

Solution-05

Harshad Claims		
(i)	He should be given interest @ 10% per annum on capital and loan	Harshad is not entitled to any interest on capital, but he is entitled to interest on his loan @ 6% p.a.
(ii)	Profit should be distributed in the ratio of capital	Profits will be distributed equally as per Partnership Act, 1932.
Dhiman Claims		
(i)	Profits should be distributed equally	His claim is right that profits should be shared equally
(ii)	He should be allowed ₹2,000 p.m. as remuneration for the period he managed the business in the absence of Harshad	No remuneration will be allowed to Dhiman
(iii)	Interest on Capital and loan should be allowed @ 6% p.a.	Interest on capital will not be allowed.

Profit and Loss Appropriation A/c

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on Harshad's Loan (1,00,000 x 6% x 6/12)	3,000	By Profit & Loss A/c (Net profit)	1,80,000
To Profit transferred to Harshad's Capital	88,500		
Dhiman's Capital	88,500		
Total	1,80,000	Total	1,80,000