

Revision

- 1 The information given below was taken from the accounting records of BB Couriers. The financial period ends on 28 February each year.

Information

INFORMATION ON VEHICLE REGISTER OF BB COURIERS				
Vehicle registration number	Date purchased	Date sold	Cost price	Accumulated depreciation 28 February 20.9
HLN298GP	1 January 20.6		R 90 000	R45 450
MGN111GP	1 September 20.6	31 May 20.8	R180 000	0
RGB390GP	1 June 20.8		R240 000	?

Additional Information

- BB Couriers depreciates the value of their vehicles at 20% per annum according to the diminishing balance method.
- Vehicle MGN111 GP was sold on credit to PD Valla for the amount of R130 000.
- Vehicle RGB390GP was bought on credit from Reliable Motors.

Required

Use the information above to do the following:

- Complete the columns of the asset register by calculating the depreciation and accumulated depreciation on vehicles for vehicle MGN111GP for each year. All your calculations must be shown in brackets in the columns provided in order to earn all the marks.
- Calculate the profit/loss on the asset sold on 31 May 20.8.
- Calculate the carrying (book) value of the vehicles on 28 February 20.9 as it will appear in the Balance Sheet.

Note: All calculations must be shown, as marks will be allocated to these.

2 Information about Weststar Traders.

Information

GENERAL LEDGER OF WESTSTAR TRADERS
BALANCE SHEET ACCOUNTS SECTION

Dr				VEHICLES				Cr	
20.8									
Mar	1	Balance	b/d	81 000	20.8	Aug	31	Asset disposal	27 000

ACCUMULATED DEPRECIATION ON VEHICLES

20.8					20.8				
Aug	1	Asset disposal		22 950	Mar	1	Balance	b/d	38 400
					Aug	31	Depreciation		1 350

NOMINAL ACCOUNTS SECTION

ASSET DISPOSAL

20.8					20.8				
Aug	31	Vehicles		27 000	Aug	31	Accumulated depreciation: vehicles		?
							Debtors control		9 000

Required

Study the ledger accounts provided and do the following:

- 2.1 Calculate the rate of depreciation applied to vehicles.
- 2.2 State the method of depreciation applied to vehicles.
- 2.3 Calculate the book value of vehicles on 28 February 20.9.
- 2.4 Calculate the book value of vehicles on 31 August 20.8.
- 2.5 Calculate the profit or loss on the sale of vehicles on 31 August 20.8.
- 2.6 What amount will appear in respect of depreciation in the PROFIT AND LOSS account on 28 February 20.9?