



1. (a) ₹ 11,25,000.

Working Note:

Opening Capital of Manish = ₹ 12,50,000 + ₹ 1,25,000 (Drawings) – ₹ 2,50,000 (Profit)
= ₹ 11,25,000.

2. (a) ₹ 25,000.

Working Note:

Let the total drawings during the year = x

$$\text{Interest on Drawings} = \text{Total Drawings} \times \frac{\text{Rate of Interest}}{100} \times \frac{6}{12}$$

$$₹ 12,000 = x \times \frac{8}{100} \times \frac{6}{12}$$

$$₹ 12,000 = x \times \frac{4}{100} \text{ or } 4x = ₹ 12,00,000$$

$$x = \frac{₹ 12,00,000}{4} = ₹ 3,00,000 \text{ (Total Drawings)}$$

$$\text{Monthly Drawings} = \frac{₹ 3,00,000}{12} = ₹ 25,000.$$

3. (d) A—4; B—3; C—1; D—2.

4. (c) Profit & Loss A/c.

5. (d) Dr. Salary to Partner A/c and Cr. Partner's Capital A/c.

6. (c) Assertion (A) is incorrect but Reason (R) is correct.

7. (b) Salary/Commission to a manager.

8. (d) Drawings against capital is considered while calculating interest on capital.

9. (c) (iii); (ii); (i); (iv).

10. (a) Principal as well agent.

11. (b) ₹ 2,40,000.

Working Note:

$$\text{Ajay's share in profit} = \frac{3}{5} [₹ 4,20,000] - \left(\frac{5}{105} \times ₹ 4,20,000 \right) = ₹ 2,40,000.$$

12.

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT for the year ended 31st March, 2025 Cr.

| Particulars | ₹ | Particulars | ₹ |
|--|----------|-----------------------------------|----------|
| To Interest on Capital: | | By Profit & Loss A/c (Net Profit) | 1,20,000 |
| X (₹ 3,00,000 × 5/100 × 6/12) | 7,500 | | |
| Y (₹ 2,00,000 × 5/100 × 6/12) | 5,000 | | |
| Z (₹ 1,00,000 × 5/100 × 6/12) | 2,500 | | |
| | 15,000 | | |
| To X's Capital A/c (Profit) (₹ 1,05,000 × 3/6) | 52,500 | | |
| To Y's Capital A/c (Profit) (₹ 1,05,000 × 2/6) | 35,000 | | |
| To Z's Capital A/c (Profit) (₹ 1,05,000 × 1/6) | 17,500 | | |
| | 1,20,000 | | 1,20,000 |

Note: Guaranteed amount for half year = ₹ 30,000 × 6/12 = ₹ 15,000. Since actual share of Z (₹ 17,500) exceeds the guaranteed amount, no adjustment is required.

13.

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT for the year ended 31st March, 2025 Cr.

| Particulars | ₹ | Particulars | ₹ |
|-------------------------|----------|--|----------|
| To Interest on Capital: | | By Profit & Loss A/c | 3,00,000 |
| Lalan's Current A/c | 1,20,000 | By Interest on Drawings: | |
| Balan's Current A/c | 2,40,000 | Lalan's Current A/c (₹ 30,000 × 15/100 × 6/12) | 2,250 |
| | | Balan's Current A/c (₹ 50,000 × 15/100 × 6/12) | 3,750 |
| | | By Lalan's Current A/c (Loss) (₹ 54,000 × 3/5) | 32,400 |
| | | By Balan's Current A/c (Loss) (₹ 54,000 × 2/5) | 21,600 |
| | 3,60,000 | | 3,60,000 |

Notes: Interest on Drawings has been calculated for an average period of 6 months as the date of drawings is not given.

14.

