

## Solution-55

### Profit and Loss Appropriation A/c

| Dr.                      |                 |                                   | Cr.             |
|--------------------------|-----------------|-----------------------------------|-----------------|
| Particulars              | Amount (₹)      | Particulars                       | Amount (₹)      |
| To Profit Transferred to |                 | By Profit & Loss A/c (Net Profit) | 1,55,500        |
| Kabir                    | 40,000          | By Interest on Drawings A/c       | 4,500           |
| Zoravar                  | 32,000          |                                   |                 |
| Parul                    | 88,000          |                                   |                 |
| <b>Total</b>             | <b>1,60,000</b> | <b>Total</b>                      | <b>1,60,000</b> |

|  |                 |
|--|-----------------|
|  | ₹               |
| Net Profit                                 | 1,55,500        |
| Add:                                       |                 |
| Interest on Drawings (1,80,000x5%x1/2)     | 4,500           |
| <b>Total</b>                               | <b>1,60,000</b> |
| <b>Appropriations</b>                      |                 |
| Salary                                     | 48,000          |
| Commission (Parul) (50,00,000x2%)          | 1,00,000        |
| Interest on capital (26,000+16,000+10,000) | 52,000          |
| <b>Total</b>                               | <b>2,00,000</b> |

### Basis of Appropriations

| Particulars             | Kabir         | Zoravar       | Parul           |
|-------------------------|---------------|---------------|-----------------|
| Salary                  | 24,000        | 24,000        | -               |
| Commission              | -             | -             | 1,00,000        |
| Interest on capital     | 26,000        | 16,000        | 10,000          |
| <b>Total</b>            | <b>50,000</b> | <b>40,000</b> | <b>1,10,000</b> |
| Ratio                   | 5:            | 4:            | 11              |
| Distribution of Profits | 1,60,000 x 5  | 1,60,000 x 4  | 1,60,000 x 11   |
|                         | 20            | 20            | 20              |
|                         | =₹40,000      | =₹32,000      | =₹88,000        |