



Q7. In the absence of partnership deed, specify the rules relating to the following:

- a. Sharing of profits and losses.
- b. Interest on partner's capital.
- c. Interest on Partner's drawings.
- d. Interest on Partner's loan
- e. Salary to a partner.

Solution: In the absence of a partnership deed, the rules according to the Partnership Act, 1932, are as follows:

- i. Sharing of profits and losses: To be shared equally by all partners in the firm.
- ii. Interest on partner's capital: No interest on capital should be given to the partner in the firm.
- iii. Interest on partner's drawing: No interest on drawing is to be charged from the partner of the firm.
- iv. Interest on partner's loan: Partners are entitled to 6% p.a. interest on the loan lent to the firm by them.
- v. Salary to a partner: No salary should be given to any partner.

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