



Q4. Aakriti and Bindu entered into partnership for making garment on April 01, 2015 without any Partnership agreement. They introduced Capitals of Rs.5,00,000 and Rs.3,00,000 respectively on October 01, 2015. Aakriti Advanced. Rs.20,000 by way of loan to the firm without any agreement as to interest. Profit and Loss account for the year ended March 2016 showed profit of Rs.43,000. Partners could not agree upon the question of interest and the basis of division of profit. You are required to divide the profits between them giving reason for your solution.

Sol:

Profit and Loss Adjustment Account				
Dr.				Cr.
Particulars		Amount Rs.	Particulars	Amount Rs.
To Interest on Partner's Loan			By Profit and Loss A/c	43,000
Aakriti ( $20,000 \times 6\% \times 6/12$ )		600		
To Profit transferred to				
Aakriti's Capital	21,200			
Bindu's Capital	21,200	42,400		
		43,000		43,000

Note:

- In the absence of partnership agreement, interest on partner's loan shall be allowed at 6% p.a.
- In the absence of partnership agreement, interest on capital shall not be allowed.
- In the absence of partnership agreement, profit or losse will be shared equally.

\*\*\*\*\* END \*\*\*\*\*