K.G.S. MARTIC .HR. SEC. SCHOOL.
POONDI RING ROAD, 4TH CHETTIPALAYAM (PO),
TIRUPUR - 3

LEARN TO LEAD

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(HIGHER SECONDY INCHARGE)
12TH - ACCOUNTANCY

3. ACCOUNTS OF PARTNERSHIP FIRMS FUNDAMENTALS

INTEREST ON CAPITAL:

- **Interest on capital** = Amount of capital $\times$ Rate of interest per annum $\times$ Period of interest
  
  $\frac{100}{100}$ $\frac{12}{12}$

[Note: Since the date of additional capital introduced is not given, interest on additional capital is calculated for an average period of 6 months]

INTEREST ON DRAWINGS:

I. DIRECT METHOD

- **Interest on drawings** = Amount of drawings $\times$ Rate of interest $\times$ Period of interest
  
  $\frac{100}{100}$ $\frac{12}{12}$

[Note: Since the date of drawings is not given, interest is calculated for an average period of 6 months]

II. PRODUCT METHOD

Calculate interest at the prescribed rate for one month by using the following formula.

- **Interest on drawings** = Sum of products $\times$ Rate of interest $\times$ 1
  
  $\frac{100}{100}$ $\frac{12}{12}$

Calculate interest at the prescribed rate for per day by using the following formula.

- **Interest on drawings** = Sum of products $\times$ Rate of interest $\times$ 1
  
  $\frac{100}{100}$ $\frac{12}{12}$
III. AVERAGE PERIOD METHOD:

- **Interest on drawings** = Total amount of drawings × Rate of interest × Average period

100 12

- **Average period in Month:**
  - Withdrawn in the beginning of every month
    
    \[
    \text{Average Period} = \frac{12 + 1}{2} = \frac{13}{2} = 6.5 \text{ month}
    \]

    \[
    = \frac{6.5}{12} \text{ (or) } \frac{13}{24}
    \]
  
  - Withdrawn in the middle of every month
    
    \[
    \text{Average Period} = \frac{11.5 + 0.5}{2} = \frac{12}{2} = 6 \text{ month}
    \]

    \[
    = \frac{6}{12} \text{ (or) } \frac{12}{24}
    \]
  
  - Withdrawn in the End of every month
    
    \[
    \text{Average Period} = \frac{11 + 0}{2} = \frac{11}{2} = 5.5 \text{ month}
    \]

    \[
    = \frac{5.5}{12} \text{ (or) } \frac{11}{24}
    \]

- **Average period in Quarterly:**
  - Withdrawn in the beginning of every quarter
    
    \[
    \text{Average Period} = \frac{12 + 3}{2} = \frac{15}{2} = 7.5 \text{ month}
    \]

    \[
    = \frac{7.5}{12} \text{ (or) } \frac{15}{24}
    \]
Withdrawn in the middle of every quarter

\[
\text{Average Period} = \frac{10.5 + 1.5}{2} = \frac{12}{2} = 6 \text{ month}
\]

Withdrawn in the End of every quarter

\[
\text{Average Period} = \frac{9 + 0}{2} = \frac{9}{2} = 4.5 \text{ month}
\]

Average period in Half yearly:

Withdrawn in the beginning of half yearly

\[
\text{Average Period} = \frac{12 + 6}{2} = \frac{18}{2} = 9 \text{ month}
\]

Withdrawn in the middle of half yearly

\[
\text{Average Period} = \frac{9 + 3}{2} = \frac{12}{2} = 6 \text{ month}
\]

Withdrawn in the End of half yearly

\[
\text{Average Period} = \frac{6 + 0}{2} = \frac{6}{2} = 3 \text{ month}
\]
**SALARY AND COMMISSION TO PARTNERS:**

- Commission as a percentage of net profit **Before** charging such commission
  
  \[ \text{Net profit before commission} \times \frac{\text{Percentage of commission}}{100} \]

- Commission as a percentage of net profit **After** charging such commission
  
  \[ \frac{\text{Net profit before commission} \times \text{Percentage of commission}}{100 + \text{Percentage of commission}} \]


>>> ALL THE BEST <<<

Padasalai

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