

### Question 13

#### Computer Accounting Service

1

#### Calculation of the depreciation expense on the office equipment:

$\$2,400 \times 20\% \times 8/12 = \$320$  Depreciation expense to 30 June 2017

#### Calculation of the depreciation expense on the office equipment:

Cost	\$2,400	
20% Rate	320	Depreciation expense for year ended 30 June 2017
Carrying amount on 30 June 2017	2,080	
20% Rate	416	Depreciation expense for year ended 30 June 2018
Carrying amount on 30 June 2018	1,664	
20% Rate	333	Depreciation expense for year ended 30 June 2019
Carrying amount on 30 June 2019	\$1,331	

2

#### General Journal

Date	Details	Debit	Credit
2019 Jun 30	Depreciation of Office Equipment Accumulated Depreciation of Office Equipment  <i>Depreciation expense for the year.</i>	333	333

3

As the asset is expected to earn income evenly over its useful life it should be depreciated using the straight line method.

### Question 14

#### Hot Bread Bakery

1

#### Calculation of the depreciation expense on the motor vehicle:

$\$27,000 \times 20\% \times 3/12 = \$1,350$  depreciation expense to 30 June 2017

Cost	\$27,000	
20% Rate	<u>1,350</u>	Depreciation expense for year ended 30 June 2017
Carrying amount on 30 June 2017	25,650	
20% Rate	<u>5,130</u>	Depreciation expense for year ended 30 June 2018
Carrying amount on 30 June 2018	20,520	
20% Rate	<u>4,104</u>	Depreciation expense for year ended 30 June 2019
Carrying amount on 30 June 2019	<u>\$16,416</u>	

2

#### General Journal

Date	Details	Debit	Credit
2018 Jun 30	Depreciation of Motor Vehicle Accumulated Depreciation of Motor Vehicle  <i>Depreciation expense for year ended 30 June 2019.</i>	5,130	5,130

3

As the annual income earned by this asset is expected to decline over its useful life it should be depreciated using the reducing balance method.

**Question 15**

1

(b)

**Calculation of cost of plant and equipment:**

Purchase price	27,400
Transport	300
Installation	100
<b>Cost</b>	<b>\$27,800</b>

2

(c)

**Calculation of the depreciation expense on the plant and equipment:**

$\$27,800 \times 25\% \times 5/12 = \$2,896$  depreciation expense to 30 June 2026

Cost	\$27,800	
25% Rate	<u>2,896</u>	<b>Depreciation expense to 30 June 2026</b>
Carrying amount on 30 June 2026	24,904	
25% Rate	<u>6,226</u>	Depreciation expense for year ended 30 June 2027
<b>Carrying amount on 30 June 2027</b>	<b>18,678</b>	

3

(a)

### Question 16

#### WA Traders

#### Calculation of the depreciation expense on the delivery vehicle:

$\$48,000 \times 15\% \times 3/12 = \$900$  depreciation expense to 30 June 2026

Cost	\$48,000	
15% Rate	<u>1,800</u>	Depreciation expense to 30 June 2026
Carrying amount on 30 June 2026	46,200	
15% Rate	<u>6,930</u>	Depreciation expense for year ended 30 June 2027

#### Total Selling and Distribution Expenses for the year ended 30 June 2027

Sales wages	74,100
Cartage outwards	4,500
Advertising	11,800
Depreciation of delivery vehicle	6,930
<b>Total</b>	<b>\$97,330</b>

## Question 17

### Leaky Plumbing

#### Calculation of Depreciation Expense

$$\frac{\$9,400 - \$3,000}{10} \times \frac{6}{12}$$

= \$320 depreciation for six months ended 30 June 2018

#### Motor Vehicle

2017			2019		
Dec 31	Bank	9,400	Jun 30	Sale of Asset	9,400

#### Accumulated Depreciation of Motor Vehicle

2019			2018		
Jun 30	Sale of Asset	960	Jun 30	Depreciation	320
			2019		
			Jun 30	Depreciation	640

#### Sale of Asset

2019			2019		
Jun 30	Motor Vehicle	9,400	Jun 30	Accumulated Depreciation	960
				Bank	7,100
				Loss on Sale of Asset	1,340
		9,400			9,400

