

Worksheet – 8

P/L Appropriation A/C

1. Anita, Bimla and Cherry are three partners. On 1st April, 2018, their Capitals stood as: Anita ₹ 1,00,000, Bimla ₹ 2,00,000 and Cherry ₹ 3,00,000. It was decided that:

(a) they would receive interest on Capital @ 5% p.a.,

(b) Anita would get a salary of ₹ 5,000 per month,

(c) Bimla would receive commission @ 5% of net profit after deduction of commission, and

(d) 10% of the net divisible profit would be transferred to the General Reserve.

Before the above items were taken into account, the profit for the year ended 31st March, 2019 was ₹ 5,00,000.

Prepare Profit and Loss Appropriation Account and the Capital Accounts of the partners.

2. X and Y entered into partnership on 1st April 2020. Their capital as on 1st April 2021 were 2,00,000 and 1,50,000 respectively. On 1st October 2021, X gave loan 50,000 to the firm. S per the provision of the partnership deed :

- I. 20% of profits before charging interest on drawings @10% p.a.
- II. X is to get monthly salary of 5,000 and Y to get salary of 22,500 per quarter.
- III. X is entitled to a commission of 5% on sales. Sales for the year were 3,50,000.

IV. Profit to be shared in the ratio of their capitals up to 1,75,000 and balance equally.

Profit for the year ended 31st March 2022 before allowing or charging capital interest was 4,61,000. The drawings of X and Y were 1,00,000 and 1,25,000 respectively.

Prepare profit loss Appropriation Account

3. P, Q and R are in a partnership and as of 1st April, 2018 their respective capitals were: ₹ 40,000, ₹ 30,000 and ₹ 30,000. Q is entitled to a salary of ₹ 6,000 and R ₹ 4,000 p.a. payable before division of profits. Interest is allowed on capital @ 5% p.a. and is not charged on drawings. Of the divisible profits, P is entitled to 50% of the first ₹ 10,000, Q to 30% and R to 20%, rest of the profit are shared equally. Profits for the year ended 31st March, 2019, after debiting partners' salaries but before charging interest on capital was ₹ 21,000 and the partners had drawn ₹ 10,000 each on account of salaries, interest and profit.

Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2019 showing the distribution of profit and the Capital Accounts of the partners.

4. Amit and Vijay started a partnership business on 1st April, 2018. Their capital contributions were ₹ 2,00,000 and ₹ 1,50,000 respectively. The Partnership Deed provided as follows:

(a) Interest on capital be allowed @ 10% p.a.

(b) Amit to get a salary of ₹ 2,000 per month and Vijay ₹ 3,000 per month.

(c) Profits are to be shared in the ratio of 3 : 2.

Net profit for the year ended 31st March, 2019 was ₹ 2,16,000. Interest on drawings amounted to ₹ 2,200 for Amit and ₹ 2,500 for Vijay.

Prepare Profit and Loss Appropriation Account.

5. C and D are partners in a firm; C has contributed ₹ 1,00,000 and D ₹ 60,000 as capital. Interest is payable @ 6% p.a. and D is entitled to a salary of ₹ 3,000 per month. In the year ended 31st March, 2019, the profit was ₹ 80,000 before interest and salary. Divide the amount between C and D.

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