**Practice 3**

On 1 June Year 3, Omega Enterprise acquired furniture of cash price RM 25,000 by means of hire purchase agreement. The enterprise paid an initial deposit of RM 5,000 on the same date. The 12 equal monthly instalments included an interest of 20% per annum calculated on the balance of cash price outstanding On 1 June Year 3.

The first instalment was payable on 30 June Year 3, and the remaining instalments were due on the last day of each month. All instalments were paid on the due dates.

Omega Enterprise charges depreciation on the furniture at the rate of 25% per annum on cost. A half year depreciation is charged on asset acquired during the second half of any accounting year. The enterprise closes its accounts on 31 August annually.

In the books of Omega enterprise (buyer), **you are required to:**

1. calculate: (i) Total hire purchase interest;

(ii) Monthly instalment.

1. prepare the following Ledger accounts for the year ended 31 August Year 3:
2. Office Furniture;
3. Hire Purchase Vendor;
4. Hire Purchase Interest;
5. Accumulated Depreciation of Office Furniture;
6. Profit and Loss.
7. prepare the following financial statements (extract):
8. Income Statement;
9. Statement of Financial Position.