Accounting For Partnership Firms -Fundamentals

1. X and Y are partners in a firm. Their capitals as on April 1, 2009 were Rs.2,50,000 and Rs.1,80,000 respectively. They share profits equally. On July 1, 2009, they decided that their capitals should be Rs.2,00,000 each. The necessary adjustments in the capitals were made by withdrawing or introducing cash. According to the partnership deed, interest on capital is to be allowed @8% p.a. X is to get an annual salary of Rs.4,000 and Y is allowed a monthly salary of Rs.800. It was found that Y was regularly withdrawing his monthly salary.

The manager of the firm is entitled to a commission of 10% of the profit before any adjustment is made according to the partnership deed.

Net profit for the year ended on 31st March, 2010, before charging interest on capital and salary, was Rs.80,000. Prepare the Profit and Loss Appropriation account, Partner's Capita accounts and Current accounts. (Profit: X-12,900, Y-12,900; Current A/C: X-33,900, Y-28,500)