# **Dr.Uttam Kumar SRAP College, Barachakia** 8210561032 **Subject:-Financial Accounting** Topic **Hire Purchase System**



## "Nothing is more important than Education"

#### **(B)** Additional Interest

#### Opening Ledger A/cs in the Books of Purchaser and Depreciation on Fixed Method

### problem 9

Singh Coal Co. Ltd. agreed to purchase wagon on the Hire Purchase System for ₹ 4,600. ₹ 600 were paid when wagon was acquired on 1st January, 2013 and the balance was to be paid by annual instalments of ₹ 800 plus interest at 5% per annum. Open the necessary ledger accounts in the books of the Singh Coal Co. Ltd. Showing the details to the completion of this transaction. Singh Coal Co. Ltd. depreciates the wagon each year by 10% on the original cost.

Solution	*
Year	Cash

**Calculation of Interest** 

Year	Cash Price	Interest ₹	Instalment
Ι	4,600	4,000×5 - 200	800 For Wagon
	-600	$\frac{100000}{100} = 200$	+ 200 For Interest
	4,000		1,000 Total Amount of
		California and California	Instalment.
Ι	-800	$3,200 \times 5 - 160$	800 For Wagon
	3,200	$\frac{3,200\times5}{100} = 160$	+ 160 For Interest
		The second second the	960 Total Amount of
		a spectral tone with an of	Instalment.
Ι	-800	$\frac{2,400\times5}{120} = 120$	800 For Wagon
	2,400	120 - 120	+ 120 For Interest
		alter alter	920 Total Amount of
			Instalment.

				and	800	For wagon	/
-800		1,0	$,600 \times 5 = 80$			For Interest	
IV	1,600		100		880	Total Amount of Instalment.	
	1,000	S					
		1.44			800	For Wagon For Interest	
V	-800			10			· Instantion
	800		.00	_	840	Instalment.	
		Total In	00				
-		Calcu	lation of	Depreci	ation	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
		4,	$600 \times 10$ =	₹ 460 per	year.		
			100 of Singh	Geal C	ompa	ny Ltd.	
	In th	e Books	of Singh	1 Coar C			
			wagon			Particulars	Amount
Date	Particul	ars	Amount	Date			State State State State
2013	and the second se		Ŧ	2013	By De	preciation A/c	Ŧ
and the second second	To Cash A/c		600	Dec. 31	By Ba	alance c/d	460
	To Vendor's A	/c	800		Dy Du		940
			1,400			all and a start of the	1,400
	Part Charles			2014			A SAME
2014			940	Dec. 31	By De	preciation A/c	460
	To Balance b/c		800	Dec. 02	By Ba	lance c/d	1,280
Dec. 31	To Vendor's A	/c			-0		1,740
	A Contractor		1,740	- 44	1.23	and a set of the set of the	1,140
2015	No.			2015	S. Sala		A BARREL
	To Balance ble	đ	1,280	Dec. 31	By De	preciation A/c	460
Jan. 1 To Balance b/d To Vendor's A/c			800		By Ba	alance c/d	1,620
	AU VERICOL B IN	No. 1 av	2,080	120		all Physical and	2,08
			2,000	2016			
2016			1 000	Dec 21	By D	epreciation A/c	1
	To Balance b/c		1,620		By B	alance c/d	46
Dec. 31	To Vendor's A/	c	800	ALL MAR	Dy D	and the second	1,96
and a light	1253	. 1.1.	2,420		1	and the second second	2,42
2017	Section and	Sund 1		2017	1 Cal		- Daire -
	To Balance b/c	ł	1,960	Dec. 31	By D	epreciation A/c	46
	To Vendor's A/		800	Dec. 31	By B	alance c/d	2,30
Re			2,760		1. 1.		2,70
AND AND A			2,100		a stra		- 4,1

}\_\_\_\_\_

#### Vendors Account

Date	Particulars	Amount	Date	Particulars	Amount
2013		Ŧ	2013	Service and a contract	Ŧ
Dec. 31 To Bank A/c	To Bank A/c	1,000	Dec. 31	By Wagon A/c	800
		Constant Sec.	By Interest A/c	200	
		1,000	See. 1		1,000
2014		The second	2014	the state of a large	and the second second
Dec. 31 To Bank A/c	To Bank A/c	960	Dec. 31	By Wagon A/c	800
			By Interest A/c	160	
		960			960
2015			2015		
Dec. 31 To Ban	To Bank A/c	920	and the second second second	By Wagon A/c	800
			Paris and	By Interest A/c	120
		920	with the		92
		A CALL IN STREET, I AND	and the second second		THE R. L.

	b Bank A/c b Bank A/c	880 <u>880</u> 840 <u>840</u>	2016 Dec. 31 2017 Dec. 31	By Interest A/c	800 80 880 880 800 40 840 840
	the start	Interest	Accoun	t	
	Particulars	Ŧ	Date	Particulars	+
Date	Vandors A/c	200	31.12.13	By Statement P/L A/c	200
31.12.13	To Vendors A/c To Vendors A/c	160	31.12.14	By Statement P/L A/c	160
\$1.12.14	The Vendors A/c	120	31.12.15	By Statement P/L A/c	120
31.12.10	To Vendors A/c	80	31.12.16	By Statement P/L A/c	80
\$1.12.10 e1 12.17	To Vendors A/c	40	31.12.17	By Statement P/L A/c	<u>40</u>
01	Low Hard At Hard	epreciati	on Acco	unt	
Date	Particulars	Ŧ	Date	Particulars	<del></del>
01 12.13	To Wagon A/c	460	31.12.13	By Statement P/L A/c	460
31 12.14	To Wagon A/c	460	31.12.14	By Statement P/L A/c	460
31.12.15	To Wagon A/c	460	31.12.15	By Statement P/L A/c	460
31.12.16	To Wagon A/c	460	and the first the stand of the	By Statement P/L A/c	460
31.12.17	To Wagon A/c	460	31.12.17	By Statement P/L A/c	460