

## Worksheet – 2

### Interest on Partner's Loan and Rent paid to Partner

1. A and B are partners in a firm sharing profits in the ratio of 3:2. They had advanced to the firm ₹30,000 as a loan in their profit-sharing ratio on 1<sup>st</sup> October 2021. The partnership deed is silent on interest on loans from partners. Compute interest payable by the firm to the partners, assuming the firm closes its books every year on 31<sup>st</sup> March 2022.
2. X and Y are partners sharing profits and losses in the ratio 2:3 with capitals of ₹2,00,000 and ₹3,00,000 respectively. On 1<sup>st</sup> October 2021 X and Y gave loans of ₹80,000 and ₹40,000 respectively to the firm. Show the distribution of profit/losses for the year ended 31<sup>st</sup> March 2022 in each of the following alternative cases:  
Case 1: If the profits before interest for the year amounted to ₹21,000.  
Case 2: If the profits before interest for the year amounted to ₹3,000.  
Case 3: If the profits before interest for the year amounted to ₹5,000.  
Case 4: If the loss before interest for the year amounted to ₹1,400.
3. A and B are partners with capitals of 5,00,000 and 3,00,000 respectively. The profits for the year ended 31<sup>st</sup> March 2022 was 3,46,000 before allowing interest on

partner's loan. Show the distribution of profit after taking the following into consideration.

- (i) Interest on A's loan of 150000 to the firm provided on 1<sup>st</sup> April 2021.
- (ii) Interest on capital to be allowed @5% p.a.
- (iii) Interest on drawing @6% p.a. Drawings were A 60,000 and B 40,000
- (iv) B is to be allowed commission of 2% on sales. Sales for the year were 30,00,000.
- (v) 10% of the divisible profits is to be kept in a Reserve Account.

4. Rahim and Sudesh, the two partners of a business firm, agreed to appropriate the profits of their firm on the following terms:

- (i) Interest is payable on capital @5% per annum.
- (ii) Rahim will be entitled to a salary of 500 per month.
- (iii) Loan advanced by partner to the firm is to carry interest @10% per annum.
- (iv) Interest on drawings to be charged from the partners @5% per annum.
- (v) Sudhesh will get commission@1% on the sales made during the year.
- (vi) Rahim is entitled to a rent of 25,000 per annum for allowing the firm to carry on the business in his premises.
- (vii) During the year 2021-22 sales of the firm mounted to 7,00,000

The net profit of the firm for the year ended 31<sup>st</sup> March 2022 was 1,75,500 before taking into account any of the above terms.

Particulars	Rahim	Sudesh
Capital Balances on 1 <sup>st</sup> April ,2021	1,50,000	1,40,000
Loan Advanced to the firm on 1 <sup>st</sup> October 2021	-----	1,00,000
Drawings made during the year	40,000	30,000
Loan taken from the firm on 1 <sup>st</sup> July 2021 @12% p.a	50,000	-----

Prepare Profit and loss appropriation account.