

QUESTION 5

5.1

ASSET DISPOSAL

2013 Aug	31	Equipment ✓	90 000✓	2013 Aug	31	Accumulated depreciation on equipment ✓ (28 800 ✓+ 6 120✓)	34 920* <input checked="" type="checkbox"/>
						Bank ✓	55 080 <input checked="" type="checkbox"/>

* Any figure

5.2 FIXED ASSET NOTE

	Land and Buildings	Vehicles	Equipment
Carrying value at the beginning of the year	2 000 000	880 000 <input checked="" type="checkbox"/>	410 000
Cost	2 000 000	1 600 000✓✓	800 000
Accumulated depreciation	0	(720 000)	(390 000)
Movements			
Additions (at cost)	1 315 000	500 000	100 000
Disposals (at carrying value)	0	0	(55 080) <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> (See 5.1)
Equipment (6 120 <input checked="" type="checkbox"/> + 10 000 ✓+ 69 760✓) (See 5.1)	0	(265 000) 240 000✓ + 25 000✓	(85 880) * <input checked="" type="checkbox"/>
Depreciation			
Carrying value at the beginning of the year	3 315 000	1 115 000 <input checked="" type="checkbox"/>	369 040 <input checked="" type="checkbox"/>
Cost	3 315 000	2 100 000✓	810 000
Accumulated depreciation	0	(985 000) <input checked="" type="checkbox"/>	(440 960) <input checked="" type="checkbox"/>

CALCULATIONS

ASSET DISPOSAL EQUIPMENT

DATE	COST	DEPRECIATION	ACC DEPRECIATION	CARRY VALUE
01/06/11	90 000			90 000
28/02/12	90 000	13 500 (1)	13 500	76 500
28/02/13	90 000	15 300 (2)	28 800	61 200
31/08/13	90 000	6 120 (3)	34 920	55 080
	(2)	(1)	(3)	(6)

1) $90\,000 \times 20\% \times 9/12 = 13\,500$

2) $76\,500 \times 20\% \times 12/12 = 15\,300$

3) $61\,200 \times 20\% \times 6/12 = 6\,120$

EQUIPMENT AT END OF YEAR

COST: $800\,000 - 90\,000 = 710\,000$

ACC: $390\,000 + 6\,120 - 34\,920 = 361\,200$

CARRY VALUE: $710\,000 - 361\,200 = 348\,800$

DEPR: $348\,800 \times 20\% \times 12/12 = 69\,760$

NEW: $100\,000 \times 20\% \times 6/12 = 10\,000$

TOTAL: $6\,120 + 69\,760 + 10\,000 = 85\,880$

ACC DEPR AT END OF YEAR: $390\,000 + 6\,120 - 34\,920 + 69\,760 + 10\,000 = 440\,960$

VEHICLES

COST: $A \times 15\% \times 36/12 = 720\,000$

$$A = 720\,000 \div 15\% \div 36/12$$

$$= 1\,600\,000$$

DEPRECIATION: $1\,600\,000 \times 15\% \times 12/12 = 240\,000$

$$500\,000 \times 15\% \times 3/12 = 25\,000$$

TOTAL: $240\,000 + 25\,000 = 265\,000$

ACC DEPR AT END OF YEAR: $720\,000 + 265\,000 = 985\,000$