2. FUNDAMENTAL OF PARTNERSHIP OBJECTIVE TYPE QUESTIONS	
 Select the Best Alternate Answer. Features or Characteristics of Partnership Features of a partnership firm are :	
Answer: D	
 2. Following are essential elements of a partnership firm except : (A) At least two persons (B) There is an agreement between all partners (C) Equal share of profits and losses (D) Partnership agreement is for some business . 	
 3. In case of partnership the act of any partner is : (A) Binding on all partners (B) Binding on that partner only (C) Binding on all partners except that particular partner (D) None of the above 	
Answer: A	
 4. Which of the following statement is true (A) a minor cannot be admitted as a partner (B) a minor can be admitted as a partner, only into the benefits of the partnership (C) a minor can be admitted as a partner but his rights and liabilities are same of adult 	

partner (D) none of the Answer: B 5. Ostensible partners are those who (A) do not contribute any capital but get some share of profit for lending their name to the business (B) contribute very less capital but get equal profit (C) do not contribute any capital and without having any interest in the business, lend their name to the business (D) contribute maximum capital of the business Answer: C 6. Sleeping partners are those who (A) take active part in the conduct of the business but provide no capital. However, salary is paid to them. (B) do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio (C) take active part in the conduct of the business but provide no capital. However, share profits and losses in the agreed ratio. (D) do not take any part in the conduct of the business and contribute no capital. However, share profits and losses in the agreed rati Answer: B 7. The relation of partner with the firm is that of: (A) An Owner (B) An Agent (C) An Owner and an Agent (D) Manage Answer: C 8. What should be the minimum number of persons to form a Partnership : (A) 2 (B) 7

	10
(D)	20
(0)	20
Answ	ver: A
9. r	Number of partners in a partnership firm may be :
(A)	Maximum Two
(B)	Maximum Ten
(C)	Maximum One Hundred
(D)	Maximum Fifty
Ancu	vor D
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10, L	iability of partner is :
(A)	Limited
(B)	Unlimited
(C)	Determined by Court
(D)	Determined by Partnership Act
(-)	
_	
Answ	ver: B
11.	Which one of the following is NOT an essential feature of a partnership
(A)	There must be an agreement
(B)	There must be a business
(C)	The business must be carried on for profits
	•
(D)	The business must be carried on by all the partners
(D)	The business must be carried on by all the partners
(D)	The business must be carried on by all the partners
(D) Answ	The business must be carried on by all the partners
(D) Answ	The business must be carried on by all the partners
(D) Answ	The business must be carried on by all the partners
(D) Answ 12.	The business must be carried on by all the partners ver: D X, Y and Z are partners sharing profits and losses equally. Their capital balances on
(D) Answ 12. Marc	The business must be carried on by all the partners ver: D X, Y and Z are partners sharing profits and losses equally. Their capital balances on th, 31, 2012 are ₹80,000, ₹60,000 and ₹40,000 respectively. Their personal assets
(D) Answ 12. Marc	The business must be carried on by all the partners ver: D X, Y and Z are partners sharing profits and losses equally. Their capital balances on th, 31, 2012 are $380,000, 360,000$ and $340,000$ respectively. Their personal assets vorth as follows : $X - 320,000, Y - 315,000$ and $Z - 310,000$. The extent of their
(D) Answ 12. Marc are w liabil	The business must be carried on by all the partners ver: D X, Y and Z are partners sharing profits and losses equally. Their capital balances on th, 31, 2012 are $\gtrless 80,000, \gtrless 60,000$ and $\gtrless 40,000$ respectively. Their personal assets vorth as follows : $X - \gtrless 20,000, Y - \gtrless 15,000$ and $Z - \gtrless 10,000$. The extent of their ity in the firm would be :
(D) Answ 12. Marc are w liabili (A)	The business must be carried on by all the partners ver: D X, Y and Z are partners sharing profits and losses equally. Their capital balances on ch, 31, 2012 are $\exists 80,000, \exists 60,000$ and $\exists 40,000$ respectively. Their personal assets vorth as follows : $X - \exists 20,000, Y - \exists 15,000$ and $Z - \exists 10,000$. The extent of their ity in the firm would be : $X - \exists 80,000 : Y - \exists 60,000 : and Z - \exists 40,000$

Answ	ver: B
13.	Every partner is bound to attend diligently to his in the conduct of
(A)	Bights
(A) (B)	Nights
(\mathbf{C})	Canital
(C)	Duties
(-)	
Ancu	
AIISW	
(ii)	Partnership Deed
14.	Forming a Partnership Deed is :
(A)	Mandatory
(B)	Mandatory in Writing
(C)	Not Mandatory
(D)	None of the Above
Ancu	
AIISW	
15.	Partnership Deed is also called
(A)	Prospectus
(B)	Articles of Association
(C)	Principles of Partnership
(D)	Articles of Partnership
Answ	er: D

(C)	all loans are to be charged interest @6% p.a.
(D)	all drawings are to be charged interest
Ansv	ver: D
17.	When is the Partnership Act enforced
(A)	when there is no partnership deed
(B)	where there is a partnership deed but there are differences of opinion between the
partı	ners
(C)	when capital contribution by the partners varies
(D)	when the partner's salary and interest on capital are not incorporated in the
parti	
Ansv	ver: A
18.	In the absence of Partnership Deed, the interest is allowed on partner's capital:
(A)	@5% p.a.
(B)	@6% p.a.
(C)	@ 12% p.a.
(D)	No interest is allowed
Ansv	ver: D
19.	In the absence of a partnership deed, the allowable rate of interest on partner's
loan	account will be :
(A)	6% Simple Interest
(B)	6% p.a. Simple Interest
(\mathbf{C})	12% Simple Interest
(0)	
Ansv	ver: B
20.	A and B are partners in partnership firm without any agreement. A has given a loa
of ₹5	50,000 to the firm . At the end of year loss was incurred in the business . Following
inter	est may be paid to A by the firm :
(A)	@5% Per Annum
(B)	@ 6% Per Annum

