



- Mr. X charges depreciation on vehicles at 20% per annum using the reducing balance method. He charges a full year's depreciation in the year of purchase and no depreciation in the year of disposal.

On 31 March 2024, he sold his delivery vehicle for \$2900 and received payment by cheque. He had purchased this delivery vehicle in June 2021 for \$10 000.

REQUIRED

- (a) Calculate the accumulated depreciation on the delivery vehicle which Mo sold on 31 March 2024.

[3]

- (b)** Prepare the disposal account for the sale of the delivery vehicle on 31 March 2024.

Mo
Disposal of vehicles account

[illegible]

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Mo is considering opening a shop to sell his farm produce. He hopes that customers will come to his farm and buy from the shop so that he will not need to deliver to them. He will use an existing farm building as his shop.

(d) Advise Mo whether or not he should open the shop. Justify your answer by providing advantages and disadvantages of opening the shop.

[5]



Mo owns his farmland and rents out one of his fields to a neighbouring farmer, Barry, for \$80 a month. Barry pays Mo by bank transfer.

On 1 January 2024, Barry owed Mo two months' rent. During the year ended 31 December 2024, Barry paid the following amounts to Mo for rent:

	\$
1 March	320
1 September	720

REQUIRED

- (e) Prepare Mo's rental income account for the year ended 31 December 2024. Total the account and bring down the balance at 1 January 2025.

Mo Rental income account

Date	Details	\$	Date	Details	\$
.....
.....
.....
.....
.....
.....

[4]

Mo has noticed that his gross margin and profit margin are higher than those of Barry.

REQUIRED

- (f) State **one** reason why:

- (i) Mo's gross margin is higher than Barry's

.....
 [1]

- (ii) Mo's expenses are lower than Barry's.

.....
 [1]

[Total: 20]



PUBLISHED

Question	Answer						Marks																																																						
2(e)	<div>Mo Rental income account</div> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>2024</td><td></td><td></td><td>2024</td><td></td><td></td></tr><tr><td>Jan 1</td><td>Balance b/d</td><td>(1) 160</td><td>Mar 1</td><td>Bank</td><td>320</td></tr><tr><td>Dec 31</td><td>Income statement</td><td></td><td>Sep 1</td><td>Bank</td><td>720</td></tr><tr><td></td><td>(12 × \$80)</td><td>(1) 960</td><td>Dec 31</td><td>Balance c/d</td><td>80</td></tr><tr><td></td><td></td><td>1 120</td><td></td><td></td><td>1 120</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2025</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Jan 1</td><td>Balance b/d</td><td>(1)OF 80</td><td></td><td></td><td></td></tr></table>						Date	Details	\$	Date	Details	\$	2024			2024			Jan 1	Balance b/d	(1) 160	Mar 1	Bank	320	Dec 31	Income statement		Sep 1	Bank	720		(12 × \$80)	(1) 960	Dec 31	Balance c/d	80			1 120			1 120							2025						Jan 1	Balance b/d	(1)OF 80				4
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2(f)(i)	They may sell different types of produce (1) Mo has a higher selling price than Barry (1) Mo's cost of producing/cost of sales is lower than that of Barry (1) Accept other valid points Max (1)						1																																																						
2(f)(ii)	Barry has to pay rent whereas Mo does not (1) Mo has lower expenses/controls his expenses better (1) Using different accounting methods e.g. different depreciation methods (1) Accept other valid points Max (1)						1																																																						