

# Problem No. 9

Thurs

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DATE: / /

Vijay Anand purchased a motor car from Hindustan Motors Ltd. at Calcutta on 1st Jan. 2001 on Hire purchase system. The payment is to be made as follows: Rs. 4000/- on delivery, 7600/- at the end of the first year, Rs. 6000/- at the end of the second year & Rs. 5500/- at the end of the third year. Interest @ 10% P.A. is included in these installments. Vijay Anand closed his Books on 31st Dec. each year by charging depreciation on the motor car @ 15% P.A. on Diminishing Balance method.

You are required to open the necessary ledger A/c in the Books of Vijay Anand & show the working of Interest.

Statement showing the calculation of Interest

Date	H.P.P.	Installment + Subsequent bal. of cash portion	10% Interest	Cash portion
1.1.2001	4000			4000
31.12.2001	7600	7,600 + 5000 + 5000 = 17,600	110 : 10 1600 17,600 : ?	6000
31.12.2002	6000	6000 + 5000 = 11,000	110 : 10 1000 11,000 : ?	5,000
31.12.2003	5500	5500 + Nil	110 : 10 500 5500 : ?	5000
		<u>23,100</u>	<u>3100</u>	<u>20,000</u>

Calculation of Depreciation @ 15% P.A. by Diminishing Bal. method.

31.12.2001	31.12.2002	31.12.2003
15% on 20,000	15% on 17,000	15% on 14,450
= 3000	= 2550	= 2168



In the Books of Vijay Anand

Journal.

Date	Particulars	31.12.2001	31.12.2002	31.12.2003
1.1.2001	Motaz Car A/c Dr	4000		
	To M/s Hindustan Motaz's Ltd.	4000		
1.1.2001	M/s Hindustan motaz's Ltd. A/c Dr.	4000		
	To cash	4000		
31.12. <del>2001</del>	Motaz Car A/c Dr.	6000	5000	5000
	Interest A/c Dr	1600	1000	500
	To M/s Hindustan motaz's Ltd.	7600	6000	5500
31.12.	M/s. Hindustan motaz's Ltd. A/c Dr.	7600	6000	5500
	To cash.	7600	6000	5500
31.12.	Depreciation A/c Dr.	3000	2550	2168
	To Motaz Car A/c	3000	2550	2168
31.12.	Profit & Loss A/c Dr.	4600	3550	2668
	To Depreciation A/c	3000	2550	2168
	To Interest A/c	1600	1000	500



Ledger Alc's

Dr.		Motor Car Alc			Cr.
1.1.2001	To M/s Hindustan Motor Ltd.	4000	31.12.2001	By Depreciation Alc	3000
31.12.2001	To M/s Hindustan Motor Ltd.	6000	31.12.2001	By Balance c/d	7000
		<u>10,000</u>			<u>10,000</u>
1.1.2002	To Balance b/d	7000	31.12.2002	By Depreciation Alc	2550
31.12.2002	To M/s Hindustan Motor Ltd.	5000	31.12.2002	By Balance c/d	9450
		<u>12,000</u>			<u>12,000</u>
1.1.2003	To Balance b/d	9450	31.12.2003	By Depreciation Alc	2168
31.12.2003	To M/s Hindustan Motor Ltd.	5,000	31.12.2003	By Balance c/d	12282
		<u>14,450</u>			<u>14,450</u>
1.1.2004	To Balance b/d	12,282			

Dr.		M/s Hindustan Motor's Ltd. Alc			Cr.
1.1.2001	To Cash Alc	4000	1.1.2001	By Motor Car Alc	4000
31.12.2001	To Cash Alc	7,600	31.12.2001	By Motor Car Alc	7600
		<u>11,600</u>			<u>11,600</u>
31.12.2002	To Cash Alc	6000	31.12.2002	By Motor Car Alc	5000
			31.12.2002	By Interest Alc	1000
		<u>6000</u>			<u>6000</u>
31.12.2003	To Cash Alc	5500	31.12.2003	By Motor Car Alc	5000
			31.12.2003	By Interest Alc	500
		<u>5500</u>			<u>5500</u>

**Thank u**