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JOURNAL

Date	Particulars	L.F.	Dr Amount (₹)	Cr Amount (₹)
2014 Mar 31	Saroj's Capital A/c Dr Mahinder's Capital A/c To Umar's Capital A/c (Being adjustment entry for correcting appropriations and impact of divisible profits)		2,350 1,300	3,650

	Saroj	Mahinder	Umar
Capital as at 31-03-2014	80,000	60,000	40,000
Add:			
Drawings	24,000	24,000	36,000
Less:			
Profit for the year	(40,000)	(30,000)	(10,000)
Capital as at 31-03-2013	64,000	54,000	66,000
Interest on Capital @ 10%	6,400 Cr	5,400 Cr	6,600 Cr
Interest on Drawings @ 6%	550 Dr	550 Dr	900 Dr
Effect on divisible profits	8,200 Dr	6,150 Dr	2,050 Dr
Net Effect	2,350 Cr	1,300 Dr	3,650 Cr

Interest on Drawings

Total Drawings x 1/12 x rate x average period

$$\text{Saroj \& Mahinder} = 24,000 \times \frac{1}{12} \times 5\% \times \frac{(11+0)}{2} = 550$$

$$\text{Umar} = 36,000 \times 5\% \times \frac{1}{12} = 900$$

