22,000 and Sohan ₹ 30,000 respectively]