(C) @ 6% Per Month

(D) As there is a loss in the business, interest can't be paid

Answer: B

21. A and B are partners in a partnership firm without any agreement. A has withdrawn RS50,000 out of his Capital as drawings. Interest on drawings may be charged from A by the firm :

- (A) @ 5% Per Annum
- (B) @ 6% Per Annum
- (C) @ 6% Per Month
- (D) No interest can be charged

Answer: D

22. A and B are partners in a partnership firm without any agreement. A devotes more time for the firm as compare to B. A will get the following commission in addition to profit in the firm's profit:

(A) 6% of profit

- (B) 4% of profit
- (C) 5% of profit
- (D) None of the above

Answer: D

23. In the absence of partnership deed, the following rule will apply :

- (A) No interest on capital
- (B) Profit sharing in capital ratio
- (C) Profit based salary to working partner
- (D) 9% p.a. interest on drawings

Answer: A

24. In the absence of agreement, partners are not entitled to :

- (A) Salary
- (B) Commission

(C) (D)	Equal share in profit Both (a) and (b)
Answ	ver: D
25.	Interest on capital will be paid to the partners if provided for in the partnership de
out o	nly out of :
(A)	Profits
(B)	Reserves
(\mathbf{C})	Accumulated Profits
(D)	Goodwill
• • •	
Answ	er: A
6.	Which one of the following items cannot be recorded in the profit and loss
ppro	opriation account
(A)	Interest on capital
(B)	Interest on drawings Pont paid to partners
(\mathbf{C})	Partner's salary
(2)	
۹nsw	ver• C
	If any loan or advance is provided by partner then balance of such Loan Account
shoul	d be transferred to :
(A)	B/S Assets side
(B)	B/S Liability Side
(C)	Partner's Capital A/c
(D)	Partner's Current A/c

28. A, B and C Were Partners with capitals of ₹50,000; ₹40,000 and RS 30,000 respectively carrying on business in partnership. The firm's reported profit for the year was ₹80,000. As per provision of the Indian Partnership Act, 1932, find out the share of each partner in the above amount after taking into account that no interest has been provided on an advance by A of ₹20,000 in addition to his capital contribution.

- (A) ₹26,267 for Partner B and C and ₹27,466 for Partner A.
- (B) ₹26,667 each partner.
- (C) ₹33,333 for A ₹26,667 for B and ₹20,000 for C.
- (D) ₹30,000 each partner.

Answer: A

29. X, Y, and Z are partners in a firm. At the time of division of profit for the year, there was dispute between the partners. .Profit before interest on partner's capital was ₹6,000 and Y determined interest @24% p.a. on his loan of ₹80,000. There was no agreement on this point. Calculate the amount payable to X, Y, and Z respectively.

- (A) \gtrless 2,000 to each partner.
- (B) Loss of ₹4,400 for X and Z; Twill take ₹14,800.
- (C) ₹400 for A, ₹5,200 for Land ₹400 for Z.
- (D) None of the above.

Answer: C

30. X, Y, and Z are partners in a firm. At the time of division of profit for the year, there was dispute between the partners. Profit before interest on partner's capital was ₹6,00,000 and Z demanded minimum profit of ₹5,00,000 as his financial position was not good. However, there was no written agreement on this point.

- (A) Other partners will pay Z the minimum profit and will share the loss equally.
- (B) Other partners will pay Z the minimum profit and will share the loss in capital ratio .
- (C) Xand T will take ₹50,000 each and Z will take ₹5,00,000.
- (D) $\exists 2,00,000$ to each of the partners.

Answer: D

31. On 1st June 2018 a partner introduced in the firm additional capital ₹50,000. In the absence of partnership deed, on 31st March 2019 he will receive interest :

(A) **₹3,000**

(B) Zero

(C)	₹2,500
(D)	₹1,800
Answ	er: B
32.	On 1st January 2019, a partner advanced a loan of ₹1,00,000 to the firm . In the
abser	nce of agreement, interest on loan on 31st March 2019 will be :
(A) (P)	NI ₹1 500
(\mathbf{C})	₹3,000
(D)	₹6,000
A 10 0000	or. D
Answ	er: B
33.	A partner introduced additional capital of ₹30,000 and advanced a loan of ₹40,000 t
the fi	rm at the beginning of the year . Partner will receive year's interest :
(A)	₹4,200
(B)	₹2,400
(C) (D)	₹1.800
(-)	
A	
Answ	er: B
34.	In the absence of partnership deed, partners share profits or losses :
(A) (R)	In the ratio of their Capitals
(C)	Equally
(D)	In the ratio of time devoted
. /	
Δ	
Answ	er: L
35.	In the absence of Partnership Deed:
(A)	Interest will not be charged on partner's drawings
(B)	Interest will be charged @. 5% p.a. on partner's drawings

 (C) Interest will be charged @ 6% p.a. on partner's drawings (D) Interest will be charged @ 12% p.a. on partner's drawings
Answer: A
 36. In the absence of express agreement, interest @ 6% p.a. is provided : (A) On opening balance of partner's capital accounts (B) On closing balance of partner's capital accounts

- (C) On loan given by partners to the firm
- (D) On opening balance of partner's current accounts

Answer: C

37. Which of the following items are recorded in the Profit & Loss Appropriation Account of a partnership firm

- (A) Interest on Capital
- (B) Salary to Partner
- (C) Transfer to Reserve
- (D) All of the above

Answer: D

- 38. Is rent paid to a partner appropriation of profits
- (A) It is appropriation of profit
- (B) It is not appropriation of profit
- (C) If partner's contribution as capital is maximum
- (D) If partner is a working partner.

