

Solution-72

JOURNAL

Date	Particulars	L.F.	Dr Amount (₹)	Cr Amount (₹)
2018 Mar 31	Bobby's Capital A/c Dr To Abhir's Capital A/c To Vineet's Capital A/c (Being adjustment entry for correcting appropriations and impact of divisible profits)		14,402	10,112 4,290

	Abhir	Bobby	Vineet
Capital as at 31-03-2018	8,00,000	6,00,000	4,00,000
Add:			
Drawings	2,40,000	1,00,000	1,00,000
Less:			
Profit for the year	(60,000)	(60,000)	(30,000)
Capital as at 31-03-2017	9,80,000	6,40,000	4,70,000
Interest on Capital @ 10%	98,000	64,000	47,000
Interest on Capital restricted to divisible profit (Very Important)	76,712 Cr	50,098 Cr	36,790 Cr
Interest on Drawings @ 6%	6,600 Dr	4,500 Dr	2,500 Dr
Effect on divisible profits	60,000 Dr	60,000 Dr	30,000 Dr
Net Effect	10,112 Cr	14,402 Dr	4,290 Cr

Interest on Drawings

Total Drawings x $\frac{1}{12}$ x rate x average period

$$\text{Abhir} = 2,40,000 \times \frac{1}{12} \times 6\% \times \frac{(11+0)}{2} = 6,600$$

$$\text{Bobby} = 1,00,000 \times \frac{1}{2} \times 6\% \times \frac{(2+1)}{2} = 4,500$$

$$\text{Vineet} = 1,00,000 \times 6\% \times \frac{5}{12} = 2,500$$

