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Date	Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
31.03.2018	Interest on Capital Account.....Dr		12,600	
	To A's Current A/c			5,400
	To B's Current A/c			7,200
	(Interest on capital credited to Partners' Current A/cs)			
31.03.2018	Profit and Loss Appropriation A/c.....Dr		12,600	
	To Interest on Capital A/c			12,600
	Interest on capital transferred to Profit and Loss Appropriation A/c)			

Working Notes

Particulars	Partner A (Amount Rs.)	Partner B (Amount Rs.)	Total
Capital Balance as at 31-03-2017	60,000	80,000	
Interest on Capital @ 12% p.a.	7,200	9,600	16,800
Profit			12,600
Since appropriation are more than profit, the interest will be distributed in the ratio of Appropriations	1,52,200	1,44,800	
Ratio of Interest on Capital	3	4	
Interest on Capital	$12,600 \times \frac{3}{7}$	$12,600 \times \frac{4}{7}$	
	= 5,400	= 7,200	