

1. a) Written off machine

Cost	15,000
Depreciation yr 1	$15000 \times 0.4 = 6,000$
Carrying value	9,000
Depreciation, yr 2	$9000 \times 0.4 = 3,600$
Accumulated depreciation	9,600
Carrying value	5,400
Depreciation 2020	$5,400 \times 0.4 \times \frac{3}{12} = 540$

b) Traded in machine

Cost	20,000
Accumulated depreciation	15,680
Carrying value	4,320
Depreciation 2020	$4,320 \times 0.4 \times \frac{7}{12} = 1,008$

2. a) New machine

Cost	20,000
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2. a) New machine

Cost

30,000

Depreciation $30,000 \times 0.4$

12,000

b) New Plant

Cost

45,000

Depreciation $45,000 \times 0.4 \times \frac{5}{12} = 7,500$

c) Depreciation on Remaining Machines

Plant and Machinery at cost

1,30,000

Provision for depreciation

88,600

Carrying Value

41,400

Written off machine

(5,400)

New plant

(4,320)

31,680

Depreciation 2020 $31,680 \times 0.4$

12,672

New Machine

12,000 +

New plant

7,500 +

Total Depreciation 2020

32,172

Dr		Plant and Machinery		Cr
1/1/20	Bal b/f	130,000	1/4/20 Disposal A/c	15,000
	Bank	30,000	31/7/20 Disposal A/c	20,000
31/7/20	Bank	39,000		
	Disposal A/c	6,000		
		<u>205,000</u>	31/12/20 Bal c/f	170,000
1/1/21	Bal b/f	170,000		<u>205,000</u>

Dr		Provisions for Depreciation		Cr	
1/4/20	Disposal A/c	10,140	1/1/20	Bal b/f	88,600
31/7/20	Disposal A/c	16,688	1/4/20	Profit or Loss A/c	540
			31/7/20	Profit or Loss A/c	1,008
			31/12/20	Profit or Loss A/c	32,172
31/12/20	Bal c/f	95,492			<u>122,320</u>
		<u>122,320</u>	1/1/21	Bal b/f	95,492

Cr

Dr	Disposal A/c		Cr
1/4/20 Plant and Machinery	15,000	1/4/20 Provision for Depr	10,140
31/7/20 Plant and Machinery	20,000	31/7/20 Provision for Depr	16,688
		Plant and Machinery	6,000
		12/31/20 Profit or Loss	2,172
	<u>35,000</u>		<u>35,000</u>

Dr	Profit or Loss A/c		Cr
1/4/20 Provisions for Depreciation	540	31/12/20 Profit or Loss Statement	35,892
31/7/20 Provisions for Depreciation	1,008		
31/12/20 Provisions for Depreciation	32,172		
31/12/20 Disposal A/c - Loss	2,172		
	<u>35,892</u>		<u>35,892</u>

4 a) Statement of Financial Position
As at 31st Dec 2020

<u>Assets</u>	<u>£</u>
Plant and Machinery	170,000

b) Statement of Profit or Loss
For the Year Ended 31st Dec 2020

<u>Expenses</u>	<u>£</u>
Provisions for Depreciation	33,720
Loss on Disposal	2,172