

Financial Accounts

B. Long Part I

Chapter Hire purchase system
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Example - (11) Numerical.

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Question:

Sudhin purchased a machine whose cash price is Rs. 45000 on 1 Jan 2002 on Hire purchase system. His payment is to be made in 4 half yearly instalments of 12500 each. Rate of interest is 8% per annum. Machine was destroyed by an accident on 1 Jan 2004 and Sudhin received 35000 from insurance company. Depreciation is 10% per annum. It is calculated of fixed instalment system. Sudhin closes his book every year on 31 ~~Dec~~ October. open Accrued Interest Account, Machinery Accounts and Interest Account in the book of Sudhin.

Calculation

$$\begin{array}{r} 45000 \\ 10700 \text{ (-) C.P.} \\ \hline 34300 \end{array}$$

$$\frac{45000 \times 4}{10} = 1800 \quad \text{I year } 307400$$

$$\begin{array}{r} \text{Inst } 12500 \\ \text{(-) Inst } 1800 \\ \hline 10700 \end{array}$$

$$11128$$

31 Dec I year C.P.

$$\frac{34300 \times 4}{10} = 1372$$

$$\begin{array}{r} \text{Inst } 12500 \\ \text{(-) Inst } 1372 \\ \hline \text{C.P. } 11128 \end{array}$$

$$\frac{23172}{11573}$$

II year

$$\frac{23172 \times 4}{10} = 927$$

$$\begin{array}{r} \text{Inst } 12500 \\ \text{(-) Inst } 927 \\ \hline \text{C.P. } 11573 \end{array}$$

$$\frac{11573}{11599}$$

31 Dec

$$\begin{array}{r} \text{Inst } 12500 \\ \text{(-) } 11599 \\ \hline \text{C.P. } = 901 \text{ Inst} \end{array}$$

To the book of Sudhar.

Hire vendor account

Date	Particulars	Amount	Date	Particulars	Amount
1794 2002	By Machinery	45000	30 June 2002	To Bank -	12500
	" Fund acc.	1800		" Bg/ced	34300
		<u>46800</u>			
31 Dec 2002	By Bg/Bid	34300			
30 June 2003	By Fund	927			
		<u>36599</u>			
31 Dec 2003	By Fund	910			
		<u>12500</u>			

Machinery ac

Year	Particulars	Amount	Year	Particulars	Amount
1794 2002	To Hire vendor	45000	2002	By Depreciat (10% 412)	3750
		<u>45000</u>	31 Oct 2002	By Bg/ced	41250
					<u>45000</u>
1 Nov 2003	To Bg/ced	41250	2003	By Depreciat	4500
		<u>41250</u>	Oct 9 2003	" Bg/ced	36750
					<u>41250</u>
1 Nov 2003	To Bg/Bid	36750	31 Dec 2003	By Depreciat	750
		<u>36750</u>			<u>35000</u>
			1794 PSC		100

Accrued Fund amt re.

Year	Particulars	Amount	Year	Particulars	Amount
Oct 31 2002	To Bal. c/w	914.67	31 Oct 2002	By Fund amt	914.67
1 Nov 2002	To Fund amt	914.67			
31 Oct 2003	To Bal. c/w	600.67	1 Nov 2002	By Bal. c/w	914.67
		1515.34	31 Oct 2003	" Fund amt	600.67
					1515.34
1 Nov 2003	To Fund amt	600.67	1 Nov 2003	By Balance b/d	600.67

Year	Particulars	Amount	Year	Particulars	Amount
2002 30 June 31 Oct	To Hire vendor " Accrued Amt	1500 914.67	2002 31 Oct	By PSL	2714.67
		2714.67			2714.67
2002 31 Dec 2003 30 June 31 Oct	To Hire vendor " Hire vendor " Accrued Amt	1372 927 600.67	2002 1 Nov 2003 31 Oct	By Accrued Fund amt By PSL	914.67 1985
		2899.67			2899.67
31 Dec 2003	To Hire vendor	901	1 Nov 2003 31 Oct	By Accrued Amt PSL	600.67 300.33
		901			901