

Worksheet – 3

Partners' capital Account

Que.1) Amar and Bimal entered into partnership on 1st April, 2021 contributing 1,50,000 and 2,50,000 respectively towards capital. The partnership Deed provided for interest on capital @10% p.a. It also provided that capital Accounts shall be maintained following Fixed capital Accounts method. The firm earned net profit of 1,00,000 for the year ended 31st March 2022.

Pass Journal entry for interest on capital.

2. Kamal and Kapil are partners having fixed capitals of 5,00,000 each as on 31st March 2021. Kamal introduced further capital of 1,00,000 on 1st October 2018 whereas Kapil withdrew 1,00,000 on 1st October 2021. Interest on capital is to be allowed @10% p.a. The firm earned of 6,00,000 for the year ended 31st March 2021. Prepare profit loss appropriation Account.

3. Simran and Reema are partners sharing profits in the ratio of 3:2. Their capitals as on 31st March 2021 were 2,00,000 each whereas current Accounts had balances of 50,000 and 25,000 respectively. Interest is to be allowed @5% p.a. on balances in capital accounts. The firm earned net profit of 3,00,000 for the year ended 31st March, 2022. Prepare profit and loss appropriation account.

4. On 1st April 2021, A and B are commenced business with capitals of 6,00,000 and 2,00,000 respectively. On 31st March

2022 the Net profit was 2,40,000. Interest on capital is to be allowed at 6% p.a. B was entitled to a salary of 60,000 p.a. The drawings of the partners A and B were 60,000 and 40,000 respectively. The interest on drawings for A being 2,000 and B 1,000. Assuming that A and B are equal partners, prepare the profit and Loss Appropriation account and partners' capital Account.

5. L, M and N are partners in a firm sharing profits and losses in the ratio of 2:3:5. On 1st April 2021, their fixed capitals were 2,00,000, 3,00,000 and 4,00,000 respectively. Their partnership deed provided for the following:

- I. Interest on capital @9% per annum.
- II. Interest on Drawings @12% per annum.
- III. Interest on partner's loan @12% per annum. On 1st July 2021 L brought 1,00,000 as additional capital and N withdrew 1,00,000 from his capital. During the year L, M and N withdrew 12,000 18,000 and 24,000 respectively for their personal use. On January 1, 2022 the firm obtained a loan of 1,50,000 from M. The net profit of the firm for the year ended march 31st 2022 after charging interest on M's loan was 85,000.

Prepare Profit and loss appropriation account and Partners capital account