



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.  
Sol:

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

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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
Guarantee to Kusum			10,000
Profit of Rs.40,000 (5:3:2)	20,000	12,000	8,000
Deficiency in Kusum share			2,000

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

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