

Solution-88

JOURNAL

Date	Particulars	L.F.	Dr Amount (₹)	Cr Amount (₹)
	Ajay's Capital A/c Dr		6,400	
	Binay's Capital A/c Dr		2,000	
	To Chetan's Capital A/c			8,400
	(Being adjustment entry towards correcting appropriations & corresponding impact on divisible profits)			

Working Notes

Particulars	Alia's Capital		Bhanu's Capital		Chand's Capital		Firm	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
1. Salary		8,000		8,000			16,000	
2. Commission						8,000	8,000	
3. Reversal of Profits distributed	60,000		60,000		30,000			1,50,000
4. Distribution of Profits in right ratio		45,600		50,000		30,400	1,26,000	
Total	60,000	53,600	60,000	58,000	30,000	38,400	1,50,000	1,50,000
Net Effect	6,400 Dr		2,000 Dr		8,400 Cr			

Minimum guarantee to Binay = 50,000

Profit available for Ajay and Chetan = 1,26,000 – 50,000 = 76,000

Ajay's share = 76,000 x 3/5 = 45,600

Chetan's share = 76,000 x 2/5 = 30,400