

ASSET DISPOSAL

The following information was extracted from the records of Bryanston Squash Club.

REQUIRED:

1. The Fixed note to the financial statements on 31 December 2008.
2. Calculate the amount paid to the supplier of the new equipment.

INFORMATION:

Extract from the Post-Closing Trial Balance on 31 December 2007:

Vehicles at cost	R90 000
Accumulated depreciation on vehicles	?
Equipment at cost	R25 000
Accumulated depreciation on equipment	R7 200

Extract from Statement of Receipts and Payments on 31 December 2008:

Payments	
Vehicle	?
Equipment	R2 000
Creditor (from equipment bought)	?

Additional information that needs to be considered:

VEHICLES:

- The vehicle for R90 000 was acquired on 30 June 2006.
- The second-hand vehicle was bought on 30 September 2008.
- No vehicles were sold during the current period.
- Vehicles are depreciated at 20 % p.a. on carrying value.
- The year-end (31 December 2008) balance of the Accumulated depreciation on vehicles after taking the above into account was calculated at R40 060.

EQUIPMENT:

- On 31 May 2008 outdated equipment (cost price R2 400) was traded-in at a loss of R500 for new equipment costing R25 000. The book value of the equipment traded-in was R840 on the first day of the accounting period. At year-end (31 December 2008) the supplier of the new equipment was still owed R9 000.
- Additional equipment was purchased for cash on 1 June 2008.
- Equipment is depreciated at 10 % p.a. on carrying value.

	VEHICLES	EQUIPMENT
Carrying value (beginning of year)		
Cost		
Accumulated depreciation		
MOVEMENTS		
Additions at cost		
Disposal at carrying value		
Depreciation		
Carrying value (end of year)		
Cost		
Accumulated depreciation		