**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\*🗹 |
|  |  |  |  |  |  | Bank 🗸 | 55 080🗹 |
|  |  |  |  |  |  |  |  |

\*🗹 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🗹 | **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)  🗹🗹  (See 5.1) |
| Equipment (6 120 🗹+ 10 000 🗸+ 69 760🗸)  (See 5.1)  Depreciation | **0** | (265 000)  240 000🗸 + 25 000🗸 | (85 880)  \*🗹 |
| **Carrying value at the beginning of the year** | **3 315 000** | 1 115 000🗹 | 369 040🗹 |
| Cost | **3 315 000** | 2 100 000🗸 | **810 000** |
| Accumulated depreciation | **0** | (985 000) 🗹 | (440 960) 🗹 |

**CALCULATIONS**

**ASSETDISPOSAL 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 x 20% x 9/12 = 13 500

2) 76 500 x 20% x 12/12 = 15 300

3) 61 200 x 20% x 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 – 631 200 = 348 800

**DEPR**: 348 800 X 20% X 12/12 = 69 760

**NEW**: 100 000 X 20% X 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 X 15% X 36/12 = 720 000

A = 720 000 ÷ 15% ÷ 36/12

= 1 600 000

**DEPRECIATION**: 1 600 000 X 15% X 12/12 = 240 000

500 000 X 15% X 3/12 = 25 000

**TOTAL**: 240 000 + 25 000 = 265 000

**ACC DEPR AT END OF YEAR**: 720 000 +265 000 = 985 000