

Q. → Sri A.K. Saraf purchased a truck on Instalment payment system from Kejriwal & Co. on 1.1.2008. The cash price of the truck was Rs 2,00,000. The price was to be paid as 63,840 down and the balance in 3 equal annual instalments from 31.12.2008 at 5% interest per annum.

Rs 1 can buy an annuity of Rs 0.367215 at 5% for three years. Buyer depreciates truck at 10% p.a. on diminishing balance basis. Show the Truck A/c Vendor's A/c and the Interest Suspense A/c in the books of A.K. Saraf.

Solution

| | | |
|-----------------------------|----------|----------|
| Cash value | 2,00,000 | 2,00,000 |
| Less cash paid on agreement | | 63,840 |
| Due | | 1,36,160 |

∴ Amount of Instalment = $1,36,160 \times 0.367215$
 = Rs 49,999.99944
 = 50,000

| Yr | Cash value | Interest | Instalment |
|-----|--------------------------------------|--|--|
| I | 200,000 - 63,840 <hr/> 136,160 | 6808 $1,36,160 \times 5\% = 6,808$ | 50,000 6,808 <hr/> 43,192 |
| II | - 43,192 <hr/> 92,968 | 4648.4 $92,968 \times 5\% = 4,648.40$ | 50,000.00 4,648.40 <hr/> 45,351.60 |
| III | - 45,351.60 <hr/> 47,616.40 | 2383.60 $50,000 - 47,616.40 = 2,383.60$ | |

Dr 13,840.00
 Truck A/c

| Date | Particulars | Amount | Date | Particulars | Amount |
|---------------|------------------|----------|----------------|--------------|----------|
| 2008 Jan 1 | To Kejriwal & Co | 200,000 | 2008 Dec 31 | By Depre A/c | 20,000 |
| | | | | By Balan c/d | 1,80,000 |
| | | 200,000 | | | 2,00,000 |
| 2009 Jan 1 | To Balan b/d | 1,80,000 | | By Depre A/c | 1,91,000 |
| | | | | By Balan c/d | 1,62,000 |
| | | 1,80,000 | | | 1,80,000 |

Tanaka A/c

| Date | Particulars | Amount | Date | Particulars | Amount |
|---------------|-----------------------|---------|----------------|-----------------|---------|
| 2010 Jan 1 | To Balance b/d | 168,000 | 2010 Dec 31 | By Tapan A/c | 16,800 |
| | | 168,000 | | By Balance c/d | 141,200 |
| | | | | | 168,000 |
| 2008 Jan 1 | To Keprimal & com A/c | 13,840 | 2008 Dec 31 | By Interest A/c | 6808 |
| | | 13,840 | | By Balance c/d | 7,032 |
| | | | | | 13,840 |
| 2009 Jan 1 | To Balance b/d | 70,320 | 2009 Dec 31 | By Interest A/c | 46,484 |
| | | 70,320 | | By Balance c/d | 23,836 |
| | | | | | 70,320 |
| 2010 Jan 1 | To Balance b/d | 23,836 | 2010 Dec 31 | By Interest A/c | 2,436 |
| | | | | | |

Dr. Keprimal & com (Vendor's A/c) Cr.

| Date | Particulars | Amount | Date | Particulars | Amount |
|----------------|----------------|----------|---------------|--------------------------|----------|
| 2008 Jan 1 | To Cash A/c | 63,840 | 2008 Jan 1 | By To Cash A/c | 200,000 |
| Dec 31 | To Cash A/c | 50,000 | | By Interest suspense A/c | 13,840 |
| | To Balance c/d | 100,000 | | | |
| | | 2,13,840 | | | 2,13,840 |
| 2009 Dec 31 | To Cash A/c | 50,000 | 2009 Jan 1 | By Balance b/d | 100,000 |
| | To Balance c/d | 50,000 | | | |
| | | 1,00,000 | | | 1,00,000 |
| 2010 Dec 31 | To Cash A/c | 50,000 | 2010 Jan 1 | By Balance b/d | 50,000 |
| | | | | | |

Dr Jagdish Prasad Beishankhi
 Deptt of Commerce
 Dr. K.K.V.D. College Tappan
 Date - 15.07.2020