

## **D. PRACTICAL**

**1.** Mahesh purchased a machine from Jayesh on 1-4-2008. Details were as follows :

- (1) The cash price of the machine was Rs. 22,000.
- (2) Rs. 7,000 was paid on the date of purchase.
- (3) The instalments were paid as under :

1st instalment on 31-3-2009	Rs. 6,500
2nd instalment on 31-3-2010	Rs. 6,000
3rd and Final instalment on 31-3-2011	Rs. 5,500
- (4) Jayesh charged interest at 10% p.a. on the outstanding balance of cash price.

7. Gita has purchased one machinery on hire purchase agreement. The cash price of machinery is Rs. 90,000. The amount is to be paid on agreement Rs. 30,000 and balance amount is paid by three equal annual instalments of Rs. 30,000 each. Compute the interest of third year.

*[South Guj. Uni., S.Y., April, 2003, 2013]*

[Ans.: Rate of interest is not given. Total interest is Rs. 30,000. Interest of third year Rs. 5,000 ( $30,000 \times 1/6$ ). Proportion of Interest is 3 : 2 : 1.]

8. Demesh has purchased one machinery on hire purchase agreement. The

Rs. 2,000 and Rs. 1,000 respy.]

4. Ninad has purchased a computer on hire purchase basis from Gaurav on 1st April, 2007 :

Payment terms are as under :

Date

Amount with interest

Rs.

31-3-08

96,000

31-3-09

87,000

31-3-10

78,000

31-3-11

69,000

Interest is to be charged on the opening balance of the year at 15%; Depreciation is to be charged at 10% on reducing balance method. Write journal entries of all the years in the books of Ninad.

Show the calculations regarding interest.



**When cash price is calculated from Annuity Table :**

**11.** A company purchases a machine on Hire-purchase system on 1-4-2006, payable in five annual instalments of Rs. 1,200 each. The vendor company charges interest at 5% per annum. Depreciation is written off at 10% p.a. on Straight line method. The accounting year of the company ends on 31st March. Reference to annuity tables shows that the present value of annuity of Re. 1 for five years at 5% is Rs. 4.329477.

Show necessary accounts in the books of the purchaser.

[Ans. : Cash price Rs. 5,195 ( $4.329477 \times 6,000/5$ ), Interest Rs. 260, Rs. 213, Rs. 163, Rs. 112 and Rs. 57 respectively. Depreciation Rs. 520 every year.]

**12.** On 1-1-2007

Rs. 5,000 ( $55,000 \times 10/100$ ) resp. and depreciation

**When cash price and rate of interest both are not given :**

**9.** Rajesh bought a scooter from Gujarat Mfg. Co. Ltd. on Hire-purchase Scheme on 1-4-2007. He paid Rs. 600 on signing the agreement and the balance in three annual instalments as follows :

First Instalment Rs. 780; Second Instalment Rs. 720 and Third Instalment Rs. 660.

The financial year of Rajesh closes on 31st March, Scooter is to be depreciated at 10% per annum on the Reducing Balance Method.

Prepare necessary accounts in the books of Rajesh.

*[North Guj. Uni., S.Y., April, 2015]*