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Profit & Loss Appropriation A/c			
Particulars	Amount	Particulars	Amount
To Net Loss	30000		
To Profit Transferred :			
Abbas	-10000		0
Add - Deficiency	160000	150000	
To Loss Transferred :			
		Ashmit	15000
		Add - given to Abbas	120000
			135000
		Karman	5000
		Add - given to Abbas	40000
			45000
Total	<u>180000</u>	Total	<u>180000</u>

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Profit sharing ratio	P	Q	R	Total
	12	8	5	25
Ratio for meeting Guratee	12	8		20
2020				
Description	P	Q	R	Total
Profits for the year	57600	38400	24000	120000
Guranteed Amount Adjustment	-3600	-2400	6000	54000

Balance Share	54000	36000	30000	54000
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Journal Entries

Profit & Loss Appr A/c	Dr..	120000		
	To P's Capital A/c		57600	
	To Q's Capital A/c		38400	
	To R's Capital A/c		24000	

(Profits for the year distributed among the partners)

P's Capital A/c	Dr..	3600		
Q's Capital A/c	Dr..	2400		
	To R's Capital A/c		6000	

(Capital A/c adjusted for guranteed share of R)

2021

Description	P	Q	R	Total
Profits for the year	86400	57600	36000	180000

Journal Entries

Profit & Loss Appr A/c	Dr..	180000		
	To P's Capital A/c		86400	
	To Q's Capital A/c		57600	
	To R's Capital A/c		36000	

(Profits for the year distributed among the partners)

Note : No Gurantee adjustment required in this case

2022

Ratio for meeting Guratee	12	8		20
Description	P	Q	R	Total
Profits for the year	-57600	-38400	-24000	-120000
Guranteed Amount Adjustment	-32400	-21600	54000	54000
Balance Share	-90000	-60000	30000	54000

Journal Entries

P's Capital A/c			57600	
Q's Capital A/c			38400	
R's Capital A/c			24000	
To Profit & Loss Appr A/c	Dr..			120000

(Loss for the year distributed among the partners)

P's Capital A/c	Dr..	32400		
Q's Capital A/c	Dr..	21600		
To R's Capital A/c			54000	

(Capital A/c adjusted for guranteed share of R)

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Profit & Loss Appropriation A/c

Particulars	Amount	Particulars	Amount
		By Net profit	225000
To Profit Transferred :			
A	108000		225000
Less - Given to C	11250	96750	
B	72000	72000	

C	45000	
Add - Deficiency	11250	56250
Total	<u>168750</u>	Total <u>225000</u>

Working Note :

1 C's earnings as a manager

Calculation of Commission

Net profits for the year	225000
Less - Salary	27000
Balance profits	198000
Commission after such commission @ 10% (198000 X 10 / (100+10))	18000

Calculation of total earnings as a manager

Salary	27000
Commission	18000
Total	45000

2 C's share as a partner

(225000*1/4)	56250
Excess as a partner	11250

3 Profit share of A and B

Total profits	225000
Less - C's share as a manager	45000
Balance Profits	180000

A's share (3/5)	108000	
Less - Given to C	11250	96750
B's share (2/5)	72000	72000

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Profit & Loss Appropriation A/c			
Particulars	Amount	Particulars	Amount
To Interest on Capital		By Net profit	424000
Asgar	48000		
Chaman	40000		
Dholu	32000	120000	
To Partner Salary			
Chaman	84000		
Dholu	40000	124000	
To Profit Transferred :			
Asgar	80000		180000
Less - To Dholu	10000	70000	
Chaman		40000	
Dholu	60000		
Add - From Asgar	10000	70000	
Total	424000	Total	424000

Working Note :

Calculation of Deficiency for Dholu

Guranteed Amount			110000
Less - Actual			
Salary	40000		
Share of Profit	60000	100000	
Deficiency			10000

85	Description	Alia	Bhanu	Chand	Total
	Incorrect Profit distribution	30000	30000	20000	80000
	Correct Profit Distribution :				
	Salary	18000		18000	36000
	Commission		4000		4000
	Profit share	15000	15000	10000	40000
	Gurantee Adjustment	20000	-10000	-10000	0
	Total Share	35000	5000	0	40000

Description	Alia		Bhanu		Chand		Firm	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Incorrect Profits	30000		30000		20000			80000
Correct Distribution								
Salary		18000				18000	36000	
Commission				4000			4000	

Correct Profit distribution		35000		5000			40000	
Total	30000	53000	30000	9000	20000	18000	80000	80000
	23000		21000		2000			
	Cr		Dr		Dr			

Chand Capital A/c	Dr..		2000	
Bhanu Capital A/c	Dr..		21000	
		To Alia Capital A/c		23000

86	Description	Ajay	Binay	Chetan	Total
	Incorrect Profit distribution (without apr and incorrect ratio)	60000	60000	30000	150000
	Correct Profit Distribution :				
	Salary	8000	8000		16000
	Commission			8000	8000
	Profit share	47250	47250	31500	126000
	Gurantee Adjustment	-1650	2750	-1100	0
	(Ajay and Chetan bear in mutual ratio of 3:2)				
	Total Share	45600	50000	30400	126000

Description	Ajay		Binay		Chetan		Firm	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Incorrect Profits	60000		60000		30000			150000
Correct Distribution								
Salary		8000		8000			16000	

Commission					8000	8000	
Correct Profit distribution	45600		50000		30400	126000	
Total	60000	53600	60000	58000	30000	38400	150000
	6400		2000		8400		
	Dr		Dr		Cr		

Ajay Capital A/c	Dr..	6400	
Binay Capital A/c	Dr..	2000	
	To Chetan Capital A/c		8400

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Profit & Loss Appropriation A/c			
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Particulars	Amount	Particulars	Amount
To Interest on Capital		By Net profit	950000
Ankur	84000		
Bhavna	36000		
Disha	24000	144000	
To Partner Salary			
Bhawna	50000		
To Disha's Commisison	36000		
To Profit Transferred :			
Ankur	420000		720000
Less - To Disha	6000	414000	
Bhavna		180000	
Disha	120000		
Add - From Asgar	6000	126000	

Total	<u>950000</u>	Total	<u>950000</u>
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Working Note :

Calculation of Deficiency for Bhavna

Salary	50000
Profit sharre	180000
Total	230000
Less - Gurantee	170000

No Gurantee claim required as share of profit already higher than minimum gurantee amount

Calculation of Deficiency for Disha

Interest on Capital	24000
Profit sharre	120000
Total	144000
Less - Gurantee	150000
 Deficiency	 6000

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Profit & Loss Appropriation A/c			
Particulars	Amount	Particulars	Amount
		By Net profit	75000
To Profit Transferred :			
Abhijit	42000	By Baljit Capital A/c	9000

Less - To Charanjit	600	41400	<i>(Gurantee of gross fees)</i>	
Baljit	28000			
Less - To Charanjit	400	27600		
Charanjit	14000			84000
Add - From Asgar	1000	15000		
Total		<u>84000</u>	Total	<u>84000</u>

