



Q5. Give two circumstances under which the fixed capitals of partners may change.

Solution: Two circumstances under which the fixed capitals of partners may change:

1. When additional capital is introduced by partners during the year.
2. When a part of capital is permanently withdrawn by the partner from the firm.

Q6: If a fixed amount is withdrawn on the first day of every quarter, for what period the interest on total amount withdrawn will be calculated?

Solution: When a fixed amount is withdrawn on the first day of every quarter, the interest on drawing will be calculated for a period of seven and half months.

Example: If a partner withdraws Rs.6,000 on the first day of each quarter and the interest is charged @ 12% on the drawings, then the interest on drawings will be calculated as

Total drawing made during the year by the partner is Rs.24,000 (i.e. $6,000 \times 4$)

$$\text{interest on drawings} = 24,000 \times \frac{12}{100} \times \frac{7\frac{1}{2}}{12} = 1800$$

***** END *****