Q No: 4

Instalment payment (200x5) = 1000
(+) Down payment = 150
1150
(–) Cash price = 1150
(P+I) = xx

I. 5% Int on $\frac{1000 \times 5}{100}$ = 50 Int.
200 principal
250

Bal due = 1000 – 200 = 800

II. 5% Int on $\frac{800 \times 5}{100}$ = 40 Int.
200 principal
240

Baldue = 800 – 200 = 600

III. 5% Int on $\frac{600 \times 5}{100}$ = 30 Int.
200 principal
230

Baldue = 600 – 200 = 400

IV. 5% Int on $\frac{400 \times 5}{100}$ = 20 Int
200 principal
220

Bal = 400 – 200 = 200

V. 5% Int on $\frac{\cancel{200}^{2} \times 5}{\cancel{100}}$ = 10 Int
200 principal

Baldue = 200 – 200 = 0
210

Depreciation 10% on Diminishing balance method

Cash price = 1150
(–) 10% Dep on C.P = 115
W.D.V = 1035
(–) 10% Dep on W.D.V = 103
WDV = 932
(–) 10% Dep on WDV = 93
839

WDV = 839

(−) 10% Dep on WDV = 83

WDV = 756

(−) 10% Dep on WDV = 75

681

10% Dep on ~~remaining~~ original cost method:-

Cash price	–	1150
(−) 10% Dep on Cash price	=	115
WDV	=	1035
(−) 10% Dep on WDV	=	115
WDV	=	820
(−) 10% Dep on WDV	=	115
WDV	=	705
(−) 10% Dep on WDV	=	115
WDV	=	590
(−) 10% Dep on WDV	=	115
		475

In the books of Hire Purchaser A/C

Assests purchased A/C Dr 1,150
To, Hire vendor A/C 1,150
Being:- (Purchases of on H.P agreement)

Hire vendor A/C Dr 150
To, Bank A/C 150
Being:- (Payment at the times of agreement)

Int A/C Dr 50
To, H. Vendor A/C 50
(Being:- Int due)

Hire Vendor A/c Dr 200

To Bank A/c 200

(Being:- Payment of instalment)

Dep A/c Dr 115

To Assests A/c 115

(Being:- Dep allowed on WDV)

P&L A/c Dr 165

To Int A/c 50

To Dep A/c 115

(Being:- Int & Dep trans to P/L A/c)

II.

Intrest A/c Dr 40

To H. Vendor A/c 40

(Being:- Int due)

Hire Vendor A/c Dr 200

To Bank A/c 200

(Being:- Payment of instalment)

Dep A/c Dr 103

To Assests A/c 103

(Being:- Dep allowed on WDV)

P&L A/c Dr 143

To Int A/c 40

To Dep A/c 103

(Being:- Int & Dep trans. to P/L A/c)

III.

Interest A/C	Dr	30	
To, H. Vendor A/C			30
(Being :- Int. due)			
Hire Vendor A/C	Dr.	200	200
To, Bank A/C			
(Being :- Payment of instalment)			
Dep A/C	Dr	93	
To, Assests A/C			93
(Being :- Dep allowed on WDV)			
P&L A/C	Dr	123	
To, Int A/C			30
To, Dep A/C			93
(Being :- Int & Dep trans. to P/L A/c)			

IV.

Interest A/C	Dr	20	
To, H. Vendor A/C			20
(Being :- Int due)			
Hire Vendor A/C	Dr	200	
To, Bank A/C			200
(Being :- Payment of instal)			
Dep A/C	Dr	83	
To, Assests A/C			83
(Being :- Dep allowed on WDV)			

P&L A/C Dr 103

To, Int A/C 20

To, Dep A/C 83

(Being:- Int & Dep trans to P/L A/C)

V:

Int A/C Dr 10

To, H·Vendor A/C 10

(Being:- Int due)

H·Vendor A/C Dr 200

To, Bank A/C 200

(Being:- Payment of instalment)

Dep A/C Dr 75

To, Assests A/C 75

(Being:- Dep allowed on WDV)

P&L A/C Dr 85

To, Int A/C 10

To, Dep A/C 75

(Being:- Int & Dep trans. to P/L A/C)