

Provision for depreciation of delivery vehicles account

Date	Details	\$	Date 2019 Jan 1	Details	\$
.....	Jan 1	Balance b/d	11 000
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Delivery vehicles disposal account

Date	Details	\$	Date	Details	\$
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[15]

Simon's sister Yasmin is also in business and depreciates her delivery vehicles by the reducing balance method.

Simon is considering whether to apply the reducing balance method of depreciation to his delivery vehicles.

REQUIRED

(b) Advise Simon whether he should apply the reducing balance method of depreciation. Justify your answer.

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[5]

[Total: 20]

QUESTION NO. 2

Sariah owns a business selling ladies' clothing. She maintains a system of double entry bookkeeping.

The following occurred during September 2020.

- 1 Purchased a motor vehicle on credit from Sharpe Motors \$6350.
- 2 Ruhee, a credit customer, was declared bankrupt owing Sariah \$1200. The debt is to be written off.

REQUIRED

(a) Prepare journal entries to record the above transactions. Narratives are **not** required.

Sariah
Journal

Details	Debit \$	Credit \$
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[4]

Sariah is preparing her financial statements for the year ended 30 September 2020. She provides the following information for fixtures and fittings.

		\$
2019		
October 1	Fixtures and fittings at cost	28 600
	Provision for depreciation of fixtures and fittings	6 185
2020		
January 31	Sold fixtures and received a cheque The fixtures had been purchased on 1 February 2018 for \$1500	1 150
March 31	Purchased new fixtures paying by cheque	3 500

Sariah's policy is to provide depreciation on fixtures and fittings at 10% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase but none in the year of disposal.

REQUIRED

- (b) Prepare the following accounts for the year ended 30 September 2020. Close the accounts by balancing or by making an appropriate year end transfer.

Sariah
Fixtures and fittings account

Date	Details	\$	Date	Details	\$
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Provision for depreciation of fixtures and fittings account

Date	Details	\$	Date	Details	\$
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Disposal account

Date	Details	\$	Date	Details	\$
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