Q25. Menon and Thomas are partners in a firm. They share profits equally. Their monthly drawings are Rs.2,000 each. Interest on drawings is to be charged @ 10% p.a. Calculate interest on Menon's drawings for the year 2006, assuming that money is withdrawn: (i) in the beginning of every month, (ii) in the middle of every month, and (iii) at the end of every month.
Sol:

Case (i)

if they withdraw money in the begining of each month

then, period will be taken is 6.5months

$$\text{Interest of drawings} = \text{Total drawings} \times \text{Rate} \times \frac{6.5}{12}$$

$$\text{Menon's } 24{,}000 \times \frac{10}{100} \times \frac{6.5}{12} = 1{,}300$$

$$\text{Thomson's } 24{,}000 \times \frac{10}{100} \times \frac{6.5}{12} = 1{,}300$$

Case (ii)

If they withdraw in the middle of every month

then, period will be taken is 6months

$$\text{Interest on Drawings} = \text{Total drawings} \times \frac{10}{100} \times \frac{6}{12}$$

$$\text{Menon's} = 24{,}000 \times \frac{10}{100} \times \frac{6}{12} = 1{,}200$$

$$\text{Thomas's} = 24{,}000 \times \frac{10}{100} \times \frac{6}{12} = 1{,}200$$

Case (iii)

If they withdraw at the end of every month

then, period will be taken is 5.5months

$$\text{Interest on drawings} = \text{Total drawings} \times \frac{\text{Rate}}{100} \times \frac{5.5}{12}$$

$$\text{Menon's} = 24{,}000 \times \frac{10}{100} \times \frac{5.5}{12} = 1{,}100$$

$$\text{Thomas's} = 24{,}000 \times \frac{10}{100} \times \frac{5.5}{12} = 1{,}100$$

********** END **********