#### Loss on Sale of Asset

2019			2019		
Jun 30	Sale of Asset	1,340	Jun 30	Profit and Loss	1,340

#### Profit and Loss (extract)

2019					
Jun 30	Depreciation	640			
	Loss on Sale of Asset	1,340			

**Question 18**  
**Success Business College**

**Calculation of Depreciation Expense**

$$\frac{\$3,100 - \$700}{10} \times \frac{9}{12}$$

= \$180 depreciation for nine months ended 31 March 2020

**Office Furniture**

2019				2020			
Jul 1	Bank		3,100	Mar 31	Sale of Asset		3,100

**Accumulated Depreciation of Office Furniture**

2020				2019			
Mar 31	Sale of Asset		420	Jun 30	Depreciation		240
				2020			
				Mar 31	Depreciation		180

**Sale of Asset**

2020				2020			
Mar 31	Office Furniture		3,100	Mar 31	Accumulated Depreciation		420
					Bank		1,900
					Loss on Sale of Asset		780
			3,100				3,100

**Loss on Sale of Asset**

2020				2020			
Mar 31	Sale of Asset		780	Jun 30	Profit and Loss		780

**Profit and Loss (extract)**

2020							
Jun 30	Depreciation		180				
	Loss on Sale of Asset		780				

### Question 19

#### Champion Cleaners

1

#### Calculation of the cost of the motor vehicle:

Purchase price	29,000
Cost of car alarm	800
Cost	\$29,800

$$\frac{\$29,800 - \$8,200}{8} \times \frac{6}{12}$$

= \$1,350 depreciation for six months ended 31 March 2019

#### Motor Vehicle

2024				2025		
Oct 1	Bank	29,800		Mar 31	Sale of Asset	29,800

#### Accumulated Depreciation of Motor Vehicle

2025			2025		
Mar 31	Sale of Asset	1,350	Mar 31	Depreciation	1,350

#### Sale of Asset

2025			2025		
Mar 31	Motor Vehicle	29,800	Mar 31	Accumulated Depreciation	1,350
	Gain on Sale of Asset	550		Bank	29,000
		30,350			30,350

2

A gain (profit) on the sale of a depreciable asset means that **too much** depreciation has been subtracted from income over the time that the asset has been owned by the business.

**Question 20**  
**City Shoe Repairs**

**Calculation of the cost of the plant and equipment**

$$\frac{\$9,130}{11}$$

$$= \$830 \text{ GST}$$

$$\$9,130 - \$830 = \$8,300 \text{ cost}$$

**Calculation of the depreciation of the plant and equipment**

$$\frac{\$8,300 - \$2,900}{9}$$

$$= \$600 \text{ depreciation per year}$$

$$\frac{\$8,300 - \$2,900}{9} \times \frac{4}{12}$$

$$= \$200 \text{ depreciation to 30 June 2027}$$

$$\frac{\$8,300 - \$2,900}{9} \times \frac{2}{12}$$

$$= \$100 \text{ depreciation to 1 September 2028}$$

**Plant and Equipment**

2027			2028		
Feb 28	Bank	8,300	Sep 1	Sale of Asset	8,300

**Accumulated Depreciation of Plant and Equipment**

2028			2027		
Sep 1	Sale of Asset	900	Jun 30	Depreciation	200
			2028		
			Jun 30	Depreciation	600
			Sep 1	Depreciation	100
		900			900



**Question 20 continued**  
**City Shoe Repairs**

Sale of Asset					
2028			2028		
Sep 1	Plant and Equipment	8,300	Sep 1	Accumulated Depreciation	900
	Gain on Sale of Asset	200		Bank	7,600
		<u>8,500</u>			<u>8,500</u>

**Question 21**  
**Readers' Choice Bookshop**

**Workings**

**Depreciation of Delivery Vehicle**

\$1,500 accumulated depreciation/1.5 years = \$1,000 depreciation per year

Sale of Asset					
2025			2025		
Jun 30	Delivery Vehicle	28,000	Jun 30	Accumulated Depreciation	2,500
				Bank	19,300
				Loss on Sale of Asset	6,200
		<u>28,000</u>			<u>28,000</u>

**Question 21 continued**  
**Readers' Choice Bookshop**

**Readers' Choice Bookshop**  
**Income Statement (extract)**  
**for the year ended 30 June 2025**

Sales	127,000
Cost of Sales	43,200
<b>Gross Profit</b>	<u>83,800</u>
<b>Add Other Income</b>	
Gain on Sale of Investments	7,000
	<u>-----</u>
	90,800
	<u>-----</u>
<i>Less Other Expenses</i>	
<b>Selling and Distribution Expenses</b>	
Sales Wages	33,710
Depreciation of Delivery Vehicle	1,000
	<u>-----</u>
Loss on Sale of Delivery Vehicle	6,200
	<u>-----</u>

