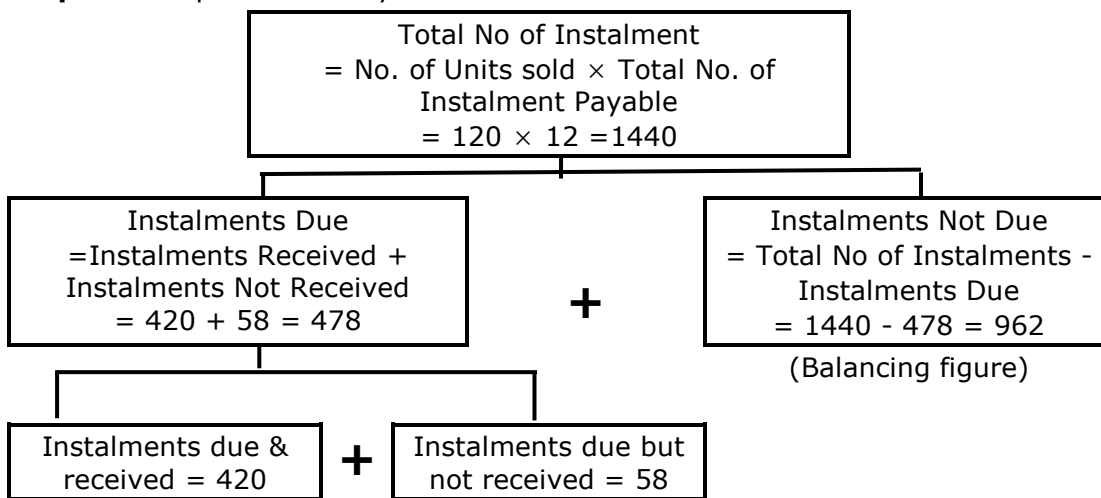


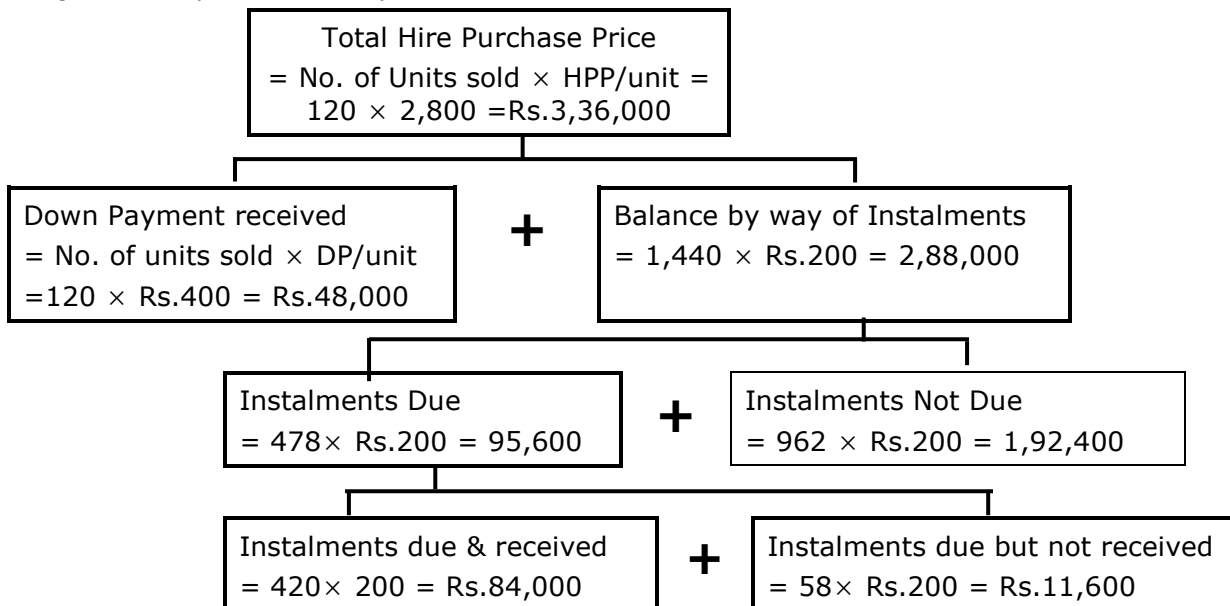
**I.P.C.C.                      HIRE PURCHASE - 2                      SUB. : ACCOUNTS (SOLUTION)**

**sol.1.**

**Step 1** Prepare the Analysis of No. of Installments



**Step 2.** Prepare the Analysis of Total Hire Purchase Price



**IDEAL/e-LIVE/I.P.C.C./ACCOUNTS/PRACTISE PAPER-3**

Let us answer the given questions on the basis of aforesaid chairs:

