

- 3 Jasmine owns a consulting business.

At 1 April 2024, Jasmine's ledger accounts included the following balances.

	\$
Motor vehicles	16 000
Provision for depreciation of motor vehicles	7 000
Trade receivables	12 220
Provision for doubtful debts	366
Rent (prepaid)	900
Rates (unpaid)	270

During the year ended 31 March 2025, Jasmine's bank payments included the following amounts.

	\$
Motor vehicles	18 000
Rent and rates	14 960

Additional Information

- Depreciation is to be provided at 25% per annum using the reducing balance method. A full year's depreciation is to be charged on vehicles purchased during the year.
- Trade receivables at 31 March 2025 were \$11 800. An amount of \$300 is still to be written off as irrecoverable.
- The provision for doubtful debts is to be maintained at 3% of net trade receivables.
- At 31 March 2025, prepaid rent was \$925 and unpaid rates were \$185.

REQUIRED

- (a) Prepare the provision for depreciation of motor vehicles account for the year ended 31 March 2025. Balance the account and bring down the balance at 1 April 2025.

Jasmine Provision for depreciation of motor vehicles account

Date	Details	\$	Date	Details	\$
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Question	Answer						Marks	
3(a)	Jasmine Provision for depreciation of motor vehicles account						4	
	Date 2025	Details	\$	Date 2024 Apr 1	Details	\$		
	Mar 31	Balance c/d		2025 Mar 31	Balance b/d	(1) 7 000		
			13 750		Income statement * (2)CF or (1)**	6 750		
			13 750			13 750		
					2025 Apr 1	Balance b/d		(1)OF 13 750
	* (16 000 – 7 000 + 18 000 =) 27 000 × 25% = 6 750 **2250 or 4500 = 1 must be a credit entry with IS label							
								4