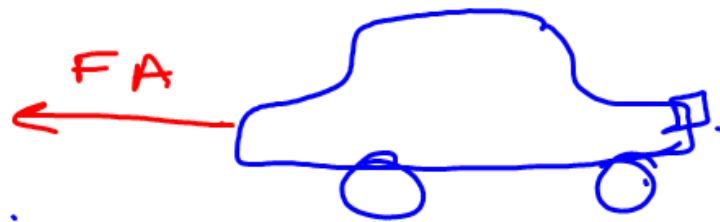


# Hire Purchase

Hire purchaser



Baleno

Hire Vendor



$$\text{Cash Price} = 60000$$

$$\text{Hire Purchase Price} = 20000^{\text{down}} + 50000^{\text{instalment}} \times 10 = 700000.$$

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$$\text{Interest} = 100000$$



AS-9 : Interest is a periodic item taken  
on reducing balance basis .

Case	Cash Price	Hire Purchase price	ROI	Point to Remember
I	✓	✓	✓	Last yr Interest will be bal figure
II	✓	✓	X	Total Interest = HPP - Cash price This is divided on reducing bal basis.
III	✓	X	✓	HP Instalment = Cash price + Interest Instalment
IV	X	✓	✓	We will move in reverse order and find $Intt = \frac{i}{100+i} \times \text{total}$
V	X	✓	X	Make Equations assuming that cash price portion of each instalment is equal.

Ques 2

hire Vendor		ASSET a/c	
$1\frac{4}{90}$ Cash 20000	$1\frac{4}{90}$ Asset 74500	$1\frac{4}{90}$ hire Vendor 74500	depr. 7450
$31\frac{3}{91}$ Cash 20000	$31\frac{3}{91}$ Intt 2725 (5% 54500)		10% 74500
bal 37225			bal yd 67050
<hr/>			
$31\frac{3}{92}$ Cash 20000	$1\frac{4}{91}$ bal 37225	$1\frac{4}{91}$ bal 67050	depr. 6705
bal 19086	$31\frac{3}{92}$ Intt 1861		bal 60345
<hr/>			
$31\frac{3}{93}$ Cash 20000	$1\frac{4}{92}$ bal 19086	$1\frac{4}{92}$ bal 60345	depr 6035
	Intt. (914)		bal 54310
			<hr/>

Ques 3

Cash price = 400000.



30%  
120000  
down

bal  
280000  
÷ 4

= 70000,

HP Instl = 70000 + Interest .

Hire Vendor a/c

To cash	120000	Asset	400000	
Cash (70+28)	98000	Intt	28000	← 10% x 280000
bal c/d	210000			
Cash (70+21)	91000	bal c/d	210000	
bal c/d	140000	Intt	21000	
Cash (70+14)	84000	bal b/d	140000	
bal c/d	70000	Intt	14000	
Cash (70+7)	77000	bal c/d	70000	
		Intt	7000	

Hire Purchaser book  
Installation charges

Charges are paid  
by Hire purchaser

FA Dr  
to Cash

Charges are paid  
by Hire Vendor.

FA Dr.  
to Hire Vendor.



Q4 Hire Vendor a/c

Bank	150000	Asset	500000
Bank	112500	Asset	10000.
bal	283500	Intt	36000
<hr/>			
Bank	112500	bal	283500
bal	198000	Intt	27000
<hr/>			
Bank	112500	bal	198000
bal	103500.	Intt	18000
<hr/>			
Bank	112500	bal	103500
		Intt	9000

$$\text{Cash Price} = 50000 + 10000 = 60000$$

$$\text{HPP} = 15000 + 4 \times 11250 = 60000$$

$$\text{Total Interest} : 90000.$$

	+HPP	60000	
-	down	15000	
	bal	45000	←
-	I	11250	
	bal	33750	←
-	II	11250	
	bal	22500	←
-	III	11250	
	bal	11250	←
-	IV	11250	
	bal	0	

Interest is divided in  
ratio of

$$45000 : 33750 : 22500 : 11250$$

$$\text{or } 4 : 3 : 2 : 1$$

$$\frac{90000}{10} \times 4 = 36000$$

$$\times 3 = 27000$$

$$\times 2 = 18000$$

$$\times 1 = 9000$$

If the HP Instalment is equal or the  
Cash price portion of each instalment is  
equal, then the Interest would be  
Reverse Counting Ratio (उल्टा गणना अनुपात)

Q6

Hire Vendor ak.			
To Cash	10000	Asset	30000
To cash bal	8200 12800	Intt	1000
$\leftarrow \frac{5}{105} \times 21000$			
Cash	7440	bal	12800
bal	6000	Intt	640
$\leftarrow \frac{5}{105} \times 13440$			
	13440		13440
Cash	6300	100 bal	6000
		5 Intt	300
Total 105 Intt 5 Total 6300 Intt = $\frac{5}{105} \times 6300 = 300$			
	6300	105	6300

Q8.

$$\text{HP Instl} = \text{CP Instl} + \text{Int.}$$

$$221900 = x + 4i \quad (1)$$

$$206050 = x + 3i \quad (2)$$

$$190200 = \cancel{x} + 2i \quad (3)$$

$$174350 = \cancel{x} + 1i \quad (4)$$

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$$15850 = i^0$$

Putting  $i$ , we get  $x = 158500$

HW  
31 32.  
33 35  
36 37  
38

$$\begin{array}{r}
 \text{Total Intt} = \quad 4i \quad 15850 \times 4 \quad = \quad 63400 \\
 \quad \quad \quad 3i \quad 15850 \times 3 \quad = \quad 47550 \\
 \quad \quad \quad 2i \quad 15850 \times 2 \quad = \quad 31700 \\
 \quad \quad \quad \underline{1i} \quad 15850 \times 1 \quad = \quad 15850 \\
 \quad \quad \quad 10i
 \end{array}$$

$$\begin{aligned}
 \text{Cash Price} &= \text{down} + x + x + x + x \\
 &= 158500 + 158500 \times 4 \\
 &= 792500.
 \end{aligned}$$

$$\text{Cash Price} = 74500$$

$$\text{Instl} = \underbrace{2000 \times 3}_{\text{Instl.}} + \underbrace{2000}_{\text{down}} = 8000.$$

$$\text{ROI} = 5\%$$