Answer: B

(iii) Calculation of Profit and Division of Profit among partners

39. Acc	cording to Profit and Loss Account, the net profit for the year is ₹1,50,000.	The
total inte	erest on partner's capital is ₹18,000 and interest on partner's drawings is	
₹2,000.	The net profit as per Profit and Loss Appropriation Account will be :	
(A) ₹1 ,	,66,000	

(B) **₹1,70,000**

Answ	er: D
40. of a p inter Appr (A) (B) (C) (D)	According to Profit and Loss Account, the net profit for the year is ₹4,20,000. Salar partner is ₹5,000 per month and the commission of another partner is ₹10,000. The set on drawings of partners is ₹4,000. The net profit as per Profit and Loss opriation Account will be : ₹3,54,000 ₹3,46,000 ₹4,09,000 ₹4,01,000
Answ	er: A
41.	A and B are partners. According to Profit and Loss Account, the net profit for the
41. year ₹40,(Loss	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 100 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be :
41. year ₹40,0 Loss (A)	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 100 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000
41. year ₹40,0 Loss (A) (B) (C)	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,25,000
41. year ₹40,0 Loss (A) (B) (C) (D)	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,56,000 ₹1,58,000
41. year ₹40,0 (A) (B) (C) (D)	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,56,000 ₹1,58,000 er: B
41. year ₹40,0 Loss (A) (B) (C) (D) Answ	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,25,000 ₹1,56,000 ₹1,58,000 er: B
41. year ₹40,0 Loss (A) (B) (C) (D) Answ 42. total of ₹5	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,25,000 ₹1,56,000 ₹1,56,000 ₹1,58,000 er: B
41. year ₹40,0 Loss (A) (C) (D) Answ 42. total of ₹5 Profi (A)	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,25,000 ₹1,56,000 ₹1,56,000 ₹1,58,000 er: B According to Profit and Loss Account, the net profit for the year is ₹1,40,000. The interest on partner's capital is RS 8,000 and a partner is to be allowed commission ,000. The total interest on partner's drawings is ₹1,200. The net profit as per and Loss Appropriation Account will be : ₹1,28,200
41. year ₹40,0 Loss (A) (C) (D) Answ 42. total of ₹5 Profi (A) (B)	A and B are partners. According to Profit and Loss Account, the net profit for the s ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is 00 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Appropriation Account will be : ₹1,23,000 ₹1,25,000 ₹1,25,000 ₹1,56,000 ₹1,56,000 ₹1,56,000 ₹1,58,000 er : B According to Profit and Loss Account, the net profit for the year is ₹1,40,000. The interest on partner's capital is RS 8,000 and a partner is to be allowed commission ,000. The total interest on partner's drawings is ₹1,200. The net profit as per and Loss Appropriation Account will be : ₹1,28,200 ₹1,28,200 ₹1,44,200

43.	Sangeeta and Ankita are partners in a firm. Sangeeta's capital is ₹70,000 and
Ankit	a's Capital is ₹50.000. Firm's profit is ₹60,000. Ankita share in profit will be :
(A)	₹25,000
(B)	₹3 0,000
(C)	₹35,000
(D)	₹20,00
Answ	ver: B
has r	Into the partner of a capital but he alone manages the whole business. C
want	s RS30,000 p.a. as salary. Firm earned a profit of ₹1,50,000. How much will be
each	partner's share of profit:
(A)	A ₹60,000; B ₹60,000; C ₹Nil
(B)	A ₹90,000; B ₹30,000; C ₹Nil
(C)	A ₹40,000; B ₹40,000 and C ₹40,000
(D)	A ₹50,000; B ₹50,000 and C ₹50,000.
Δ ρςμ	
Answ	ver: D
45.	Net profit of a firm is ₹49,500. Manager is entitled to a commission of 10% on
Answ	ver: D
45.	Net profit of a firm is ₹49,500. Manager is entitled to a commission of 10% on
profi	ts before charging his commission. Manager's Commission will be :
(A)	₹4,950
Answ	ver: D
45.	Net profit of a firm is ₹49,500. Manager is entitled to a commission of 10% on
profi	ts before charging his commission. Manager's Commission will be :
(A)	₹4,950
(B)	₹4,500
Answ	ver: D
45.	Net profit of a firm is ₹49,500. Manager is entitled to a commission of 10% on
profi	ts before charging his commission. Manager's Commission will be :
(A)	₹4,950
(B)	₹4,500
(C)	₹5,500
(D)	₹495

((C) ₹3,990
(L	7) <3,800
۸r	nswer D
AI	ISWEI D
47	Ram and Shyam are partners in the ratio of 3:2. Before profit distribution. \ Ran
is ch	entitled to 5% commission of the net profit (after charging such commission). Before arging commission firm (s profit was ₹42,000 _ Shyam (s share in profit will be s
(7	 3 state in profit will be : 3 state in profit will be :
(E	3) ₹24,000
([0) ₹16,400
Ar	nswer: A
10	A R and C are partners in the ratio of E \cdot 2 \cdot 2 Refere R/s calors of ± 17.000
4c fir	m's profit is ₹97,000. How much in total B will receive from the firm
(/	(A) ₹17,000
(E	3) ₹40,000
((([C) ₹24,000 D) ₹41,000
(•	
Ar	iswer: D
Hi 49 75 m	nt: Total amount received by die partner will be Salary + Share of Profit A, B and C are partners in a firm without any agreement. They have contributed 0,000, 730,000 and 720,000 by way of capital in the firm. A was unable to work for si onths in a year due to illness. At the end of year, firm earned a pro lit of 7 15,000.
۲ م (ا	 A) 77.500
(E	3) 73,750
((C) 75,000
([D) 72,500
	nswer: C
Ar	