**Question 22**  
**Instant Copying Centre**

**Calculation of accumulated depreciation on the office equipment**

Cost	\$9,600	
25% Rate	2,400	Depreciation expense for year ended 30 June 2022
Carrying amount on 30 June 2022	<u>7,200</u>	
25% Rate	1,800	Depreciation expense for year ended 30 June 2022

Depreciation expense to from 1 July 2022 to 1 October 2022:

$$\$1,800 \times 3/12 = \$450.$$

**Question 22 continued**  
**Instant Copying Centre**

**Office Equipment**

2021				2022			
Jul	1	Bank	9,600	Oct	1	Sale of Asset	9,600

**Accumulated Depreciation of Office Equipment**

2022				2022			
Oct	1	Sale of Asset	2,850	Jun	30	Depreciation	2,400
				Oct	1	Depreciation	450
			2,850				2,850

**Sale of Asset**

2022				2022			
Oct	1	Office Equipment	9,600	Oct	1	Accumulated Depreciation	2,850
		Gain on Sale of Asset	1,350			Bank	8,100
			10,950				10,950

**Question 23**  
**Northern Firewood Supplies**

**Calculation of accumulated depreciation on the truck**

Cost	\$20,000	
20% Rate	4,000	Depreciation expense for year ended 30 June 2017
Carrying amount on 30 June 2017	16,000	
20% Rate	3,200	Depreciation expense for year ended 30 June 2018
Carrying amount on 30 June 2018	12,800	
20% Rate	2,560	Depreciation expense for year ended 30 June 2019

Depreciation expense to from 1 July 2018 to 1 April 2019

$$\$2,560 \times 9/12 = \$1,920.$$

**Question 23 continued**  
**Northern Firewood Supplies**

Truck					
2016			2019		
Jul 1	Bank	20,000	Apr 1	Sale of Asset	20,000

Accumulated Depreciation of Truck					
2019			2017		
Apr 1	Sale of Asset	9,120	Jun 30	Depreciation	4,000
			2018		
			Jun 30	Depreciation	3,200
			2019		
			Apr 1	Depreciation	1,920
		9,120			9,120

Sale of Asset					
2019			2019		
Apr 1	Truck	20,000	Apr 1	Accumulated Depreciation	9,120
	Gain on Sale of Asset	4,220		Bank	15,100
		24,220			24,220

**Question 24**  
**Oz Self Storage**

**Calculation of accumulated depreciation on the computers**

Cost	\$35,200	
15% Rate	1,320	Depreciation expense to 30 June 2027
Carrying amount on 30 June 2027	33,880	
15% Rate	5,082	Depreciation expense for year ended 30 June 2028
Carrying amount on 30 June 2028	28,798	
15% Rate	4,320	Depreciation expense for year ended 30 June 2029

Depreciation expense to from 1 July 2018 to 31 January 2019

$$\$4,320 \times 7/12 = \$2,520.$$

**Question 24 continued**  
**Oz Self Storage**

Sale of Asset					
2029			2029		
Jan 31	Plant and		Jan 31	Accumulated	
	Equipment	35,200		Depreciation	8,922
				Bank	21,000
				Loss on Sale of	
				Asset	5,278
		<u>35,200</u>			<u>35,200</u>

**Question 25**  
**Quick Tax Services**

**Part A**

**Workings**

$\$8,400 \times 20\% \times 3/12 = \$420$  depreciation from 1 February to 1 May 2018

$\$7,200 \times 20\% \times 2/12 = \$240$  depreciation from 1 May to 30 June 2018

Total depreciation expense = 420 + \$240 = \$660

Sale of Asset					
2018			2018		
May 1	Office Equipment	8,400	May 1	Accumulated	
				Depreciation	420
				Bank	6,500
				Loss on Sale of	
				Asset	1,480
		<u>8,400</u>			<u>8,400</u>

**Question 25 continued**  
**Quick Tax Services**

**Quick Tax Service**  
**Income Statement**  
**for the 5 months ended 30 June 2018**

Fees			62,000
<b>Less Expenses</b>			
<b>Promotional Expenses</b>			
Advertising		9,210	
<b>General and Administration Expenses</b>			
Loss on sale of office equipment	1,480		
Depreciation of office equipment	660		
Wages	11,000		
Rent	15,000		
Telephone	1,900		
Stationery	2,100	32,140	41,350
<b>Profit</b>			<b>20,650</b>

