

**2. ACCOUNT CURRENT****PROBLEM NO: 1**

Mr. Paul in Account Current with Mr. Singh

(Interest to 31<sup>st</sup> August, 2012 @10%p.a)

Dr.						Cr.					
Date 2012	Particulars	Due Date	Amount	Days	Product	Date 2012	Particulars	Due Date	Amount	Days	Product
June 11	To Sales A/c	June 11	1,020	81	82,620	June 15	By Cash A/c	June 15	500	77	38,500
June 20	To Sales A/c	June 20	650	72	46,800	Aug.8	By Cash A/c	Aug 8	1,100	23	25,300
July 7	To Sales A/c	July 7	700	55	38,500	Aug.31	By Balance of product				1,04,120
Aug.31	To Interest A/c		28.53			Aug.31	By Balance c/d		798.53		
	W.N: 1										
			<u>2,398.53</u>		<u>1,67,920</u>				<u>2,398.53</u>		<u>1,67,920</u>
Sept.1	To Balance b/d		798.53								

**WORKING NOTE 1 :** Interest for the period = balance of product x rate of interest x  $\frac{1}{365} = 1,04,120 \times \frac{10}{100} \times \frac{1}{365} = 28.53$

**PROBLEM NO: 2**

A. Halder in Account Current with Mr. S. Dasgupta

(Interest to 31<sup>st</sup> December, 2012 @ 5%p.a.)

Dr.						Cr.					
Date 2012	Particulars	Due Date	Amount	Days	Product (Rs.)	Date 2012	Particulars	Due Date	Amount	Days	Product (Rs.)
June 30	To Balance b/d		520	185	96,200	Aug 1	By Cash A/c	Aug.1	500	152	76,000
July 17	To Sales A/c	July 17	40	167	6,680	Sep 1	By Cash A/c	Sep.1	400	121	48,400
Aug.19	To Sales A/c	Aug. 19	720	134	96,480	Sep 1	By Bills Receivables A/c (Note)	Dec.4	300	27	8,100
Aug. 30	To Sales A/c	Aug.30	50	123	6,150	Oct 22	By Purchase A/c	Oct. 22	20	70	1,400
Nov. 12	To Sales A/c	Nov. 12	14	49	686	Dec 14	By Cash A/c	Dec. 14	50	17	850
Dec. 31	To Interest A/c		9.79			Dec 31	By Balance of product				71,446
	$\left(71446 \times 5\% \times \frac{1}{365}\right)$					Dec 31	By Balance c/d		83.79		
			<u>1,353.79</u>		<u>2,06,196</u>				<u>1,353.79</u>		<u>2,06,196</u>

**NOTE:** It is assumed that the bill was honoured on due date. The due date of the bill should be treated as date of payment and days to be calculated from the due date of account

WORKING NOTE 1

## Calculation of Days

Date of transactions:	Due date	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Opening Balance		1	+31	+31	+30	+31	+30	+31	= 185
July.17	July.17	-	14	+31	+30	+31	+30	+31	= 167
Aug.1	Aug.1	-	-	30	+30	+31	+30	+31	= 152
Aug.19	Aug.19	-	-	12	+30	+31	+30	+31	= 134
Aug.30	Aug.30	-	-	1	+30	+31	+30	+31	= 123
Sept.1	Sept.1	-	-	-	29	+31	+30	+31	= 121
Sept.1	Dec.4	-	-	-	-	-	-	27	= 27
Oct.22	Oct.22	-	-	-	-	9	+30	+31	= 70
Nov.12	Nov.12	-	-	-	-	-	18	+31	= 49
Dec.14	Dec.14	-	-	-	-	-	-	17	= 17

**Note:** While counting the number of days, for opening balance, the opening date as well as date up to which the account is prepared, is counted.

**PROBLEM NO: 3**

In the books of Puri

"Suri in Account Current with Puri"

Dr.

(Interest to 31<sup>st</sup> March, 2011 @ 10% p.a.)

Cr.