50. the y entit com (A) (B) (C) (D)	In a partnership Firm, partner A is entitled a monthly salary of ₹7,500. At the end of year, firm earned a profit of ₹75,000 after charging T's salary. If the manager is tled a commission of 10% on the net profit after charging his commission, Manager's mission will be : ₹7,500 ₹16,500 ₹16,500 ₹8,250 ₹15,000
Ansv	wer: D
51. was on n char (A) (B) (C) (D) Ansv	Seeta and Geeta are partners sharing profits and losses in the ratio 4 : 1. Meeta manager who received the salary of ₹4,000 p.m. in addition to a commission of 5% net profits after charging such commission. Profit for the year is ₹6,78,000 before rging salary. Find the total remuneration of Meeta. ₹78,000 ₹88,000 ₹87,000 ₹76,000
52. (A) (B) (C) (D)	Which of the following statement is true Fixed capital account will always have a credit balance Current account can have a positive or a negative balance Fluctuating capital account can have a positive or a negative balance All of the above
Ansv	wer: D
(iv) 53. (A) (B) (C) (D)	Capital Accounts of Partners Which accounts are opened when the capitals are fixed Only Capital Accounts Only Current Accounts Capital Accounts as well as Current Accounts Either Capital Accounts or Current Accounts

AIISW	er: C
54.	Which accounts are opened when the capitals are fluctuating
(A)	Only Capital Accounts
(B)	Only Current Accounts
(C)	Capital Accounts as well as Current Accounts
(D)	Either Capital Accounts or Current Accounts
Answ	er: A
55.	Balance of partner's current accounts are :
(A)	Debit balance
(B)	Credit balances
(C)	Debit or Credit balances
(D)	Neither Debit nor credit balances
56. (A) (B) (C) (D)	Which item is recorded on the credit side of partner's current accounts : Interest on Fanner's Capitals Salaries of Partners Share of profits of Partners All of the Above
Answ	er: D
57. recor	If the Partners' Capital Accounts are fixed `salary payable to partner' will be ded :
(A)	On the debit side of Partners' Current Account
(C)	On the credit side of Partners' Capital Account
(\mathbf{U})	None of the above
(D)	

58.	It the Partner's Capital Accounts are fixed, interest on capital will be recorded :
(A)	On the credit side of Current Account
(B)	On the credit side of Capital Account
(C)	On the debit side of Current Account
(D)	On the debit side of Capital Account
Ansv	ver: A
59.	If the Partner's Capital Accounts are fluctuating, in that case following item / items
will k	pe recorded in the credit side of capital accounts:
(A)	Interest on capital
(B)	Salary of partners
(C)	Commission of partners
(D)	All of the above
Ansv	ver: D
60.	Interest on partner's capitals will be debited to :
(A)	Profit and Loss Account
(B)	Profit and Loss Appropriation Account
(C)	Partner's Capital Accounts
(D)	None of the Above
Ansv	ver: B
61.	Interest on partner's capitals will be credited to :
(A)	Profit and Loss Account
(B)	Profit and Loss Appropriation Account
(C)	Interest Account
(D)	Partner' s Capital Accounts
Ansv	ver: D
62.	For the firm interest on drawings is
(A)	Capital Payment
(B)	Expenses

(-)	Capital Receipt
(D)	Income
Ansv	ver: D
62	Interest on Partner's drawings will be debited to
(A)	Profit and Loss Account
(B)	Profit and Loss Appropriation Account
(C)	Partner's Current Account
(D)	Interest Account
A	
Ansv	/er: C
64.	When partners' capital accounts are floating, which one of the following items wil
be w	ritten on the credit side of the partners' capital accounts :
(A)	Interest on drawings
(B)	Loan advanced by partner to the firm
(C)	Partner's share in the firm's loss
(D)	Salary to the active partners
Ansv	/er: D
Ansv	ver: D
Ansv 65. writt	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account
Ansv 65. writt	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings
Answ 65. writh (A) (B)	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm
Answ 65. writt (A) (B) (C)	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm Loan taken by partner from the firm
Ansv 65. writt (A) (B) (C) (D)	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm Loan taken by partner from the firm Loan Advanced by partner to the firm
Answ 65. writh (A) (B) (C) (D)	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm Loan taken by partner from the firm Loan Advanced by partner to the firm
Answ 65. writh (A) (B) (C) (D) Answ	ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm Loan taken by partner from the firm Loan Advanced by partner to the firm
Ansv 65. writt (A) (B) (C) (D) Ansv 66.	<pre>ver : D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm Loan taken by partner from the firm Loan Advanced by partner to the firm ver : B Interest on partner's drawings will be credited to</pre>
Answ 65. writh (A) (B) (C) (D) Answ 66. (A)	<pre>ver: D When partners' capital accounts are fixed, which one of the following items will be en in the partner's capital account : Partner's Drawings Additional capital introduced by the partner in the firm Loan taken by partner from the firm Loan Advanced by partner to the firm /er: B Interest on partner's drawings will be credited to Profit and Loss Account</pre>

(C)	Partner's Capital Accounts
(D)	None of the Above
Answ	ver: B
67	For the firm interest on capital is
(A)	Capital Payment
(B)	Capital Receipt
(C)	Loss
(D)	Income
Answ	ver: C
(V)	Interest on Capital
addit	ional capital of $\gtrless 1.00,000$ Interest on capital @ 6% n a on 31st March 2019 will
be :	
(A)	₹9,000
(B)	₹18,000
(C)	₹10,500
(D)	₹15,000
A	
Answ	ver: D
69.	X and Y are partners in the ratio of 3 : 2. Their capitals are RS2,00,000 and
₹1,00),000 respectively. Interest on capitals is allowed @ 8 $\%$ p.a. Firm earned a profit
of RS	60,000 for the year ended 31st March 2019. Interest on Capital will be :
(A)	X ₹16,000; Y ₹8,000
(B)	V ₹8.000; Y ₹4,000
(\mathbf{C})	No Interest will be allowed
(D)	
Answ	ver: A

respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of ₹15,000

for the year ended 31st March 2019. Interest on Capital will be :

- (A) X ₹16,000; Y ₹8,000
- (B) X ₹9,000; Y ₹6,000
- (C) X ₹10,000; Y ₹5,000
- (D) No Interest will be allowed

