

7. Long Haul Transport Ltd prepares its final accounts to the 31st December each year. The company's policy is to depreciate its vehicles at the rate of **20% of book value** per annum, calculated from the date of purchase to the date of disposal, and to accumulate this depreciation in a Provision for Depreciation Account.

On 1/1/1994 Long Haul Transport Ltd owned the following trucks:

No 1 purchased on 1/1/1990 for £50,000

No 2 purchased on 1/1/1991 for £55,000

No 3 purchased on 1/1/1992 for £60,000

On 1/8/1994 Truck No 1 was traded in for £17,000 against a new vehicle costing £65,000. Truck No 1 had a tachograph fitted on 1/1/1992 costing £5,500. On 1/5/1995 Truck No 3 was crashed and traded in against a new vehicle costing £68,000. The company received compensation from the insurance company to the value of £10,000 and the cheque paid for the new vehicle was £42,000.

You are required to show, with workings, to the nearest £1, for each of the two years 1994 and 1995:

- (a) The Trucks Account (8)
- (b) The Provision for Depreciation Account (35)
- (c) The Trucks Disposal Account. (22)

**(65 marks)**