**Unified Exam Bookkeeping and Accounts Past Year Papers Collection - Year 2017 Question 5**

Jing Mun Transport purchased a lorry on 4 April 2013 at a cost of RM 60,000. It was estimated to have a useful life of five years with no residual value.

It was the firm's policy to depreciate any vehicle on a straight line method with a full year's charge in the year of purchase but no charge in the year of disposal.

On 30 June 2015, the firm sold the lorry to Pacific Dealer, and bought a new van from it on the following hire purchase terms:

1. The cash price of the new van was RM 105,000 with an estimated useful life of five years.
2. Pacific Dealer accepted the old lorry for a trade-in value of RM 53,000 as a deposit of the new van. Jing Mun Transport would pay the balance in five annual equal instalments, payable on 1 July each year from 2016 onwards.
3. Interest would be charged at 12% per annum.

**You are required to:**

1. calculate the following items for the new van:
2. Hire purchase price;
3. Yearly hire purchase interest;
4. Yearly hire purchase instalment.
5. show the ledger accounts in the books of Jing Mun Transport for the two years ended 31 December 2015 and 2016:
6. Motor Vehicles;
7. Accumulated Depreciation - Motor Vehicles
8. Disposal of Lorry;
9. Hire purchase Vendor - Pacific Dealer;
10. Hire Purchase Interest Suspense.