Question 3

(a)		Vehicles	Account		
		v enicies	Account		
1/1/2008 1/8/2008	Balance b/d (W1) Bank & trade-in No 4	166,000 [1] 66,000 [1] 232,000	01/08/2008 31/12/2008	Disposal Balance c/d	56,000 [176,000 232,000
1/1/2009 1/5/2009	Balance b/d Bank No 5	176,000 72,000 [1] 248,000	01/05/2009 31/12/2009	Disposal Balance c/d	60,000 [188,000 [248,000
(b)					
					3
[1]	Provisi	on for Deprec	ciation Accoun	t	
01/08/2008	Disposal (W3) Balance c/d	33,047 [2] 64,300 97,347	01/01/2008 31/12/2008	Balance b/d (W2) Profit & Loss (W4)	76,016 [0 21,331 [8 97,347
01/05/2009	Disposal (W5) Balance c/d	31,328 [2] 60,816 [4] 92,144	01/01/2009 31/12/2009	Balance b/d Profit & Loss (W6)	64,300 27,844 [8 92,144
(c)			01/01/2010	Balance b/d	60,816
					1
	Dis	posal of Vehic	cles Account		1 '
01/08/2008	Vehicle No 1	56,000 [1]	01/08/2008	Trade In	12,000 [2
01/00/2008	veinere ivo i	30,000 [1]		Provision for Depreciation	on33,047 [2
		<u>56,000</u>	31/12/2008	Profit & Loss	10,953 [56,000]
	Vehicle No 3 Profit & Loss	60,000 [1] 2,328 [1]	01/05/2009	Compensation Trade In Provision for Depreciation	20,000 [2 11,000 [2 on31,328 [2
		<u>62,328</u>			62,328
(d)					
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- (i) Depreciation is the measure of the wearing away or loss in value of a fixed asset as a result of wear and tear, passage of time, obsolescence or extraction [4]
- (ii) Depreciation is an expense. Failure to include depreciation in the final accounts will [4] result in the profits being overstated and the net assets in the balance sheet will not show a true value.

Number	Cost	Dep to	B.V. on	Dep for	BV. on	Dep for	Total	
		1/1/2008	1/1/2008	2008	1/1/2009	2009	Dep	
1	40,000	23,616	16,384	1,911	-		25,527	33,047 W 3
Unit	16,000	6,400	9,600	1,120	-		7,520	
2	50,000	24,400	25,600	5,120	20,480	4,096		
3	60,000	21,600	38,400	7,680	30,720	2,048		31,328 W 5
4	66,000	-	-	5,500	60,500	12,100		
5	72,000					9,600		
		76,016		21,331		27,844		
		(W2)		(W4)		(W6)		

(W1) 1/1/2008 Cost Balance 40,000 + 16,000 + 50,000 + 60,000 =**166,000**