

Tracy Vs. Wikoff

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Court : US Supreme Court

Decided On : 1785

Appeal No. : 1 U.S. 124

Appellant : Tracy

Respondent : Wikoff

Judgement :

TRACY v. WIKOFF - 1 U.S. 124 (1785)

U.S. Supreme Court TRACY v. WIKOFF, 1 U.S. 124 (1785)

1 U.S. 124 (Dall.)

Tracy v. Wikoff

Supreme Court of Pennsylvania April Term, 1785

In this cause the Chief Justice laid down the following rule in computing interest.

Mc KEAN, Cheif Justice.

The rule of computing interest must be such, that the interest of money paid in before the time, must be deducted from the interest of the whole sum due at the time appointed by the instrument for making the payment. For instance, a bond to pay L.100, with annual interest at 6 per cent and at the end of six months, L. [[Footnote 50](#)] is paid in. This payment shall not be apportioned, L. [[Footnote 3](#)] to the discharge of the half year's interest, and L. [[Footnote 47](#)] to the diminution of the principal; so as to calculate the remaining interest at 6 per cent, upon L. [[Footnote 53](#)] for six months; But the interest shall be charged at the end of the year upon L.100; the payment of L. [[Footnote 50](#)] shall then be deducted from the aggregate sum of L.106, and the obligor receive a credit for L.1, 10 as interest of L. [[Footnote 50](#)] for six months.

The reason and propriety of the rule laid down by the Chief Justice, will be evident from a short calculation, stating Obligor and Obligee, as Debtor and Creditor, according to the mercantile form. Dr. John Stiles, in account with John Nokes, per Contra. Cr. 1784 1783 January 1. To his bond and 1 July 1. By cash - - L. [[Footnote 50](#)] 0 0 year's interest.L.106. 1784 Jan. 1. By interest of L50 paid as above - 1 10 0 By balance - - 54 10 0 L.106 L.106 0 0

But if this account were stated on the contrary principle, it would appear as follows. Dr. John Stiles, &c.; Per Contra. Cr. 1784 1784 July 1. To his bond & 6 1 July By cash 6 mos. mos. interest L.103 0 0 interest - - L. 3 0 0 50 By do. on acct. 1785 of principal - 47 0 0 Jan. 1. To his bond 53 0 0 To 6 mos.int. 1 11 9 1/2 1785 50 0 0 1 Jan. By cash - 54 11 9 1/2 L. 54 11 9 1/8 L.104 11 9 1/2

So that the Obligor not only pays L. [[Footnote 1](#)] 11 9 1/2 more in the year by the second method of calculation; but the Obligee gains L. 3 more upon his L.100; for, if he puts out the L. [[Footnote 47](#)] when he

receives it, at the end of the six months it will yield L. $1\frac{1}{2}$ interest, which added to L. [[Footnote 7](#)] $11\frac{1}{2}$, that he has already received, amounts to L.9.

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