

# ACCOUNTANCY

## Accounting for Partnership : Basic Concepts

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### Concept Name

3. Partnership Deed	7
4. Some Illustrations on Profit and Loss Appropriation Account	2
<b>Total</b>	<b>9</b>

# Chapter Name: Accounting for Partnership: Basic Concepts

## Concept: Partnership Deed

Level:	Skill:	Time:
Easy (1,2,5,6)	Remembering	30
Moderate(3,4,7)	Analyzing	60

1. Goodwill is an \_\_\_\_\_ asset , but not a \_\_\_\_\_ asset

- (a) Intangible , Fictitious
- (b) Tangle, Fictitious
- (c) Fixed, Fictitious
- (d) None of the above

2. In a partnership, liability of all partners is

- (a) unlimited
- (b) limited
- (c) according to capital
- (d) decided by company act

3. What are the right of partners after dissolution:

- (a) To have the surplus distributed among the partners or their representatives according to their rights
- (b) To have business wound up after dissolution
- (c) To have the property of the firm applied in payment of the debts and liabilities of the firm.
- (d) All of the above

4. What are the right of partners after dissolution:

- (a) To have the surplus distributed among the partners or their representatives according to their rights
- (b) To have business wound up after dissolution
- (c) To have the property of the firm applied in payment of the debts and liabilities of the firm.
- (d) All of the above

5. What is X's share in the net divisible profit?

- (a) Rs 1,24,400
- (b) Rs 83,600
- (c) Rs 91,200
- (d) Rs 60,800

6. Which of the following are not the right of a partner in a partnership firm?

- (a) To express opinions
- (b) To access the books of account
- (c) Both A & B
- (d) None of the above

7. Which of the following are the rights of a partner in a partnership firm?

- (a) To take part in the conduct and management of the business
- (b) To receive interest on the capital invested in the firm
- (c) To receive share in the profit.
- (d) All of the above

## Chapter Name: Accounting for Partnership: Basic Concepts

### Concept: Some Illustrations on Profit and Loss Appropriation Account

**Level:**

**Skill:**

**Time:**

**Hard (1,2)**

**Evaluating**

**90**

1. M, A and N started a business Man Ltd. with capitals ₹80,000, ₹50,000 and ₹65,000, respectively and agreed to share profit and losses in the ratio 5:3:4. In the Partnership Deed, the following were mentioned:

1. Interest on capital to be allowed @ 7% p.a.
2. ₹ 9,500 p.a. salary to be paid to partners.
3. Interest on Drawings to be charged @ 5% p.a.
4. ₹ 13,000 to be transferred to Reserve.

Pass necessary Journal entries related to payment of "Interest on capital".

(a)

Date	Particulars		L.F	Dr.	Credit
	Profit and Loss Appropriation A/c	.....Dr.		13,650	
	To M's Capital A/c				5,600
	To A's Capital A/c				3,500
	To N's Capital A/c				4,550

(b)

Date	Particulars		L.F	Dr.	Credit
	Profit and Loss Appropriation A/c	.....Dr.		12,650	
	To M's Capital A/c				5,600
	To A's Capital A/c				5,500
	To N's Capital A/c				1,550

(c)

Date	Particulars		L.F	Dr.	Credit
	Profit and Loss Appropriation A/c	.....Dr.		14,650	
	To M's Capital A/c				6,600
	To A's Capital A/c				3,500
	To N's Capital A/c				4,550

(d)

Date	Particulars		L.F	Dr.	Credit
	Profit and Loss Appropriation A/c	.....Dr.		15,650	
	To M's Capital A/c				6,600
	To A's Capital A/c				4,500
	To N's Capital A/c				4,550

2. M, A and N started a business Man Ltd. with capitals ₹80,000, ₹50,000 and ₹65,000, respectively and agreed to share profit and losses in the ratio 5:3:4. In the Partnership Deed, the following were mentioned:

1. Interest on capital to be allowed @ 7% p.a.
2. ₹ 9,500 p.a. salary to be paid to partners.
3. Interest on Drawings to be charged @ 5% p.a.
4. ₹ 13,000 to be transferred to Reserve.

Pass necessary Journal entries related to payment of "salary to the partners".

(a)

Date	Particulars		L.F	Dr.	Credit
	Partner's Salary A/c	.....Dr.		19,000	
	To M's Capital A/c				9,500
	To A's Capital A/c				9,500
	Profit and Loss Appropriation A/c	.....Dr.		19,000	
	To Partner's Salary A/c				19,000

(b)

Date	Particulars		L.F	Dr.	Credit
	Partner's Salary A/c	.....Dr.		28,500	
	To M's Capital A/c				9,500
	To A's Capital A/c				9,500
	To N's Capital A/c				9,500
	Profit and Loss Appropriation A/c	.....Dr.		28,500	
	To Partner's Salary A/c				28,500

(c)

Date	Particulars		L.F	Dr.	Credit
	Partner's Salary A/c	.....Dr.		19,000	
	To M's Capital A/c				9,500
	To N's Capital A/c				9,500
	Profit and Loss Appropriation A/c	.....Dr.		19,000	
	To Partner's Salary A/c				19,000

(d)

Date	Particulars		L.F	Dr.	Credit
	Partner's Salary A/c	.....Dr.		19,000	
	To N's Capital A/c				9,500
	To A's Capital A/c				9,500
	Profit and Loss Appropriation A/c	.....Dr.		19,000	
	To Partner's Salary A/c				19,000