

Question 2

8

(a)

Vehicles Account

1/1/00	Balance b/d	232,000 ②	1/4/00	Disposal	78,000 ①
1/4/00	New Vehicle (No 4)	<u>96,000 ①</u>	31/12/00	Balance	<u>250,000</u>
		<u>328,000</u>			<u>328,000</u>
1/1/01	Balance	250,000	1/8/01	Disposal	82,000 ②
1/8/01	New vehicle (No 5)	<u>90,000 ①</u>	31/12/01	Balance	<u>258,000 ①</u>
		<u>340,000</u>			<u>340,000</u>
1/1/02	Balance b/d	258,000			

36

(b)

Provision for Depreciation on Vehicles Account

1/4/00	Disposal (W4)	24,375 ⑤	1/1/00	Balance b/d (W1)	95,850 ⑦
31/12/00	Balance c/d	<u>108,300</u>	31/12/00	Profit & Loss (W2)	<u>36,825 ⑧</u>
		<u>132,675</u>			<u>132,675</u>
1/8/01	Disposal (W5)	68,675 ⑤	1/1/01	Balance b/d	108,300
31/12/98	Balance c/d	<u>77,625 ③</u>	31/12/01	Profit & Loss (W3)	<u>38,000 ⑧</u>
		<u>146,300</u>			<u>146,300</u>
			1/1/02	Balance b/d	77,625

16

(c)

Vehicles Disposal Account

1/4/00	Vehicles	78,000 ②	1/4/00	Depreciation (W4)	24,375 ①
	Profit & Loss a/c	<u>13,375 ①</u>	1/4/00	Trade-in	39,000 ④
		<u>91,375</u>		Bank (Ins. Comp.)	<u>28,000 ②</u>
					<u>91,375</u>
1/8/01	Vehicles	82,000 ②	1/8/01	Depreciation (W5)	68,675 ①
				Trade-in	12,000 ②
			31/12/01	Profit & Loss (Loss)	<u>1,325 ①</u>
		<u>82,000</u>			<u>82,000</u>

Workings

NO	Cost	Annual dep	Dep to 1/1/2000	Dep for 2000	Dep for 2001	Total dep	
1	66,000	9,900	39,600	9,900	5,775	68,675	W 5
	16,000	2,400	9,600	2,400	1,400		
2	72,000	10,800	25,200	10,800	10,800		
3	78,000	11,700	21,450	2,925		24,375	W 4
4	96,000	14,400	-	10,800	14,400		
5	90,000	13,500	-	-	5,625		
			95,850	36,825	38,000		
			W 1	W 2	W 3		