JOURNAL

| Date | Particulars | L.F. | Dr. (₹) | Cr. (₹) |
|------|--|------|---------|---------|
| | Interest on Capital A/c ...Dr. | | 12,600 | |
| | To Hari's Current A/c | | | 5,400 |
| | To Kunal's Current A/c | | | 7,200 |
| | (Interest on capital credited to Partners' Current Accounts) | | | |
| | Profit & Loss Appropriation A/c ...Dr. | | 12,600 | |
| | To Interest on Capital A/c | | | 12,600 |
| | (Interest on capital transferred to Profit & Loss Appropriation Account) | | | |

Working Note:

| | |
|---|---------------|
| Calculation of Interest on Capital: | ₹ |
| Interest on Hari's Capital = ₹ 60,000 × 12/100 | = 7,200 |
| Interest on Kunal's Capital = ₹ 80,000 × 12/100 | = 9,600 |
| | <u>16,800</u> |

Total interest on capital = ₹ 16,800. However, total distributable profit is just ₹ 12,600. So, total profit of ₹ 12,600 will be distributed in the ratio of their interest on capital, i.e., in the ratio of 7,200 and 9,600, i.e., in the ratio of 3 : 4.

Interest on Capital allowed to: Hari = ₹ 12,600 × 3/7 = ₹ 5,400;

Kunal = ₹ 12,600 × 4/7 = ₹ 7,200.

15.

JOURNAL

| Date | Particulars | L.F. | Dr. (₹) | Cr. (₹) |
|---------------|---|------|---------|---------|
| 2025 April | X's Capital A/c | | 42,500 | |
| | To Y's Capital A/c | | | 22,500 |
| | To Z's Capital A/c | | | 20,000 |
| | (Adjustment entry passed for omission of salary, commission and change in profit-sharing ratio of 3 : 3 : 2 among partners) | | | |

Working Note:

PROFIT & LOSS APPROPRIATION ACCOUNT

Dr. *for the year ended 31st March, 2025* Cr.

| Particulars | ₹ | Particulars | ₹ |
|-----------------------------|----------|----------------------|----------|
| To Salary: | | By Profit & Loss A/c | 4,50,000 |
| X's Capital A/c | 7,500 | | |
| Y's Capital A/c | 7,500 | | |
| | 15,000 | | |
| To Commission (Y) | 22,500 | | |
| To X's Capital A/c (Profit) | 1,75,000 | | |
| To Y's Capital A/c (Profit) | 1,42,500 | | |
| To Z's Capital A/c (Profit) | 95,000 | | |
| | 4,12,500 | | |
| | 4,50,000 | | 4,50,000 |

X will get higher of the Share of profit as per profit-sharing ratio, i.e., $\frac{3}{8}$ of ₹ 4,12,500 = ₹ 1,54,688 or guaranteed profit of ₹ 1,75,000.

Minimum guaranteed profit to X is ₹ 1,75,000. Therefore, out of divisible profit of ₹ 4,12,500, ₹ 1,75,000 to be given (being higher) to X first and balance of ₹ 2,37,500 (₹ 4,12,500 – ₹ 1,75,000) will be shared by Y and Z in the ratio of 3 : 2.

Y will get ₹ 1,42,500 ($\frac{3}{5}$ of ₹ 2,37,500) and Z will get ₹ 95,000 ($\frac{2}{5}$ of ₹ 2,37,500).

ADJUSTMENT TABLE

| Particulars | X (₹) | Y (₹) | Z (₹) |
|--|--------------|----------------|----------------|
| A. Amount already credited by way of share of profit | 2,25,000 | 1,50,000 | 75,000 |
| B. Amount which should have been credited by way of: | | | |
| Salary | 7,500 | 7,500 | ... |
| Commission | ... | 22,500 | ... |
| Profit (₹ 4,50,000 – ₹ 15,000 – ₹ 22,500) | 1,75,000 | 1,42,500 | 95,000 |
| | 1,82,500 | 1,72,500 | 95,000 |
| C. Difference (A – B) | 42,500 (Dr.) | (22,500) (Cr.) | (20,000) (Cr.) |