

- 2 Samir is a retailer who owns his shop premises. He prepares his financial statements to 31 December each year.

His ledger accounts at 1 January 2025 included the following balances.

	\$
motor vehicles (at cost)	28 000
provision for depreciation on motor vehicles	10 080

Depreciation is charged at 20% on the reducing balance basis. No depreciation is charged in the year of disposal.

Samir sold one of his motor vehicles on 1 October 2025 for \$9 500. This amount was paid into Samir's bank account. The motor vehicle had cost \$16 000, and its net book value at 1 October 2025 was \$10 240.

REQUIRED

- (a) Prepare the motor vehicles account for the year ended 31 December 2025. Balance the account, and bring down the balance at 1 January 2026.

Samir
Motor vehicles account

date	details	\$	date	details	\$
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[2]



Question	Answer						Marks																		
2(a)	Samir Motor vehicles account <table><tr><td>Date 2025 Jan 1</td><td>Details Balance b/d</td><td>\$ 28 000</td><td>Date 2025 Oct 1 Dec 31</td><td>Details Disposal Balance c/d</td><td>\$ 16 000 12 000 28 000</td></tr><tr><td>2026 Jan 1</td><td>Balance b/d</td><td>(1)OF 12 000</td><td></td><td></td><td></td></tr></table>						Date 2025 Jan 1	Details Balance b/d	\$ 28 000	Date 2025 Oct 1 Dec 31	Details Disposal Balance c/d	\$ 16 000 12 000 28 000	2026 Jan 1	Balance b/d	(1)OF 12 000				2						
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2026 Jan 1	Balance b/d	(1)OF 12 000																							
2(b)	Samir Provision for depreciation on motor vehicles account <table><tr><td>Date 2025 Oct 1 Dec 31</td><td>Details Disposal (16 000 – 10 240) Balance c/d</td><td>\$ 5 760 5 856 11 616</td><td>Date 2025 Jan 1 Dec 31 2026 Jan 1</td><td>Details Balance b/d Income statement Balance b/d</td><td>\$ 10 080 1 536* 11 616 5 856</td></tr><tr><td></td><td></td><td></td><td></td><td>(2) /(1)OF</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>(1) OF</td><td></td></tr></table> (1) Dates * (28 000 – 16 000) – (10 080 – 5 760) × 20% = 1 536						Date 2025 Oct 1 Dec 31	Details Disposal (16 000 – 10 240) Balance c/d	\$ 5 760 5 856 11 616	Date 2025 Jan 1 Dec 31 2026 Jan 1	Details Balance b/d Income statement Balance b/d	\$ 10 080 1 536* 11 616 5 856					(2) /(1)OF						(1) OF		5
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