Answer: C

71. X and Y are partners in the ratio of 3:2. Their capitals are RS2,00,000 and ₹1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm incurred a loss of ₹60,000 for the year ended 31st March 2019. Interest on Capital will be :

- (A) X ₹16,000; Y ₹8,000
- (B) A ₹8,000; Y ₹4,000
- (C) X ₹14,400; Y ₹9,600
- (D) No Interest will be allowed

Answer: D

72. X and Y are partners in the ratio of 3:2. Their capitals are ₹2,00,000 and ₹1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of ₹15,000 for the year ended 31st March 2019. As per partnership agreement, interest on capital is treated a charge on profits. Interest on Capital will be :

- (A) X ₹16,000; Y ₹8,000
- (B) X ₹9,000; Y ₹6,000
- (C) X ₹10,000; Y ₹5,000
- (D) No Interest will be allowed

Answer: A

73. A and B contribute ₹1,00,000 and RS₹60,000 respectively in a partnership firm by way of capital on which they agree to allow interest @ 8% p.a. Their profit or loss sharing ratio is 3 : 2. The profit at the end of the year was ₹2,800 before allowing interest on capital. If there is a clear agreement that interest on capital will be paid even in case of loss, then S' s share will be :

(A) Profit ₹6,000

- (B) Profit ₹4,000
- (C) Loss ₹6,000
- (D) Loss ₹4,000

artners are suppose to pay interest on drawing only when by the Provided, Agreement Permitted, Investors
Provided, Agreement Permitted, Investors
Permitted, Investors
Agreed, Partners
Ϋ́Α΄ & `C´ above
r• D
Vhere will you record interest on drawings :
Debit Side of Profit & Loss Appropriation Account
Credit Side of Profit & Loss Appropriation Account
Credit Side of Profit & Loss Account
Debit Side of Capital / Current Account only
low would you close the Partner's Drawing Account :
By transfer to Capital Account Credit Side .
by transfer to Current Account Credit Side.
Fither \B\ or \C'
r: A
r: A date of drawings of the partner's is not given in the question, interest is charged
r: A date of drawings of the partner's is not given in the question, interest is charged w much time
r: A date of drawings of the partner's is not given in the question, interest is charged v much time . month

Answer: C 78. Vikas is a partner in a firm. His drawings during the year ended 31st March, 2019 were RS72,000. If interest on drawings is charged @ 9% p.a. the interest charged will be : (A) ₹324 (B) **₹6,480** (C) ₹3,240 (D) ₹648 Answer: C 79. If a fixed amount is withdrawn by a partner on the first day of every month, interest on the total amount is charged for months : (A) 6 (B) 61/2 (C) 51/2(D) 12 Answer: B 80. If a fixed amount is withdrawn by a partner on the last day of every month, interest on the total amount is charged for months : (A) 12 (B) 61/2(C) 51/2(D) 6 Answer: C 81. If a fixed amount is withdrawn by a partner in the middle of every month, interest on the total amount is charged for months (A) 6 (B) 61/2 (C) 51/2 (D) 12

montr p.a. (A) [±] (B) [±] (C) [±] (D) [±]	n a partnership firm, a partner withdrew ₹5,000 per month on the first day of ever a during the year for personal expenses. If interest on drawings is charged @ 6% the interest charged will be : (C.S. Foundation, Dec. 2012) ₹3,600 ₹1,950 ₹1,800 ₹1,650
Answe	er: B
83. A month p.a. (A) = (B) = (C) = (D) =	Ajay is a partner in a firm. He withdrew ₹2,000 per month on the last day of every a during the year ended 31st March, 2019. If interest on drawings is charged @ 9 the interest charged will be : ₹990 ₹1,080 ₹1,170 ₹2,160
Answe	er: A
84. S month p.a. (A) ⁼ (B) ⁼ (C) ⁼ (D) ⁼	Sushil is a partner in a firm. He withdrew ₹4,000 per month in the middle of every a during the year ended 31st March, 2019. If interest on drawings is charged @ 8 the interest charged will be : ₹2,080 ₹1,760 ₹3,840 ₹1,920

Answe	er: C
86. 1	f a fixed amount is withdrawn by a partner on the last day of each quarter, interest
on the	e total amount is charged for months
(A)	6
(B) 4	4.5
(C)	7.5
(D)	3
Answe	er: B
87. I	f a fixed amount is withdrawn by a partner in each quarter, interest on the total
amou	nt is charged for
(A)	3
(B) 6	
(\mathbf{C})	+.3
(D)	7.5
(D)	7.5
(D)	7.5
(D) Answe	7.5 er: B
(D) Answe	7.5 er: B
(D) Answe	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each
(D) Answe 88. A quarte	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a
(D) Answe 88. A quarte will be	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a
(D) Answe 88. A quarte will be (A)	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a e : ₹900
(D) Answe 88. A quarte will be (A)	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a e : ₹900 ₹1,200 ₹1,500
(D) Answe 88. A quarte will be (A) (B) (C)	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a ₹900 ₹1,200 ₹1,200 ₹1,500 ₹600
(D) Answe 88. A quarte will be (A) (C) (D)	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a e: ₹900 ₹1,200 ₹1,500 ₹600
(D) Answer 88. A quarte (A) (C) (D)	7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a e: ₹900 ₹1,200 ₹1,500 ₹600
(D) Answe 88. A quarte will be (A) (C) (D) Answe	<pre>7.5 er: B Anuradha is a partner in a firm. She withdrew ₹6,000 in the beginning of each er during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a e: ₹900 ₹1,200 ₹1,200 ₹1,500 ₹600</pre>

		-
	(B) ₹600	
	(C) ₹1,500	
	(D) ₹1,200	
	Δnswer· Δ	
	90. Charulata is a partner in a firm. She withdrew ₹10,000 in each quarter during the	
	year ended 31st March, 2019. Interest on her drawings @ 9% p.a. will be:	
	(A) ₹1,350	
	(B) ₹2,250	
	(C) ₹900	
	(D) ₹1,800	
	Answer, D	
	Allswel: D	
	Short answer questions	
1	Short answer questions	1
1	Anna and Bobby were partners sharing profits and losses in the ratio of 5 : 3. On 1st	Т
	April 2014, their capital accounts snowed balances of Ks 3,00,000 and Ks 2,00,000	
	respectively. Calculate the amount of profit to be distributed between the partners if the	
	partnership deed provided for interest on capital @ 10% per annum and the firm earned a	
	profit of Rs 45,000 for the year ended 31st March 2015 .	

