



Q22. Raj and Neeraj are partners in a firm. Their capitals as on April 01, 2015 were Rs.2,50,000 and Rs.1,50,000, respectively. They share profits equally. On July 01, 2015, they decided that their capitals should be Rs.1,00,000 each. The necessary adjustment in the capitals were made by introducing or withdrawing cash by the partners'. Interest on capital is allowed @ 8% p.a. Compute interest on capital for both the partners for the year ending on March 31, 2016.

Sol:

Interest on Capital

Raj			
Period	Months	Capital × Period=	Product
1 <sup>st</sup> April, 2015 to 30 <sup>th</sup> June, 2015	3	2,50,000 × 3 =	7,50,000
1 <sup>st</sup> July, 2015 to 31 <sup>st</sup> March, 2016	9	1,00,000 × 9 =	9,00,000
		Sum of Product	16,50,000

$$\begin{aligned}
 \text{Interest} &= \text{Sum of Product} \times \frac{\text{Rate}}{100} \times \frac{1}{12} \\
 &= 16,50,000 \times \frac{8}{100} \times \frac{1}{12} \\
 &= 11,000
 \end{aligned}$$

Neeraj			
Period	Months	Capital × Period	Product
1 <sup>st</sup> April, 2015 to 30 <sup>th</sup> June, 2015	3	1,50,000 × 3 =	4,50,000
1 <sup>st</sup> July, 2015 to 31 <sup>st</sup> March, 2016	9	1,00,000 × 9 =	9,00,000

		Sum of Product	13,50,000
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$$\begin{aligned}
 \text{Interest} &= \text{Sum of Product} \times \frac{\text{Rate}}{100} \times \frac{1}{12} \\
 &= 13,50,000 \times \frac{8}{100} \times \frac{1}{12} \\
 &= 9,000
 \end{aligned}$$

\*\*\*\*\* END \*\*\*\*\*