

- 1 a) not allowed
 - b) not allowed
 - c) allowed @ 6%
 - d) equally
 - e) not charged
 - f) not charged
-

- 2 a) not allowed
 - b) not allowed
 - c) not charged
 - d) To be distributed equally
-

- 3 a) P must give to the firm
 - b) Firm will not borne. Q to bear personally
 - c) Goods can be purchased from Star Ltd. We have not learned any such rule.
 - d) W cannot be admitted
 - e) Interest @ 6% allowed
-

- 4 a) Not allowed
- b) Not allowed

- c) Not charged
- d) Not charged

5 **Calculation of Interest on Harshad loan**

Amount of loan	100000
Interest Rate	6% per annum
Date of Loan	1-Oct-21
Period for interest (months)	6 (Oct-2021 to Mar-2022)
Interest Amount	3000 (100000X6%X6/12)

Calculation of profit transferred to P & L Appropriation A/c

Net profit before interest on loan (given)	180000
Less - Interest to Harshad on Loan	3000
Balance transferred to P & L appropriation A/c	177000

Profit & Loss Appropriation A/c			
Particulars	Amount	Particulars	Amount
To Profit Transferred :		By Net profit	177000
Harshad Capital A/c	88500	(After Interest on Loan for 6 months)	
Dhiman Capital A/c	88500		
	177000		
Total	<u>177000</u>	Total	<u>177000</u>

177000

Note :

Harshad claims

- i) no interests on capital allowed
Interest on loan will be allowed @ 6%
- ii) Profit should be distributed equally

Dhiman Claims

- i) Correct
- ii) no remuneration allowed
- iii) no interests on capital allowed
Interest on loan will be allowed @ 6%

6 Calculation of Interest on Loan

Partner	Amount	Date	Period (Months)	Interest @ 6%
X	80000	1-Oct-22	6	2400 (80000*6/100*6/12)
Y	40000	1-Oct-22	6	1200 (40000*6/100*6/12)
Total Interest on Loan				3600

Case	Profit/Loss Before Interest	Interest	Profit/Loss after Interest	Share of Profits	
				X(2/5)	Y(3/5)
1	21000	3600	17400	6960	10440
2	3000	3600	-600	-240	-360
3	5000	3600	1400	560	840
4	-1400	3600	-5000	-2000	-3000

7	Total Loan		30000		30000*3/5 30000*2/5
		Profit ratio	Loan Amount	Months	Interest @ 6%
	Loan by Sita	3	18000	6	540
	Loan by Geeta	2	12000	6	360

Note : Loan is given on 01-Oct-2022 so interest payable for 6 months only

8 **Calulation of Interest on Loan**

Partner	Amount	Date	Period (Months)	Interest @ 6%
Bat	240000	1-Oct-22	6	7200
Ball	120000	1-Oct-22	6	3600
			Total	10800
Loss Before Interest and rent				9000
Add - Charge against profits				
			- Interest on Loan	10800
			- Rent to Bat	60000
Total distributable Loss (Transfer to P & L Appropriation A/c)				79800
Share of Bat				31920
Share of Ball				47880

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Calulation of Interest on Loan

Partner		Amount	Date	Period (Months)	Interest @ 12%
Sunil	Interest Paid	400000	1-Nov-22	4	16000
	O/s Interest	400000	1-Mar-23	1	4000
Total Interest					20000

Journal Entries for Interest on Loan

No entry to be made for giving loan as question has entries only for interest on loan

1-Mar-23	Interest on Loan by partner A/c	Dr..	16000	
	To Loan by Partner A/c			16000
1-Mar-23	Loan by Partner A/c	Dr..	16000	
	To Bank A/c			16000
31-Mar-23	Interest on Loan by partner A/c	Dr..	4000	
	To Loan by Partner A/c			4000
31-Mar-23	Profit and Loss A/c	Dr..	20000	
	To Interest on Loan by Partner A/c			20000

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Calulation of Interest on Loan

Partner	Amount	Date	Period (Months)	Interest
Loan by Akhil to Firm	100000	1-Oct-22	6	3000
Loan by Firm to Bimal	100000	1-Oct-22	6	0
			Total	3000
Profit before above adjustments				103000
Less - Charge against profits				
- Interest on Loan by akhil				3000
- Rent to Akhil				60000
Total distributable Profit (Transfer to P & L Appropriation A/c)				40000
Share of Akhil				24000
Share of Bimal				16000