**Part B**

Purchase Price	\$27,000
Replacement of existing engine with a new engine	2,500
Replacement of existing tyres with new tyres	748
Installation of car alarm	815
Window tinting	927
Painting of logos and red and black radio station colours	614
<b>Cost</b>	<b>\$32,604</b>

**Question 26**  
**The Copy Shop**

**Calculation of Depreciation Expense**

$$\frac{\$8,100 - \$300}{10} \times \frac{8}{12}$$

= \$520 depreciation for eight months ended 28 February 2019

*Entry 1:*

Entry to record the depreciation expense for the 8 months ended 28 February 2019:

**General Journal**

Date	Details	Debit	Credit
2019 Feb 28	Depreciation of Motor Vehicle Accumulated Depreciation of Motor Vehicle  <i>Depreciation expense for the 8 months ended              28 February 2019.</i>	520	520

*Entry 2:*

Entry to transfer the cost of the motor vehicle sold to the sale of asset account:

**General Journal**

Date	Details	Debit	Credit
2019 Feb 28	Sale of Asset Motor Vehicle  <i>Balance transferred.</i>	8,100	8,100

**Question 26 continued**  
**The Copy Shop**

*Entry 3:*

Entry to transfer the accumulated depreciation of motor vehicle sold to the sale of asset account:

General Journal			
Date	Details	Debit	Credit
2019 Feb 28	Accumulated Depreciation of Motor Vehicle Sale of Asset  <i>Balance transferred.</i>	520	520

*Entry 4:*

General Journal			
Date	Details	Debit	Credit
2019 Feb 28	Cash at Bank GST Payable Sale of Asset  <i>Proceeds of sale of asset.</i>	8,140	740 7,400

*Entry 5:*

Entry to transfer the loss on sale of the motor vehicle:

General Journal			
Date	Details	Debit	Credit
2019 Feb 28	Loss on Sale of Asset Sale of Asset  <i>Balance transferred.</i>	180	180



**Question 27**  
**Furniture Makers**

**Calculation of Depreciation Expense**

$$\frac{\$1,900 - \$300}{8} \times \frac{3}{12}$$

= \$50 depreciation for three months ended 30 June 2019

*Entry 1:*

Entry to record the depreciation expense for the 3 months ended 30 June 2019:

**General Journal**

Date	Details	Debit	Credit
2027 Jun 30	Depreciation of Office Equipment Accumulated Depreciation of Office Equipment <i>Depreciation expense for the 3 months ended 30 June 2027.</i>	50	50

*Entry 2:*

Entry to transfer the cost of the office equipment sold to the sale of asset account:

**General Journal**

Date	Details	Debit	Credit
2027 Jun 30	Sale of Asset Office Equipment <i>Balance transferred.</i>	1,900	1,900

**Question 27 continued**  
**Furniture Makers**

*Entry 3:*

Entry to transfer the accumulated depreciation of office equipment sold to the sale of asset account:

General Journal			
Date	Details	Debit	Credit
2027 Jun 30	Accumulated Depreciation of Office Equipment Sale of Asset  <i>Balance transferred.</i>	50	50

*Entry 4:*

Entry to record the proceeds of the sale of the office equipment:

General Journal			
Date	Details	Debit	Credit
2027 Jun 30	Cash at Bank GST Payable Sale of Asset  <i>Proceeds of sale of asset.</i>	1,540	140 1,400

*Entry 5:*

Entry to transfer the loss on sale of the office equipment:

General Journal			
Date	Details	Debit	Credit
2027 Jun 30	Loss on Sale of Asset Sale of Asset  <i>Balance transferred.</i>	450	450

## Question 28

### Furniture Removals

#### Calculation of depreciation expense from 1 August 2028 to 30 June 2029:

Cost	\$18,000	
30% Rate	<u>5,400</u>	Depreciation expense for year ended 30 June 2029

$$\$5,400 \times 11/12 = \$4,950$$

#### Entry 1:

Entry to record the depreciation expense for the 11 months ended 30 June 2029:

#### General Journal

Date	Details	Debit	Credit
2029 Jun 30	Depreciation of Truck Accumulated Depreciation of Truck  <i>Depreciation expense for the 11 months ended 30 June 2029.</i>	4,950	4,950

#### Entry 2:

Entry to transfer the cost of the truck sold to the sale of asset account:

#### General Journal

Date	Details	Debit	Credit
2029 Jun 30	Sale of Asset Truck  <i>Balance transferred.</i>	18,000	18,000

