1. **Workings:**

|  |  |  |
| --- | --- | --- |
|  |  | **RM** |
| Cash Price |  | 105,000 |
| *Less:* Deposit |  | (53,000) |
|  |  | 52,000 |
| *Add:* Total hire purchase interest (52,000 x 12% x 5) |  | 31,200 |
| Total amount of instalment |  | 83,200 |
|  |  |  |
| Yearly hire purchase instalment (83,200 / 5) | (i) | 16,640 |
| Yearly hire purchase interest (31,200 / 5) | (ii) | 6,240 |
| Hire purchase price (105,000 + 31,200) | (iii) | 136,200 |
|  |  |  |

1. In the books of **Jing Mun Transport**

**General Ledger**

(i) **Motor Vehicles**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015 |  | **RM** | 2015 |  | **RM** |
| Jan 1 | Balance b/d | 60,000 | Jn 30 | Disposal of Lorry | 60,000 |
| Jn 30 | Hire Purchase Vendor |  | Dc 31 | Balance c/d | 105,000 |
|  | - Pacific Dealer (Van) | 105,000 |  |  |  |
|  |  | 165,000 |  |  | 165,000 |
| 2016 |  |  | 2016 |  |  |
| Jan 1 | Balance b/d | 105,000 | Dc 31 | Balance c/d | 105,000 |
| 2017 |  |  |  |  |  |
| Jan 1 | Balance b/d | 105,000 |  |  |  |
|  |  |  |  |  |  |

(ii) **Accumulated Depreciation - Motor Vehicles**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015 |  | **RM** | 2015 |  | **RM** |
| Jn 30 | Disposal of Lorry | 24,000 | Jan 1 | Balance b/d | 24,000 |
| Dc 31 | Balance c/d | 21,000 | Dc 31 | Depreciation of Motor |  |
|  |  |  |  | Vehicles | 21,000 |
|  |  | 45,000 |  |  | 45,000 |
| 2016 |  |  | 2016 |  |  |
| Dc 31 | Balance c/d | 42,000 | Jan 1 | Balance b/d | 21.000 |
|  |  |  |  | Depreciation of Motor |  |
|  |  |  |  | Vehicles | 21,000 |
|  |  | 42,000 |  |  | 42,000 |
|  |  |  | 2017 |  |  |
|  |  |  | Jan 1 | Balance b/d | 42,000 |

(iii) **Disposal of Lorry**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015 |  | **RM** | 2015 |  | **RM** |
| Jn 30 | Motor Vehicles | 60,000 | Jn 30 | Accumulated Depreciation |  |
| 30 | Gain on Disposal | 17,000 |  | - Motor Vehicles | 24,000 |
|  |  |  | 30 | Hire Purchase Vendor |  |
|  |  |  |  | - Pacific Dealer (Trade-in |  |
|  |  |  |  | Value) | 53,000 |
|  |  | 77,000 |  |  | 77,000 |
|  |  |  |  |  |  |

(iv) **Hire Purchase Vendor - Pacific Dealer**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015 |  | **RM** | 2015 |  | **RM** |
| Jn 30 | Disposal of Lorry - Trade-in |  | Jn 30 | Motor Vehicles | 105,000 |
|  | Value | 53,000 | Jul 1 | Hire Purchase Interest |  |
| Dc 31 | Balance c/d | 83,200 |  | Suspense | 31,200 |
|  |  | 136,200 |  |  | 136,200 |
| 2016 |  |  | 2016 |  |  |
| Jul 1 | Bank - 2nd Instalment | 16,640 | Jan 1 | Balance b/d | 83,200 |
| Dc 31 | Balance c/d | 66,560 |  |  |  |
|  |  | 83,200 |  |  | 83,200 |
|  |  |  | 2017 |  |  |
|  |  |  | Jan 1 | Balance b/d | 66,560 |
|  |  |  |  |  |  |

(v) **Hire Purchase Interest Suspense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2015 |  | **RM** | 2015 |  | **RM** |
| Jn 30 | Hire Purchase Vendor - Pacific |  | Dc 31 | Profit and Loss - Hire Purchase |  |
|  | Dealer | 31,200 |  | Interest | 3,120 |
|  |  |  | 31 | Balance c/d | 28,080 |
|  |  | 31,200 |  |  | 31,200 |
| 2016 |  |  | 2016 |  |  |
| Jan 1 | Balance b/d | 28,080 | Jul 1 | Profit and Loss | 6,240 |
|  |  |  | Dc 31 | Balance c/d | 21,840 |
|  |  | 28,080 |  |  | 28,080 |
| 2017 |  |  |  |  |  |
| Jan 1 | Balance b/d | 21,840 |  |  |  |
|  |  |  |  |  |  |