

3. A and B are partners with capitals of Rs.5,00,000 and Rs.3,00,000 respectively. The profits for the year ended 31st March, 2010 was Rs.3,46,000 before allowing interest on partner's loan. Show the distribution of profit after taking the following into consideration:

(i) Interest on A's loan of Rs.1,50,000 to the firm provided on 1st April, 2009.

(ii) Interest on capital to be allowed @ 5% p.a.

(iii) Interest on drawings @6% p.a. Drawings were A Rs.60,000 and B Rs.40,000.

(iv) B is to be allowed a commission of 2% on sales. Sales for the year were

Rs.30,00,000.

(v) 10% of the divisible profits is to be kept in a Reserve Account.