

10.7.20

Financial Accounts.

B. Com Part I

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Question.

National Transport Company purchased from Metro Motors, three trucks costing 50000 each on the Hire purchase system.

Payment was to be made Rs 30000 down and the remainder in three equal instalments together with Int @ 9% p.a. National Transport Company

wrote off depreciation 20% on reducing balance system. It paid first instalment due at the end of the first year

But could not pay the next. As hire purchaser has not paid the statutory

proportion on purchase price. Metro Motor

After completing all the formalities agreed to leave one truck with the hire

purchaser Adjusting the value of other two against the amount due. The

trucks were valued on the basis of 30% depreciation annually on reducing

Method. Show necessary Accounts in the book of National Transport Co for 2 years.

Ans.

Motor Accounts (Vendor Co.)

<u>I year</u>	<u>TO</u>	<u>BY</u>	
TO Bank	30000	By Trucks	15000
" Bank	50800	" Cash	10800
" Bal c/w	80000		
	<u>160800</u>		<u>160800</u>
<u>II year</u>	49000	<u>II year</u>	8000
TO Trucks (Cost of 2 Trucks)	38200	By Bal c/w	7200
" Bal c/w	87200		
	<u>87200</u>		<u>87200</u>

<u>Trucks</u>			
<u>I year</u>	<u>TO</u>	<u>BY</u>	
TO Motor Make	150000	By Depreciate	30000
		" Bal c/w	120000
	<u>150000</u>		<u>150000</u>
<u>II year</u>	120000	<u>II year</u>	9000
TO Bal c/w		By Depreciate	4900
		" Motor Make	15000
		" Bal c/w	92000
	<u>120000</u>		<u>120000</u>