



Q9. All partners wishes to dissolve the firm. Yastin, a partner wants that her loan of Rs. 2,00,000 must be paid off before the payment of capitals to the partners. But, Amart, another partner wants that the capitals must be paid before the payment of Yastin's loan. You are required to settle the conflict giving reasons.

Solution:

According to section 48 of Partnership Act, 1932 at the time of dissolution, loans and advances from the partners must be paid off before the settlement of their capital accounts. Hence, Yastin's argument is correct that her loan of Rs.2,00,000 must be paid off before the payment of partners' capital.

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