

Subject-

Accounts

Class- 12

Topic- interest on capital

(loss).

Example 9 : X and Y are partners sharing the profits and losses in the ratio of 3 : 2 with capitals of ₹ 2,00,000 and ₹ 1,00,000 respectively. Show the distribution of profits in each of the following alternative cases :

- (i) If the partnership deed is silent as to the Interest on Capital and the profits for the year are ₹ 60,000.
- (ii) If the partnership deed provides for Interest on Capital @ 10% p.a. and the losses for the year are ₹ 60,000.
- (iii) If the partnership deed provides for Interest on Capital @ 10% p.a. and the profit for the year are ₹ 60,000.
- (iv) If the partnership deed provides for Interest on Capital @ 10% p.a. and the profit for the year are ₹ 18,000.
- (v) If the partnership deed provides for Interest on Capital @ 10% p.a. and the profits for the year are ₹ 18,000.

Interest on Capital is charged on Profit in five Conditions only