Profit and Loss Appropriation A/c

Dr. **Cr.**

Particulars		Amount (₹)	Particulars	Amount (₹)
To Interest on Capital to			By Profit and Loss A/c (Net Profit)	1,60,000
X's Capital	15,000			
Y's Capital	10,000			
Z's Capital	7,500	32,500		
To Profit Transferred to				
X's Capital	49,250			
Y's Capital	38,250			
Z's Capital	40,000	1,27,500		
	Total	**1,60,000**	**Total**	**1,60,000**

	X	Y	Z
Share	4	3	3
Guarantee			40,000

Distribution of profits

Particulars	X	Y	Z
Profit distributed in profit sharing ratio	1,27,500 x 4/10 = 51,000	1,27,500 x 3/10 = 38,250	1,27,500 x 3/10 = 38,250
Minimum Guaranteed profits to Z			40,000
Deficit			40,000-38,250 = 1,750
Deficit to be borne by X	1,750		
Final Share in profits	51,000 – 1,750 = 49,250	= 38,250	40,000