Q24.

Harish is a partner in a firm. He withdrew the following amounts during the year 2015 :

	Rs.
February 01	4,000
May 01	10,000
June 30	4,000
October 31	12,000
December 31	4,000

Interest on drawings is to be charged @ 7 1/2 % p.a.

Calculate the amount of interest to be charged on Harish's drawings for the year ending December 31, 2015.

Solution.

Calculation of interest on Harish's drawings			
Period	Month	Drawings × Period	Product
1st Feb, 15 to 31st Dec, 15	11	4,000 × 11 =	44,000
1st May, 15 to 31st Dec, 15	8	10,000 × 8 =	80,000
30th June, 15 to 31st Dec, 15	6	4,000 × 6 =	24,000
31st Oct, 15 to 31st Dec, 15	2	12,000 × 2 =	24,000
31st Dec, 15 to 31st Dec, 15		4,000 × 0 =	0
	Sum of Product		1,72,000

Intrest on Drawings = Sum of the Product x Rate/100 x 1/12
=1,72,000 x 7.5/100 x 1/12
= 1,075

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drawings is to be charged @ 10% p.a. Calculate interest on Menon's drawings for the year 2006, assuming that money is withdrawn: (i) in the beginning of every month, (ii) in the middle of every month, and (iii) at the end of every month.

Solution.

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 **********