

Illustration 8 : Bhalchandra, Darshana and Ankit are partners sharing profit-loss in the ratio of 5:3:2. At the end of the year after the preparation of final account it is realised that, computation of interest on drawings is missed out. Interest on drawings were ₹ 1000, ₹ 800 and ₹ 600 respectively. Write journal entry for rectifications.

Ans. :

Particular	Bhalchandra (₹)	Darshana (₹)	Ankit (₹)	Total (₹)
Increase in profit equal to amount of interest on drawings (5:3:2)	+ 1200	+ 720	+ 480	+ 2400
Interest on drawings	- 1000	- 800	- 600	- 2400
Accounting treatment of difference to the Capital Account	+ 200 Credit	- 80 Debit	- 120 Debit	-

Rectification of Error :

Date	Particular	L.F.No.	Debit (₹)	Credit (₹)
	Darshana's Capital/current A/c Dr		80	
	Ankit's Capital/current A/c Dr		120	
	To Bhalchandra's Capital/Current A/c			200
	[Being computation of interest on drawings was missed out, is rectified.]			

Explanation : Total interest on drawings is ₹ 2400 (₹ 1000, ₹ 800 and ₹ 600), due to this profit would increase. This is to be credited to partners' capital account in their profit-loss sharing ratio. Thus in the proportion of 5:3:2 ₹ 1200, ₹ 720 and ₹ 480 will be credited respectively to the capital account of Bhalchandra, Darshana and Ankit. Interest on drawings will be debited to the capital account of respective partners.

Illustration 9 : Yusuf, Harun and Kodawala are partners sharing profit-loss in the proportion of 3:2:1.

Yusuf and Harun have given assurance to Kodawala to give minimum ₹ 36,000 from profit. If for the year ending on 31-3-16 total profit of the firm was ₹ 1,80,000, how profit will be distributed among the partners ?

Ans. : Distribution of profit :

Yusuf : ₹ 1,80,000 × $\frac{3}{6}$ = ₹ 90,000 Harun: ₹ 1,80,000 × $\frac{2}{6}$ = ₹ 60,000

Kodawala : ₹ 1,80,000 × $\frac{1}{6}$ = ₹ 30,000

It was assured by Yusuf and Harun to Kodawala that he will receive atleast ₹ 36,000 from profit. But deficit to Kodawala is ₹ 6000 (₹ 36,000 - ₹ 30,000) will be given to Kodawala by Yusuf and Harun in their profit-loss sharing ratio.

Amount of profit to be given to Kodawala : Yusuf : ₹ 6000 × $\frac{3}{5}$ = ₹ 3600

Harun : ₹ 6000 × $\frac{2}{5}$ = ₹ 2400

Amount of distributable profit amongst the partners :

Particular	Yusuf (₹)	Harun (₹)	Kodawala (₹)	Total (₹)
Distribution of profit in the profit-loss sharing ratio (3:2:1)	90,000	60,000	30,000	1,80,000
Payable and receivable amount	- 3600	- 2400	+ 6000	-
Actual distribution of profit	86,400	57,600	36,000	1,80,000