Date 2011	Particulars	Due Date	Amount	Days	Product	Date 2011	Particulars	Due Date	Amount	Days	Product
Jan.1	To Balance b/d	Jan.1	2,500	90	25,000	Jan.24	By B/R A/c (Red ink interest)	April 27	2,500	(27)	(67,500)
Jan.11	To Sales A/c	Jan.11	3,000	70	2,37,000	Feb.1	By Purchases A/c	Feb.1	5,000	58	2,90,000
Feb.4	To Sales A/c	Feb.4	4,100	53	2,25,500	Feb.7	By Sales Returns A/c	Feb.7	500	52	26,000
Mar.18	To Sales A/c	Mar.18	4,600	13	59,800	Mar.1	By Purchases A/c	Mar.1	2,800	30	84,000
Mar.31	To Interest A/c		309			Mar.23	By Purchases A/c	Mar.23	2,000	8	16,000
						Mar.31	By Balance of product		-	-	3,98,800
						Mar.31	By Bank A/c (settlement by cheque)		1,509	-	
			<u>14,309</u>		<u>7,47,300</u>				<u>14,309</u>		<u>7,47,300</u>

Calculation of interest: Interest =  $\frac{3,98,800}{365} \times \frac{10}{100} = \text{Rs. } 109$

**PROBLEM NO: 4**

In the books of Sunil

“Rohan in Account current with Sunil”As on 30<sup>th</sup> June, 2014 interest @ 10% p.a

Date 2014	Particulars	Amount (Rs)	Days	Interest (Rs)	Date 2014	Particulars	Amount (Rs)	Days	Interest (Rs)
Feb.16	To Sales A/c	6,480	134	237.90	Jan.1	By Balance b/d	3,010	181	149.26
Mar.24	To Sales A/c	3,560	98	95.58	Jan.7	By Purchases A/c	4,430	174	211.18
June 22	To Sales A/c	2,280	8	5.00	Feb.18	By Return inwards A/c	560	**132	20.25
June 30	To Balance of Interest			107.08	Apr.22	By B/R A/c (maturing on 25 July,2014)	1500	(25)	(10.27)*
<b>June 30</b>	<b>To Balance c/d</b>	<b>2,497.08</b>			Apr.29	By Cash A/c	2,500	62	42.47
					May 17	By Purchases A/c	2,710	44	32.67
						By Interest	107.8		
	<b>Total</b>	<b>14,817.08</b>		<b>445.56</b>		<b>Total</b>	<b>14,817.80</b>		<b>445.56</b>
					July 1	By Balance b/d	2,497.08		

\*Interest on amount of Bills receivables maturing on 25<sup>th</sup> July, 2014 is a red ink interest.

Credit for the B/R is given on the date when it is received. But the amount will be received only on its maturity. Hence, the interest for the period for which the bill is to run after accounting period is shown as **negative figure**

**Note :** In this question date of transaction itself act as due date.

Interest has been charged for the period between sales and sales returns.

\*\* Alternatively the problem can be solved by using products method

Copyrights Reserved  
To **MASTER MINDS**, Guntur

**PROBLEM NO. 5****“Vinod Current Account with Allahabad Bank Ltd.”**

Date 2001	Particulars	Dr.	Cr.	Dr. / Cr.	Balance	Days	Dr. Product	Cr. Product
Jan. 1	By Cash A/c	-	30,000	Cr.	30,000	13	-	3,90,000
Jan. 15	By Cash A/c	-	12,000	Cr.	42,000	31	-	13,02,000
Feb. 15	To Self	26,000	-	Cr.	16,000	25	-	4,00,000
Mar. 12	By Cash A/c	-	8,000	Cr.	24,000	29	-	6,96,000
April 10	To Self	30,000	-	Dr.	6,000	30	1,80,000	-
May 10	By Cash A/c	-	16,000	Cr.	10,000	36	-	3,60,000
June 15	To Self	14,000	-	Dr.	4,000	16	64,000	-
June 30	By Interest A/c	-	140	Dr.	3,860	-	-	-
June 30	By Balance c/d		<u>3,860</u>	-				
		<u>70,000</u>	<u>70,000</u>				<u>2,44,000</u>	<u>31,48,000</u>
July 1	To Balance b/d	3,860						

Interest is calculated as followed:

On Credit Balance of Rs.31,48,000 @ 2% for 1 day = Rs.172.49

On Debit balance of Rs. 2,44,000 @ 5% for 1 day = Rs. 33.42

Net Interest payable = Rs. 139.07 (Rs.172.49 – Rs.33.42)

Copyrights Reserved  
To **MASTER MINDS**, Guntur

MASTER MINDS

**THE END**