ACCOUNTANCY

Accounting for Partnership : Basic Concepts

Amit Kumar

Concept Name

3. Partnership Deed7

4. Some Illustrations on Profit and Loss Appropriation Account2

Total9

Chapter Name: Accounting for Partnership: Basic Concepts

Concept: Partnership Deed

Level: Skill: Time:

Easy (1,2,5,6)Remembering 30

Moderate (3,4,7)Analyzing60

Goodwill is an \_\_\_\_\_\_\_\_ asset , but not a \_\_\_\_\_\_\_ asset@Intangible , Fictitious@Tangle, Fictitiouss@Fixed, Fictitious@None of the above

In a partnership, liability of all partners is@unlimited@limited@according to capital@decided by company act

What are the right of partners after dissolution:@To have the surplus distributed among the partners or their representatives according to their rights@To have business wound up after dissolution@To have the property of the firm applied in payment of the debts and liabilities of the firm.@All of the above

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What is X’s share in the net divisible profit?@Rs 1,24,400@Rs 83,600@Rs 91,200@Rs 60,800

Which of the following are not the right of a partner in a partnership firm?@To express opinions@To access the books of account@Both A & B@None of the above

Which of the following are the rights of a partner in a partnership firm?@To take part in the conduct and management of the business@To receive interest on the capital invested in the firm@To receive share in the profit.@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

<b>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:<b/>Interest on capital to be allowed @ 7% p.a.<b/>₹ 9,500 p.a. salary to be paid to partners. <b/>Interest on Drawings to be charged @ 5% p.a. <b/>₹ 13,000 to be transferred to Reserve. <b/>Pass necessary Journal entries related to payment of “Interest on capital”.<b/>

@

Date Particulars L.F Dr. Credit

Profit and Loss Appropriation A/c……Dr.13,650

To M’s Capital A/c5,600

To A’s Capital A/c3,500

To N’s Capital A/c4,550

@

DateParticularsL.FDr.Credit

Profit and Loss Appropriation A/c……Dr.12,650

To M’s Capital A/c5,600

To A’s Capital A/c5,500

To N’s Capital A/c1,550

@

DateParticularsL.FDr.Credit

Profit and Loss Appropriation A/c……Dr.14,650

To M’s Capital A/c6,600

To A’s Capital A/c3,500

To N’s Capital A/c4,550

@

DateParticularsL.FDr.Credit

Profit and Loss Appropriation A/c……Dr.15,650

To M’s Capital A/c6,600

To A’s Capital A/c4,500

To N’s Capital A/c4,550

<b>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:<br/>1. Interest on capital to be allowed @ 7% p.a.<br/>2. ₹ 9,500 p.a. salary to be paid to partners. <br/>3. Interest on Drawings to be charged @ 5% p.a. <br/>4. ₹ 13,000 to be transferred to Reserve. <br/>Pass necessary Journal entries related to payment of “salary to the partners”. <br/>

@

DateParticularsL.FDr.Credit

Partner’s Salary A/c……Dr.19,000

To M’s Capital A/c9,500

To A’s Capital A/c9,500

Profit and Loss Appropriation A/c……Dr.19,000

To Partner’s Salary A/c19,000

@

DateParticularsL.FDr.Credit

Partner’s Salary A/c……Dr.28,500

To M’s Capital A/c9,500

To A’s Capital A/c9,500

To N’s Capital A/c9,500

Profit and Loss Appropriation A/c……Dr.28,500

To Partner’s Salary A/c28,500

@

DateParticularsL.FDr.Credit

Partner’s Salary A/c……Dr.19,000

To M’s Capital A/c9,500

To N’s Capital A/c9,500

Profit and Loss Appropriation A/c……Dr.19,000

To Partner’s Salary A/c19,000

@

DateParticularsL.FDr.Credit

Partner’s Salary A/c……Dr.19,000

To N’s Capital A/c9,500

To A’s Capital A/c9,500

Profit and Loss Appropriation A/c……Dr.19,000

To Partner’s Salary A/c19,000