- (a) Number of Instalments fallen due = 478  
 (b) Number of Instalments not yet due = 962  
 (c) Amount of Instalments not yet due = Rs.1,92,400  
 (d) Amount of instalments due but not yet collected = Rs.11,600  
 (e) Total amount fallen due = Down payment + Instalments Due =Rs.48,000 + Rs.95,600 =Rs. 1,43,600  
 (f) Total Cash Collected = Down Payment + Instalments due and received =Rs.48,000 + Rs.84,000 = Rs.1,32,000  
 (g) Hire purchase Price per unit = Down Payment/Unit + Amount of Instalment/Unit = Rs.400 + (Rs200 × 12) = Rs.2,800  
 (h) Total Hire Purchase Price = Rs.3,36,000  
 (i) Total cost price of Units sold on H.P = No. Units sold × Cost per unit = 120 × Rs.2,000 = Rs.2,40,000  
 (j) % of profit Margin on H.P Sales =  $\frac{\text{H.P. price} - \text{Cost price}}{\text{H.P. Price}} \times 100$   
 $= \frac{\text{Rs.2,800} - \text{Rs.2,000}}{\text{Rs.2,800}} \times 100 = 28.57\% \text{ App.}$   
 (k) Profit included in Total Hire Purchase Price =  $\frac{\text{Rs.2,800} - \text{Rs.2,000}}{\text{Rs.2,800}} \times \text{Rs.3,36,000}$   
 $= \text{Rs.96,000}$   
 (l) Profit included in Total Amount in Instalments not yet due  
 $= \frac{\text{Rs.2,800} - \text{Rs.2,000}}{\text{Rs.2,800}} \times 1,92,400 = \text{Rs.54,971}$   
 (m) Gross profit on Hire Purchase Sale = % of Profit Margin × Total Amount fallen due  
 $= \frac{\text{Rs.2,800} - \text{Rs.2,000}}{\text{Rs.2,800}} \times \text{Rs.1,43,600} = \text{Rs.41,029}$

Dr.		<b>(i) Hire Purchase Stock Account</b>		Cr.	
Particulars	Rs	Particulars	Rs.		
To Balance b/d	-	By Hire Purchase Debtors A/c	1,43,600		
To Goods Sold on Hire Purc. A/c	3,36,000	By Balance old	1,92,400		
	<b>3,36,000</b>		<b>3,36,000</b>		

Dr.		<b>(ii) Hire Purchase Debtors Account</b>		Cr.	
Particulars	Rs	Particulars	Rs.		
To Balance b/d	-	By Bank A/c/c	1,32,000		
To Hire Purchase Stock A/c	1,43,600	By Balance old	11,600		
	<b>1,43,600</b>		<b>1,43,600</b>		

Dr.		<b>(iii) Hire Purchase Adjustment Account</b>		Cr.	
Particulars	Rs	Particulars	Rs.		
To Hire Purchase Stock Res. A/c (Rs.1,92,400 × 800/2,800)	54,971	By Goods Sold on Hire Purchase A/c			
To Profit t/f to Profit & loss A/c	41,029	(Rs.3,36,000 × 800/2,800)	<b>96,000</b>		
	<b>96,000</b>		<b>96,000</b>		

**Sol.2.**

<b>Dr.</b>		<b>Hire Purchase Trading Account</b>		<b>Cr.</b>
<b>Particulars</b>	<b>Rs</b>	<b>Particulars</b>	<b>Rs.</b>	
To Opening Balances:		By Bank A/c	63,000	
Hire Purchase Stock	-	By Goods Sold on Hire		
Hire Purchase Debtors	-	Purchase A/c (Rs.1,55,997 ×		
To Goods Sold on Hire		35/105)	51,999	
Purchase	1,55,997	By Goods Repossessed A/c	10,500	
To Hire Purchase Stock Res A/c		By Closing Balances:		
(Rs.77,247 × 35/105)	25,749	Hire Purchase Stock	77,247	
To Profit T/f to Gen. P & L A/c	21,000	Hire Purchase Debtors	-	
	<b>2,02,746</b>			<b>2,02,746</b>

**Working Notes:**

<b>Dr.</b>		<b>(i) Memorandum Hire Purchase Stock Account</b>		<b>Cr.</b>
<b>Particulars</b>	<b>Rs</b>	<b>Particulars</b>	<b>Rs.</b>	
To Balance b/d	-	By Hire Purchase Debtors A/c	78,750	
To Goods Sold on Hire Pur.	1,55,997	By Balance c/d (b.f)	77,247	
	<b>1,55,997</b>			<b>1,55,997</b>

<b>Dr.</b>		<b>(ii) Memorandum Hire Purchase Debtors Account</b>		<b>Cr.</b>
<b>Particulars</b>	<b>Rs</b>	<b>Particulars</b>	<b>Rs.</b>	
To Opening b/d	-	BY Bank A/c	63,000	
To Hire Purchase Stock a/c	78,750	By Goods Repossessed A/c	15,750	
		(Rs.10,500 × 105/70)		
		By Balance c/d	-	
	<b>78,750</b>			<b>78,750</b>

**(iii) Calculation of Hire Purchase Price etc.**

- (a) If Normal Retail Price =Rs.100, Gross Profit will be Rs.30 and cost will be Rs.70
- (b) Hire Purchase Price = Normal Retail Price + Additional Profit = 100+ 5+105
- (c) Profit on Hire Purchase Price = Normal Profit + Additional Profit = 30 + = 35

