

SOBTIS PUBLIC SCHOOL

WORKSHEET 1

CLASS : XII COM

SUBJECT : ACCOUNTANCY

1. Where would you record "Rent paid to Partner" while preparing P/L Appropriation A/c [1]
2. Why don't we show Manager's Commission and Interest on Partner's Loan in P/L Appropriation Account? [1]
3. What should we do when appropriations are more than the profits? [1]
4. What do understand by the following:
- (a) When 'Interest on capital is Treated as an appropriation'
- (b) When "Interest on capital is Treated as a charge" [1]
5. David and John were partners in a firm sharing profits in the ratio of 4 : 1. Their capitals on 1.4.2006 were : David Rs.2,50,000 and John Rs.50,000. The partnership deed provided that David will get a commission of 10% on the net profit after allowing a salary of Rs.2,500 per month to John. The profit of the firm for the year ended 31.3.2007 was Rs.1,40,000.
Prepare Profit and Loss Appropriation Account for the year ended 31.3.2007. [4]
6. A, B and C were partners in a firm having capitals of Rs.60,000, Rs.60,000 and Rs.80,000 respectively. Their current account balances were : A Rs.10,000; B Rs.5,000 and C Rs.2,000 (Dr.). According to the partnership deed the partners were entitled to interest on capital @5% p.a. C being the working partner was also entitled to a salary of Rs.6,000 p.a. The profits were to be divided as follows:
- (a) The first Rs.20,000 in proportion to their capitals
- (b) Next Rs.30,000 in the ratio of 5 : 3 : 2
- (c) Remaining profits to be shared equally
- The firm made a profit of Rs.1,56,000 before charging any of the above items.
Prepare the profit and loss appropriation account and pass the necessary Journal entry for the appropriation of profits. [6]