



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.

Sol:

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	Particulars		J.F.	Debit	Credit
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.

$$\text{Pinki} = 1,000 \times \frac{1}{2} = 500$$

$$\text{Deepti} = 1,000 \times \frac{1}{2} = 500$$

After adjustment of deficiency,

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

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

***** END *****