	Solution :_No profit will be distributed as the amount of profit (i e . , Rs 45,000) is not sufficient to pay the interest on capital (Rs 50,000) ,so Interest on capital i . e . Rs . 45,000, to be provided in the interest ratio of the partners .	
2.	What do you understand by Sacrificing Partners?	1
	Solution :_The partners whose share stand decreased as a result of change in profit – sharing ratio are known as Sacrificing Partners. Sacrificing ratio shows the sacrifice of share of each sacrificing partner.	
3.	What do you understand by Sacrificing Ratio?	1
	Solution :_Sacrificing ratio is the ratio in which the partner or partners have agreed to sacrifice their share of profit in favour of one or more partners of the firm. Sacrificing ratio of each partner is calculated as follows: Sacrificing Ratio = Old Ratio - New Ratio	
4.	What is meant by Partnership? / Define Partnership.	1
	Ans . According to Section 4 of Indian Partnership Act 1932, "Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all".	
5.	What is the status of partnership firm from an accounting viewpoint?	1
	Ans . From the accounting view point, Partnership is a separate business entity from the partners.	
6.	Which Act of the Parliament specified the number of partners in Partnership? Ans . Section 464 of Companies Act, 2013	1
7	Name the Act under which partnership is governed?	1
	Ans. Partnership Act, 1932.	
8	What is a legal status of a firm?	1
	Ans. A firm is not a legal person it is merely a collection of partners.	
9	Mention two items that are recorded in Partners	1
	Fixed Capital Account . Ans . i) Capital	
	Withdrawal ii) Fresh Capital Introduced.	
10	What are the circumstances under which the balance of the `Fixed capitals Accounts'	1
	Ans. i) Additional capital Introduced. ii) Capital Withdrawn.	
11	Would a "Charitable Dispensary" run by 8 members be deemed a Partnership Firm? Give reason in support of your answer.	1

	(i) In Partnership, there must be a business;	
	(ii) There must be sharing of profits from such business among the partners .	
10		4
12	why is it preferable to have a written agreement between the partners? Ans . To avoid	T
13	Why is that the Fixed Capital Account of a partner does not show "Debit Balance" in	1
15	spite of regular and	-
	Consistent losses year after year?	
	Ans. When the capitals are fixed, the Capital Account of a partner will never show	
	debit balance since, all transactions between the firm and the partner are recorded	
	in Current Account .	
14	A & B are two working partners whereas B is sleeping partner in the firm .	1
	B wants to inspect books of Accounts but A denies . What shall be done?	
	Ans. A is wrong, he cannot deny as B holds the right to inspect the accounts	
15	Under fixed capital method, partner's drawings are shown in which account?	1
	Ans. Partners Current A/cs	
16	Debit balance of Partners Current Λ/Cs is shown on which	1
	side of the balance sheet?	
	Ans. Assets side.	
17	Cive the journal entry of D.S. Levelit helence	1
	Give the journal entry of P & L credit balance.	
	Aris. Profit and Loss A/C DI To Profit and Loss Appropriation A/C	
18	If the partners ' capitals account are fixed where will you	1
	record drawings of partners?	
	Ans . Debit side of partners current A/c.	
19	How will you calculate interest on drawings when date of	1
	withdrawal is not given?	
	Ans. It will be calculated on the average basis of 6	
20	In which account interest on partners loan is debited and why?	1
	Ans. It is debited to Profit and Loss Account because it	
	is a charge against theprofit	
21	A and B are partners in a firm sharing profit in the ratio of 3:2. They had advanced to	1
	the firm a sum of Rs. 30,000 as a loan in their profits sharing ratio on 1st Oct. 2014.	
	The partnership deed is silent on the question of interest on loan for partners . Compute	
	the interest payable by the firm to the partners, assuming the firm closes its books on	
	31st March .	

	Ans. A – Rs. 540 B – Rs. 360. (Note: In the absence of	
	Partnership deed, 6% p.a will be allowed as Interest on Loan)	
22	In the absence of Partnership deed, how are mutual relations of partners governed?	1
	Ans. In the absence of Partnership deed, mutual relations are governed by The	
	Indian partnership Act 1932.	
	18.	
23	A,B and C are partners and decided that no interest on drawings is to be charged from	1
	any Partner. But after one Year `C' wants that interest on drawings should be charged	
	from every partner . State how `C' can do this?	
	Ans. He can do so only by changing the Partnership deed with the consent of all	
	partners.	
24	Can a Partner be exempted from sharing the losses in a firm? If yes,	1
	under what circumstances?	
	Ans. Yes, if Partnership Deed provides so.	
25	What share of profits would a "sleeping partner" who has contributed 75%	1
	of the total Capital get in the absence of Partnership Deed?	
	Ans. In the absence of Partnership Deed, a sleeping partner will get equal share	
	of profits .	
26	Can a Partner be exempted from sharing the losses in a firm? If yes,	1
	under what circumstances?	
	Alls. Yes, if Partnership Deed provides so.	
27	What share of profits would a "sleeping partner" who has contributed 75%	<u>`1</u>
27	of the total Canital get in the absence of Partnershin Deed?	1
	Ans In the absence of Partnership Deed, a sleeping partner will get equal share	
	of profits.	
	PRACTICAL QUESTIONS	
1	A, B and C were partners in a firm. On 1 ST January, 2018, their fixed capitals	4
	were ₹60,000, ₹30,000 and ₹30,000 respectively. As per partnership deed,	
	partners were entitled to	
	(a) Salary to C at ₹500 per month.	
	(b) Interest on Capital 5% p.a.	
	(c) Profits to be shared in the capital ratio.	
	Net profit for 20 18 amounting to ₹ 15,000 was divided equally without providing for	

