



# Financial Accounts.

B. Com. Part I

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## Question.

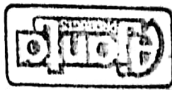
1 Jan 2006 M/s A purchased a machine under two years each instalment payment system half yearly. The cash price of the machine is 14870. The cash price of the machine is paid Rs 4000 is paid p.a on half yearly rest. Machine is depreciated @ 15 on reducing balance system. Pass journal entries in the book of A.

## Ans.

Calculation of Interest.

1 Jan 2006	Cash price.	14870
June 30 2006	Add Int -	446
		<hr/>
		15316
	(-) First Inst Paid	4000
		<hr/>
		11316
	+ 31 Dec 2006 Int -	339.
		<hr/>
	(-) Int of 31 Dec 2006 -	11655
		4000
		<hr/>
		7655
	+ Int of 30 June 2007.	230
		<hr/>
		7885
	(-) Int of 30 June 2007.	4000
		<hr/>
		3885
	Int of 31 Dec 2007 -	4000
		<hr/>
		4185

10/10/11



# Journal Entries in the books of A.

Date	Particulars	L.F.	AMOUNTS	
			Dr	Cr
1 Jan 2006	Machinery A/c dr Gnt Suspenses & cr TO Vendor ac (Buy Machinery purchased on instalment system)		14870 1130	16000
30 June 2006	Gntest ac dr TO Gntest suspenses (Buy Gnt Allowed)	6	446	446
30 June 2006	Vendor ac dr TO Cash (Buy Gnt Paid)		4000	4000
31 Dec 2006	Gnt ac dr TO Gnt suspenses (Buy Gnt Allowed)		329	329
31 Dec 2006	Vendor ac dr TO Cash (Buy second Gnt Paid)		4000	4000
31 Dec 2006	depreciation ac dr TO machinery (Buy dep charged on Machin)		2230	2230
31 Dec 2006	Psl ac dr TO Gntest " Depreciation (Buy Gnt & Depreciation was for to Psl ac)		3075	785 2230
2007 30 June	Gntest ac dr TO Gnt suspenses (Buy Gnt Allowed)		230	230

30 Dec 2007 Vendor a/c Dr 4000  
 To Cash.  
 (Buy payment of third instalment)

31 Dec 07 Int a/c Dr 115  
 To Int expenses  
 (Buy Int allowed)

31 Dec 2007 Vendor a/c Dr 4000  
 To Cash.  
 (Buy payment of fourth Inst)

31 Dec 07 Depreciation a/c Dr 1896  
 To Machine.  
 (Buy Depreciation on Machine)

PSL a/c Dr 2241  
 To Int 115  
 To Depreciation 1896

(Buy Int & Depreciation transferred to PSL a/c)