

Fundamentals of Partnership

1. In the absence of partnership deed, how are the interest on capital and interest on partner's loan treated? (1)

2. List three items each that may appear on the debit side and credit side of a partner's fluctuating capital account. (3)

3. Give two circumstances in which the fixed capital of partners may change.(1)

4. If the partners' capital accounts are fixed, where will you record the following items (2)

Salary to partners	
Drawing by a partners	
Interest on capital and	
Share of profit earned by a partner	

5. Distinction between Profit and loss and profit and loss appropriation account(2)

Sno.	Profit and loss account	Profit and loss appropriation account

6. State the Average period to be taken for calculating interest on drawing in different cases if amount is withdrawn on regular interval. (Using formulae) (3)

Case	DATE OF WITHDRAWAL	AVERAGE PERIOD
1	Beginning of every month	
2	Middle of every month	
3	End of every month	
4	Beginning of every quarter	
5	End of every quarter	
6	Beginning of half year	
7	End of half year	

7. A and B are partners sharing profits in the ratio of 3: 2 with capitals of Rs. 5, 00,000 and Rs. 3, 00,000 respectively. Interest on capital is agreed @ 6% p.a. B is to be allowed an annual salary of Rs. 25000. During 2022, the profits of the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 1,25,000. A provision of 5% of the profits is to be made in respect of Manager's commission. Prepare Profit and loss appropriation account.(3)

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