



1. (d)
2. (d)
3. (c)
4. (b)
5. (d)
6. (d)
7. (c)
8. (c)

Working Note: Balance of Opening Capital:

	Shiv (₹)	Mohan (₹)
Closing Capital	55,000	45,000
Less: Profit (as distributed)	9,000	6,000
	<u>46,000</u>	<u>39,000</u>
Add: Drawings	6,000	4,000
	<u>52,000</u>	<u>43,000</u>

9. (b)

Working Note: Calculation of Correct Profit:

	₹
Profit as distributed	15,000
Add: Prepaid insurance (₹ 2,400 × 1/4)	600
	<u>15,600</u>
Less: Closing Stock overvalued (₹ 12,800 – ₹ 8,300)	4,500
Correct Profit	<u>11,100</u>

10. (b)

Working Note:

Calculation of Divisible Profit

	₹
Net Profit	11,100
Add: Interest on Drawings (Note 1) [₹ 10,000 (i.e., ₹ 6,000 + ₹ 4,000) × 8/100 × 6/12]	400
	<u>11,500</u>
Less: Interest on Capital (Note 2) [₹ 9,500 (i.e., ₹ 52,000 + ₹ 43,000) × 5/100]	4,750
Divisible Profit	<u>6,750</u>

Notes:

1. Interest on Drawings has been calculated for an average period of 6 months as the date of drawings is not given.
2. Rate of interest on capital is given without the word 'per annum', so interest is calculated without considering the time factor.

11.

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT for the year ended 31st March, 2023 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 ($\text{₹ } 30,000 \times 15/100 \times 6/12$)	2,250
		Balan's Current A/c ($\text{₹ } 50,000 \times 15/100 \times 6/12$)	3,750
		By Loss transferred to:	
		Lalan's Current A/c ($\text{₹ } 54,000 \times 3/5$)	32,400
		Balan's Current A/c ($\text{₹ } 54,000 \times 2/5$)	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.

12.

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.

13.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023 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:

Dr.		PROFIT & LOSS APPROPRIATION ACCOUNT		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			
To Commission (Y)				
	22,500			
To Profit transferred to:				
X's Capital A/c	1,75,000			
Y's Capital A/c	1,42,500			
Z's Capital A/c	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., $3/8$ 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 ($3/5$ of ₹ 2,37,500) and Z will get ₹ 95,000 ($2/5$ 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.)