



Q9. Amann, Babita and Suresh are partners in a firm. Their profit sharing ratio is 2:2:1. Suresh is guaranteed a minimum amount of Rs.10,000 as share of profit, every year. Any deficiency on that account shall be met by Babita. The profits for two years ending December 31, 2015 and December 31, 2016 were Rs.40,000 and Rs.60,000, respectively. Prepare the Profit and Loss Appropriation Account for the two years.

Solution:

Profit and Loss Appropriation Account for the year 2015			
Dr.			Cr.
Particulars	Amount Rs.	Particulars	Amount Rs.
To Profit transferred to		By Profit and Loss A/c	40,000
Amann's Capital 16000	16,000		
Babita's Capital (16,000 - 2,000)	14,000		
Suresh's Capital (8,000 + 2,000)	10,000		
	40,000		40,000

Profit and Loss Appropriation Account for the year 2016		
Dr.		Cr.

Particulars		Amount Rs.	Particulars	Amount Rs.
To Profit transferred to			By Profit and Loss A/c	60,000
	Amann's Capital	24,000		
	Babita's Capital	24,000		
	Suresh's Capital	12,000		
		60,000		40,000

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