



Q28. Pinki, Deepati and Kaku are partner's sharing profits in the ratio of 5:4:1. Kaku is given a guarantee that his share of profits in any given year would not be less than Rs.5,000. Deficiency, if any, would be borne by Pinki and Deepti equally. Profits for the year amounted to Rs.40,000. Record necessary journal entries in the books of the firm showing the distribution of profit.

Solution:

<b>JOURNAL</b>				
	<b>Particulars</b>	<b>J.F.</b>	<b>Debit</b>	<b>Credit</b>
1.	Profit and Loss A/c Dr.		40,000	
	To Profit and Loss Appropriation A/c			40,000
	(Being profit transferred from Profit and loss A/c)			
2.	Profit and Loss Appropriation A/c Dr.		40,000	
	To Pinki's Capital A/c			19,500
	To Deepti's Capital A/c			15,500
	To Kaku's Capital A/c			5,000
	(Being profit distributed among Partner's)			

Working Note:

1. Calculation for guarantee to the partner

	Pinki	Deepti	Kaku
Guarantee to Kaku			5,000
Profit of Rs.40,000 (5:4:1)	20,000	16,000	4,000
Deficiency in Kaku Share			1000

Deficiency in Kaku's share is to be borne by Pinki and Deepti Equally.

Pinki =  $1000 \times \frac{1}{2} = 500$

Deepti =  $1000 \times \frac{1}{2} = 500$

After adjustment of deficiency,

Pinki gets Rs.20,000 -Rs.500=Rs.19,500

Deepti gets Rs.16,000-Rs.500=Rs.15,500

Q29. Abhay, Siddharth and Kusum are partners in a firm, sharing

profits in the ratio of 5:3:2. Kusum is guaranteed a minimum amount of Rs.10,000 as per share in the profits. Any deficiency arising on that account shall be met by Siddharth. Profits for the years ending March 31, 2015 and 2016 are Rs.40,000 and Rs.60,000 respectively. Prepare Profit and Loss Appropriation Account.

Solution:

Profit and Loss Appropriation Account					
as on March 31,2015					
Dr.			Cr		
Particulars		Amount Rs.	Particulars		Amount Rs.
To Profit transferred to			By Profit and Loss A/c		40,000
Abhay's Capital		20,000			
Siddharth's Capital	12,000				
Less : Guarantee to Kusum	<u>(2,000)</u>	10,000			
Kusum's Capital	8,000				
Add : Deficiency received from:					
Siddharth	<u>2,000</u>	10,000			
		40,000			40,000

Profit and Loss Appropriation Account		
as on March 31,2016		
Dr.		Cr.

Particulars	Amount Rs.	Particulars	Amount Rs.
To Profit transferred to		By Profit and Loss A/c	60,000
Abhay's Capital	30,000		
Siddharth's Capital	18,000		
Kusum's Capital	12,000		
	60,000		60,000

Working Note:

1. For the year 2015, calculation for guarantee to the partner:

	Abhay	Siddharth	Kusum
<b>Guarantee to Kusum</b>			10,000
<b>Profit of Rs.40,000 (5:3:2)</b>	20,000	12,000	8,000
<b>Deficiency in Kusum share</b>			<b>2,000</b>

Deficiency in Kusum's share is to be borne by Siddharth. Therefore, deficiency received from Siddharth is Rs.2,000

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