A'	s current	a/c Dr					500			
Β′	s current	a/c Dr					2750			
To	C's curre	ent account	t ward IOC	`					3250	
			y and iOC)						
	IT BEE									
PARTIC	FIRM		А		В			С		
ULARS	Dr	Cr	Dr	Cr	Dr			Dr	Cr	
Profit		15000	5000		5000			5000		
revised										
Salary	6000								6000	
IOC									6000	
Diff.	6000			3000		15	500		1500	
adj										
	2000			1500		70	0		750	
	15000	15000	5000	4500	5000	22	250	5000	8250	
differe			500		2750				320	
nce										
Amit and	Sumit are	partners i	n ratio o	f 3 :1.	They inves	sted	₹ 50,00	0 and	₹	
L00,000 á	as their ca	pitals. A	mit has ac	lvanced a	loan of ₹ 2	20,00	0 to th	e firm	•	
Partners	are entitle	ed to:	°- n							
2) Sa	lary to a R	apital @10 Rs 5000 per	guarter							
vet profi	t for the y	ear was Rs	22,200							
Prepare F	Profit & Lo	ss Appropr	iation Acc	ount if :						
	(a) (b)	nterest on	capital a	nd salary a	are appro	priat	tion		L	
	(D) I	nterest on	capital a	nd salary a	are treated	a as c	cnarge	agains	τ	

(a) PROFIT AND LC	SS APPROPRIA	TION ACCOUNT	
loc		Net profit 22200	
Amit 3000		Less: interest	
Sumit 6000	9000	On Amits Ioan 1200 21000	
Sumit's salary	12000		
	21000		21000
Total appropriation Amit's IOC Rs 5000+ Profit is less than tota =5000:10000:2000	Sumit's IOC al appropriatio 0 or 1 : 2 : 4	10000+ Sumi's salary Rs 20000=3 n I.e Appropriation will be in the ra	35000 atio of
(b) interest and sala	ry considered a Profit and l	as charged oss Adjustment account	
Interest on capital		Net profit 22200	
Interest on capital Amit 5000		Net profit 22200 Less: interest on	
Interest on capital Amit 5000 Sumit 10000	15000	Net profit 22200 Less: interest on Amits loan 1200	21000
Interest on capital Amit 5000 Sumit 10000 Sumit salary	15000 20000	Net profit 22200 Less: interest on Amits loan 1200 (loss transferred)	21000
Interest on capital Amit 5000 Sumit 10000 Sumit salary	15000 20000	Net profit 22200 Less: interest on Amits loan 1200 (loss transferred) Amit 10500	21000
Interest on capital Amit 5000 Sumit 10000 Sumit salary	15000 20000	Net profit 22200 Less: interest on Amits loan 1200 (loss transferred) Amit 10500 Sumit 3500	21000
Interest on capital Amit 5000 Sumit 10000 Sumit salary	15000 20000 35000	Net profit 22200 Less: interest on Amits loan 1200 (loss transferred) Amit 10500 Sumit 3500	21000 14000 35000
Interest on capital Amit 5000 Sumit 10000 Sumit salary	15000 20000 35000	Net profit 22200 Less: interest on Amits loan 1200 (loss transferred) Amit 10500 Sumit 3500	21000 14000 35000
Interest on capital Amit 5000 Sumit 10000 Sumit salary	15000 20000 35000	Net profit 22200 Less: interest on Amits loan 1200 (loss transferred) Amit 10500 Sumit 3500	21000 14000 35000
Interest on capital Amit 5000 Sumit 10000 Sumit salary Raju and Jai commence made whether oral or In addtion, Raju advance accident on July 1, 201	15000 20000 35000 ed business in pa written. They co ced `2,00,000 as 9 and could not	Amits loan 1200 (loss transferred) Amit 10500 Sumit 3500 Amit 1, 2019. No partner ontributed `4,00,000 and `1,00,000 resp is loan to the firm on October 1, 2019. F attend the business up to september 3	21000 14000 35000 25hip agreement was pectively as capitals. Raju met with an 30, 2019. The profit
Interest on capital Amit 5000 Sumit 10000 Sumit salary Raju and Jai commence made whether oral or In addtion, Raju advane accident on July 1, 201 for the year ended Ma Disputes have arisen be (i) He should be given in distributed in the	ed business in pa written. They co ced `2,00,000 as 9 and could not rch 31, 2020 am etween them or interest at 10%	Artnership on April 1, 2019. No partner ontributed `4,00,000 and `1,00,000 resp is loan to the firm on October 1, 2019. F attend the business up to september 3 ounted to `50,000 before charging inter on sharing the profits of the firm. Raju C p.a. on capital and so also on loan. (ii)	21000 14000 35000 25hip agreement was bectively as capitals. Raju met with an 80, 2019. The profit erest on Raju's loan. laims: Profit should be

