**Practice 4**

Pine Company purchase a Sony television set on hire purchase. The cash price of the TV set was RM 8,000. On 1 April Year 3, the company agreed to pay 20% of the cash price as deposit, and to make 3 annual payments on 31 March each year of RM 2,240 each and the last instalment was RM 2,248.

Interest was charged at 15% on the balance outstanding at the beginning of each financial year.

The 4 instalments were all paid by the due dates. Depreciation is charged at 10% per annum on reducing balance method.

Pine Company closes its books on 31 March each year.

In the books of Pine Company (buyer), **you are required to prepare:**

1. the following Ledger accounts for the 4 years up to 31 March Year 7:
2. Office Equipment;
3. Hire Purchase Vendor;
4. Hire Purchase Interest;
5. Accumulated Depreciation of Office Equipment
6. Profit and Loss.
7. The following financial statements (extract):
8. Income Statement for the year ended 31 March Year 4, Year 5, Year 6 and Year 7;
9. Statement of Financial Position as at 31 March Year 4, Year 5, Year 6 and Year 7.