



Q26. On March 31, 2015, after the close of books of accounts, the capital accounts of Ram, Shyam and Mohan showed balance of Rs.24,000 Rs.18,000 and Rs.12,000, respectively. It was later discovered that interest on capital @ 5% had been omitted. The profit for the year ended March 31, 2015, amounted to Rs.36,000 and the partner's drawings had been Ram, Rs.3,600; Shyam, Rs.4,500 and Mohan, Rs.2,700. The profit sharing ratio of Ram, Shyam and Mohan was 3:2:1. Calculate interest on capital.

Sol:

Interest on capital is calculated on the opening balance of capital.

Therefore, opening Capital:

	Ram	Shyam	Mohan
Capital as on March 31, 2015 (closing)	24,000	18,000	12,000
Add: Drawings	3,600	4,500	2,700
Less: Profit (3:2:1)	(18,000)	(12,000)	(6,000)
Capital as on April 01, 2014 (opening)	9,600	10,500	8,700

Here, Interest on Capital = Opening Capital  $\times \frac{\text{Rate}}{100}$

$$\text{Ram's} = 9,600 \times \frac{5}{100} = 480$$

$$\text{Shyam's} = 10,500 \times \frac{5}{100} = 525$$

$$\text{Mohini's} = 8,700 \times \frac{5}{100} = 435$$

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