

Journal Entries regarding Profit and Loss Appropriation Account are as follows:

1. For transfer of balance of Profit and Loss Account

Profit and Loss A/c Dr.
 To Profit and Loss Appropriation A/c
(Being net profit transferred to P & L Appropriation A/c)

2. For Interest on Capital

1. For allowing Interest on capital

Interest on Capital A/c
 To Partners' Capital/Current A/cs
(Being interest on capital allowed @ ___ % p.a.)

2. For transferring Interest on Capital to Profit and Loss Appropriation A/c :

Profit and Loss Appropriation A/c Dr.
 To Interest on Capital A/c

(Being interest on capital transferred to P & L Appropriation A/c)

3. For Salary of Commission payable to a partner

i. For allowing Salary or Commission to a partner :

Partner's Salary/Commission A/c Dr.
 To Partner's Capital /Current A/cs
(Being salary/commission payable to a partner)

ii. For transferring Partner's Salary/Commission A/c to Profit and Loss Appropriation A/c :

Profit and Loss appropriation A/c Dr.
 To Partner's Salary/ Commission A/c

4. For transfer of Reserves:

Profit and Loss Appropriation A/c Dr.
 To Reserve A/c
(Being reserve created)

5. For Interest on Drawings:

1. For charging interest on a partner's drawings:

Partner's Capital/Current A/c Dr.
 To Interest on Drawings A/c
(Being interest on drawings charged @ ___%p.a.)

2. For transferring Interest on drawings to Profit and Loss Appropriation A/c :

. Interest on Drawings A/c Dr.
 To Profit and Loss Appropriation A/c
(Being interest on drawings transferred to P & L Appropriation A/c)

6. For transfer of Profit (ie Credit Balance of Profit and Loss Appropriation Account)

Profit and Loss Appropriation A/c Dr.
 To Partners Capital A/cs
(Being profits distributed among partners)