

**QUESTION 7 - SOLUTION**

8

**Trucks Account**

	£		£
<b>1994</b>		<b>1994</b>	
1 Jan Balance b/d	(2) 170,500	1 Aug Disposal a/c	55,500 (2)
1 Aug Bank - trade-in	(1) 65,000	31 Dec Balance c/d	180,000
	235,500		235,500
<b>1995</b>		<b>1995</b>	
1 Jan Balance b/d	(1) 180,000	1 May Disposal a/c	60,000 (1)
1 Apr Bank - trade-in	(1) 68,000	31 Dec Balance c/d	188,000
	248,000		248,000
<b>1996</b>			
1 Jan Balance b/d	188,000		

35

**Provision for Depreciation on Trucks Account**

		£		£
<b>1994</b>		<b>1994</b>		
1 Aug Disposal a/c	W 4	34,300 (5)	1 Jan Balance b/d	W 1 79,940 (5)
31 Dec Balance c/d		67,169	31 Dec Profit and loss a/c	W 2 21,529 (8)
		101,469		101,469
<b>1995</b>		<b>1995</b>		
1 May Disposal	W 5	31,328 (5)	1 Jan Balance b/d	67,169
31 Dec Balance c/d		63,379 (4)	31 Dec Profit and loss a/c	W 3 27,538 (8)
		94,707		94,707
			<b>1996</b>	
			1 Jan Balance b/d	63,379

22

**Vehicles Disposal Account**

		£		£
<b>1994</b>		<b>1994</b>		
1 Aug Trucks a/c		55,500 (3)	1 Aug Provision a/c	34,300 (2)
			Allowance	17,000 (3)
			31 Dec Profit and loss a/c	4,200 (2)
		55,500		55,500
<b>1995</b>		<b>1995</b>		
1 May Trucks a/c		60,000 (2)	1 May Provision a/c	31,328 (2)
31 Dec Profit and loss a/c		7,328 (2)	Compensation Allowance	10,000 (3)
		67,328		26,000 (3)
				67,328

**Workings**

No	Cost	Dep to 1/1/1994	B V on 1/1/1994	Dep for 1994	B V on 1/1/1995	Dep for 1995	Total dep	
1	50,000	29,520	20,480	2,389			31,909	W 4
	5,500	1,980	3,520	411			2,391	
2	55,000	26,840	28,160	5,632	22,528	4,506		
3	60,000	21,600	38,400	7,680	30,720	2,048		
4	65,000			5,417	59,583	11,917	31,328	W 5
5	68,000					9,067		
		79,940		21,529		27,538		

W 1

W 2

W 3

16 15