

Stalla charges depreciation at 25% per annum, using the reducing balance method. She charges a full year's depreciation in the year a vehicle is purchased and none in the year it is sold.

On 31 December 2022, Stalla sold a vehicle for \$9500. The vehicle had cost \$16 000 on 1 September 2020.

REQUIRED

(b) Calculate the gain or loss on disposal of the vehicle.

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..... [4]

The balances on Stalla's ledger accounts at 1 January 2022 included the following.

	\$
Motor vehicles	48 000
Provision for depreciation on motor vehicles	21 000

(c) (i) Prepare Stalla's motor vehicles account for the year ended 31 December 2022. Balance the account at 31 December 2022 and bring down the balance at 1 January 2023.

Stalla
Motor vehicles account

Date	Details	\$	Date	Details	\$
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[2]

- (ii) Prepare Stalla's provision for depreciation on motor vehicles account for the year ended 31 December 2022. Balance the account at 31 December 2022 and bring down the balance at 1 January 2023.

Stalla
Provision for depreciation on motor vehicles account

Date	Details	\$	Date	Details	\$
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Question	Answer	Marks																																				
2(b)	<table><tr><td></td><td>\$</td><td>\$</td><td></td></tr><tr><td>Proceeds</td><td></td><td>9 500</td><td></td></tr><tr><td>Cost</td><td>16 000 (1)</td><td></td><td></td></tr><tr><td>Less provision for depreciation</td><td><u>7 000 (1)</u></td><td><u>9 000</u></td><td></td></tr><tr><td>Profit on disposal (1)</td><td></td><td><u>500</u> (1)OF</td><td></td></tr></table>		\$	\$		Proceeds		9 500		Cost	16 000 (1)			Less provision for depreciation	<u>7 000 (1)</u>	<u>9 000</u>		Profit on disposal (1)		<u>500</u> (1)OF		4																
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