	SOLUTION : Settlement of disputes as per the provisions of the Partnership A (i) No interest is payable on Partners' capitals in the absence of p (ii) Interest on Raju's loan is payable @6% p.a., i.e., 2,00,000 × 6 (iii) Jai's claim for remuneration @ `1,000 p.m. is not valid since there is no partnership agreement. (iv) Profits should be distributed equally among the partners irrecontributions. Net profit after charging interest on Raju's loan = 50,000 – 6,000 distributed equally between Raju and Jai, i.e. RS `22,000 each.	act, 1932: partnership agre 5% × 6/12 = `6,0 no remuneration espective of their 0 = `44,000, whic	ement. 00 n is payable when r capital ch will be	
4	Harsh and Keshav are partners sharing profits and losses in the rend of the financial year 2019-20 were `1,50,000 and `75,000. D drawings were `20,000 and the drawings of Keshav were `5,000, partner's capital accounts. Profit before charging interest on cap same had also been distributed in their profit sharing ratio. Kesh had brought additional capital of `16,000 on October 1, 2019. In p.a. SOLUTION: . Calculation of Opening Capitals: Particulars Capital at the end Add: Drawings during the year Less: Share of profit already distributed	ratio of 3:1. Thei uring the year 20 which had been ital for the year av terest on capital HARSH 1,50,000 20,000 (12,000)	ir capitals at the D19-20, Harsh's duly debited to was `16,000. The is allowed @ 12% KESHAV 75,000 5,000 (4,000)	4
	Capital in the beginning	158000	(10,000)	
	Interest on Harsh's Capital = 12% of 1,58,000 = `18,960 Interest on Keshav's Capital =(12 %OF 60, 000 X6/12)+(76, 000) `8,160 Total interest payable to the partners = 18,960 + 8,160 = `27,12 But profit for the year is `16,000, which is less than total interest Therefore, the payment of interest on capital will be restricted to In that case, the profit will be effectively distributed in the ratio of partner i.e. 18,960 : 8,160. Interest on Harsh's Capital = 18 960/27120X16000=11186 Interest on Keshav's Capital = 8 160/27120X16000=4814	(12 X6/12 = 3,60 0. payable. o the amount of of interest on ca	00 + 4,560 = profits. pital of each	

					y agreem
JULUTION.					
Profit and Loss Approp	priation Account	for the ye	ear ending March 31	, 2020	
Particulars		Amount	Particulars		Amoun
To B's Capital A/c: Sal To Interest on capital A/c 3,000 B's Capital A/c 1,800 To Profit transferred A/c 4,170 B's Capital A/c 2,780	lary (`625 × 4) I: A's Capital to: A's Capital	2,500 4,800 6,950	By Profit and Loss	A/c – Net Profit	14250
		14250			14250
		n Partner's	Loan are charged to	000 o Profit and Loss A	Account.
Dr. Cr.		n Partner's Profit and	Loss Account	000 9 Profit and Loss /	Account.
Dr. Cr. To Manager's Commission	5,000	n Partner's Profit and	Loan are charged to Loss Account By Profit	000 9 Profit and Loss / 	Account.
Dr. Cr. To Manager's Commission To Interest on A's Loan	5,000	n Partner's	Loan are charged to Loss Account By Profit	200 Deprofit and Loss A 22250	Account.
Dr. Cr. To Manager's Commission To Interest on A's Loan To Net Profit c/d	5,000 3,000 14,250	n Partner's	Eloan are charged to Loss Account By Profit	000 o Profit and Loss / 22250	Account.

Particulars	Sukesh	Vanita
Capital Accounts	40,000	40,000
Current Accounts	7,200 (Cr.)	2,800 (Dr.)
Drawings	10,850	8,150

Net profit for the year, before charging interest on capital and after charging partner's salary was `9,500.

Prepare the Profit and Loss Appropriation Account for the year ending 31 March 2020 and the . Partner's Current Accounts.

SOLUTION :

	Books of Su	ıkesh and Vanita	
Dr. Profit and Loss Appropriat	ion Accoun ⁻	t for the year ending 31 March 2020	Cr.
Particulars	Amount	Particulars	Amount
To Salary- Vanita's Current A/c (600	7,200	By Net profit (before Vanita's	16,700
× 12)		Salary)	
To Interest on Capital		(9,500 + 7,200)	
Sukesh's Current A/c 2,000			
Vanita's Current A/c 2,000	4,000		
To Share of Profit transferred to:			
Sukesh's Current A/c 3,300			
Vanita's Current A/c 2,200	5,500		
	16,700		16,700

n		
υ	ſ	•

Partners' Current Accounts

Dat	Particulars	Sukesh	Vanita	Dat	Particulars	Sukesh	Vanita
e				е			
	To Balance b/d	10,850	2,800		By Balance b/d	7,200	7,200
	To Bank A/c	1,650	8,150		By Salary A/c	2,000	2,000
	(Drawings) To Balance c/d		450		By Interest on capital By Profit and Loss Appropriation A/c (for share of profit)	3,300	2,200
		12500	11400			12500	11400

7	 Alpha & Beta are partners with capitals of ₹ 2,0 respectively. Give journal entries for distribution of following provisions in the deed. A) Partners are entitled to interest on B) B being a working partner was also all salary of ₹ 10,000. C) Profits were to be divided as follow (i) First ₹ 30,000 in proportion to t (ii) Next ₹ 20,000 in ratio of 3 : 2 (iii) Remaining profits to be shared of a second se	0,000 and ₹ of profit accor capital@5% p owed a half yea ws: heir capitals equally.	1,00,000 rding to .a. arly
	SOLUTION :		
	Profit & Loss A/c Dr. To Profit & Loss App. A/r (NetprofittransferredtoAppropriationA/c)	10000 0	100000
	Interest on Capital A/c To Alpha's Capital A/c To Beta's Capital A/c (Interest on Capital allowed 5%)	15000	10000 5000
	Profit & Loss App. A/c To Interest on Capital A/c (Interest on Capital transferred)	15000	15000
	Partner's Salary A/c To Beta's Capital A/c (Salary allowed to Beta R s 5,000 quarter)	20000	20000
	Profit & Loss App. A/c To Partners' Salary A/c (Partner's Salary transferred)	20000	20000
	Profit & Loss App. A/c To Alpha's Capital A/c To Beta's Capital A/c (divisible profits distributed)	65000	39500 25500

profit			ALPH	BETA
			А	
DIVISIBLE	2:1	65000	20000	10000
PROFIT		(30000)		
30000				
20000	3:2	35000	12000	8000
		(20000)		
15000	1:1	15000	7500	7500
TOTAL			39500	25500