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Description	X	Y	Z	Total
Capital	300000	200000	150000	
Rate of Interest	10%	10%	10%	
Interest on Capital	15000	10000	7500	32500

(Interest for 6 months. Investment on 01-Oct)

**Notice that the partnership started on 01-Oct. Guranteed profits Rs 80000 is for full year
So gurantee for half year will be Rs 40000**

Profit & Loss Appropriation A/c			
Particulars	Amount	Particulars	Amount
To Interest on Capital		By Net profit	160000
X	15000		
Y	10000		
Z	7500	32500	
			160000-32500
To Profit Transferred :			
X	51000		127500
Less - Given to Z	1750	49250	
Y		38250	
Z	38250		
Add - From X	1750	40000	
Total	<u>120000</u>	Total	<u>160000</u>

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	A	B	C	Total
Profit sharing ratio	5	4	1	10
Ratio for meeting Guratee	1	1		2
 Description	 A	 B	 C	 Total
Profits for the year	200000	160000	40000	400000
Guranteed Amount Adjustment	-5000	-5000	10000	54000
Balance Share	195000	155000	50000	54000

Journal Entries

Profit & Loss Appr A/c	Dr..	400000	
	To A's Capital A/c		200000
	To B's Capital A/c		160000
	To C's Capital A/c		40000

(Profits for the year distributed among the partners)

A's Capital A/c	Dr..	5000	
B's Capital A/c	Dr..	5000	
	To C's Capital A/c		10000

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

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Profit & Loss Appropriation A/c			
Particulars	Amount	Particulars	Amount
To Salary to Bipul	120000	By Net profit	660000

To Profit Transferred :

Atul	180000		540000
Less - given to Bipul	10000	170000	
Bipul	180000		
Add - Deficiency	20000	200000	
Charu	180000		
Less - given to Bipul	10000	170000	
Total		<u>660000</u>	Total
		<u>660000</u>	

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Profit & Loss Appropriation A/c

Particulars	Amount	Particulars	Amount
To Commission to Kaushal	50000	By Net profit	250000

To Profit Transferred :

Parul	66667		200000
Add - Deficiency	133333	200000	
Prerna	66667		
Less - given to Parul	66667	0	
Kaushal	66667		
Less - given to Parul	66667	0	
Total		<u>250000</u>	Total
		<u>250000</u>	

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Profit & Loss Appropriation A/c

Particulars	Amount	Particulars	Amount
		By Net profit	100000
To Profit Transferred :			
Nimrat	40000		100000
Add - Deficiency	120000	160000	
		To Loss Transferred :	
		Maira	40000
		Add - given to Nimrat	80000 40000
		Kabir	20000
		Add - given to Nimrat	40000 20000
Total	<u>160000</u>	Total	<u>160000</u>

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Profit & Loss Appropriation A/c

Particulars	Amount	Particulars	Amount
To Net Loss	30000		
To Profit Transferred :			
Abbas	-10000		
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>

	P	Q	R	Total
Profit sharing ratio	12	8	5	25
Ratio for meeting Guratee	12	8		20

2021

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

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)

2022

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

2023

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			
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Particulars	Amount	Particulars	Amount
		By Net profit	400000
To Profit Transferred :			
P	218750		400000
Less - Given to R	15000	203750	
Q	131250		
Less - Given to R	10000	121250	
R	50000		
Add - Deficiency	25000	75000	
Total	<u>400000</u>	Total	<u>400000</u>

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Profit & Loss Appropriation A/c			
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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	27000+18000
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 (225000*1/4)
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

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	<u>424000</u>	Total	<u>424000</u>

Working Note :

Calculation of Deficiency for Dholu

Guranteed Amount

110000

Less - Actual

Salary	40000	
Share of Profit	60000	100000
Deficiency		10000

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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
Salary		18000				18000	36000	
Commission				4000			4000	
Profit distribution	15000		15000		10000			40000
Gurantee Adjustment		20000	10000		10000		0	
Total	15000	38000	25000	4000	20000	18000	40000	40000
	23000		21000		2000			
	Cr		Dr		Dr			

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		0	40000	
Total	30000	53000	30000	9000	20000	18000	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

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Description	Ajay	Binay	Chetan	Total
Incorrect Profit distribution (without appr 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

Ajay	Binay	Chetan	Firm
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Description	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Incorrect Profits	60000		60000		30000			150000
Salary		8000		8000			16000	
Commission						8000	8000	
Gurantee Adjustment	1650			2750	1100			
Correct Profit distribution		47250		47250		31500	126000	
Total	61650	55250	60000	58000	31100	39500	150000	150000
	6400		2000		-8400			
	Dr		Dr		Cr			

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	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

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>

Working Note :

Calculation of Deficiency for Bhavna

Salary	50000
Profit share	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	1000	15000	
Total	84000	Total	84000

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Description	Xen		Sam		Tim		Firm	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Incorrect Profits	40000		40000		40000			120000

Gurantee Adjustment		15000				15000	
Correct Profit distribution	54000		54000		27000	135000	
Total	40000	54000	55000	54000	40000	27000	135000
	-14000		1000		13000		
	Cr		Dr		Dr		

Tim Capital A/c Dr.. 13000
 Sam Capital A/c Dr.. 1000
 To Xen Capital A/c 14000