**Question 28 continued**  
**Furniture Removals**

*Entry 3:*

Entry to transfer the accumulated depreciation of truck sold to the sale of asset account:

**General Journal**

Date	Details	Debit	Credit
2029 Jun 30	Accumulated Depreciation of Truck Sale of Asset  <i>Balance transferred.</i>	4,950	4,950

*Entry 4:*

Entry to record the proceeds of the sale of the truck:

**General Journal**

Date	Details	Debit	Credit
2029 Jun 30	Cash at Bank GST Payable Sale of Asset  <i>Proceeds of sale of asset.</i>	18,920	1,720 17,200

*Entry 5:*

Entry to transfer the gain on the sale of the truck:

**General Journal**

Date	Details	Debit	Credit
2029 Jun 30	Sale of Asset Gain on Sale of Asset  <i>Balance transferred.</i>	4,150	4,150

**Question 29**

1

<b>Computer</b>					
2017			2018		
Jul 1	Bank	6,000	Jun 30	Sale of Asset	6,000
2018				Balance c/d	8,100
Jun 30	Sale of Asset	3,000			
	Accounts Payable	5,100			
		<u>14,100</u>			<u>14,100</u>
Jul 1	Balance b/d	8,100			

<b>Accumulated Depreciation of Computer</b>					
2018			2018		
Jun 30	Sale of Asset	<u>1,000</u>	Jun 30	Depreciation	<u>1,000</u>

<b>Sale of Asset</b>					
2018			2018		
Jun 30	Computer	6,000	Jun 30	Accumulated Depreciation	1,000
				Computer	3,000
				Loss on Sale of Asset	<u>2,000</u>
		<u>6,000</u>			<u>6,000</u>

<b>GST Credits</b>					
2018					
Jun 30	Accounts Payable	810			

<b>Accounts Payable</b>					
			2018		
			Jun 30	Computer/GST	5,910

**Question 29**

2

**General Journal**

Date	Details	Debit	Credit
2018 Jun 30	Computer	8,100	
	GST Credits	810	
	Sale of Asset		3,000
	Accounts Payable		5,910
	<i>Purchase of computer on credit and recording of trade-in received.</i>		

**Question 30**

1

**Motor Vehicle**

2024			2025		
Jul 1	Bank	17,000	Jun 30	Sale of Asset	17,000
2025				Balance c/d	26,000
Jun 30	Sale of Asset	9,200			
	Accounts Payable	16,800			
		43,000			43,000
Jul 1	Balance b/d	26,000			

**Accumulated Depreciation of Motor Vehicle**

2025			2025		
Jun 30	Sale of Asset	4,100	Jun 30	Depreciation	4,100

**Sale of Asset**

2025			2025		
Jun 30	Motor Vehicle	17,000	Jun 30	Accumulated Depreciation	4,100
				Motor Vehicle	9,200
				Loss on Sale of Asset	3,700
		17,000			17,000

**Question 30 continued****GST Credits**

2025			
Jun 30	Accounts Payable	2,600	

**Accounts Payable**

			2025
			Jun 30
	Motor Vehicle/GST	19,400	

2

**General Journal**

Date	Details	Debit	Credit
2025			
Jun 30	Motor Vehicle	26,000	
	GST Credits	2,600	
	Sale of Asset		9,200
	Accounts Payable		19,400
	<i>Purchase of motor vehicle on credit and recording of trade-in received.</i>		

### Question 31

#### Fair Price Printers

#### Calculation of the depreciation expense on the computer:

$$\$2,600 \times 30\% \times 8/12 = \$520 \text{ depreciation expense to 30 June 2018}$$

Cost	\$2,600	
30% Rate	<u>520</u>	Depreciation expense to 30 June 2018
Carrying amount on 30 June 2018	2,080	
30% Rate	<u>624</u>	Depreciation expense for year ended 30 June 2019

$$\$624 \times 9/12 = \$468 \text{ depreciation expense to 30 April 2019}$$

#### Entry 1:

Entry to record the purchase of the computer:

General Journal			
Date	Details	Debit	Credit
2017 Nov 1	Computer GST Credits Cash at Bank  <i>Cash purchase of computer.</i>	2,600 260	2,860

#### Entry 2:

Entry to record the depreciation expense for the 8 months ended 30 June 2019:

General Journal			
Date	Details	Debit	Credit
2018 Jun 30	Depreciation of Computer Accumulated Depreciation of Computer  <i>Depreciation expense for the 8 months ended 30 June 2019.</i>	520	520



**Question 31 continued**  
**Fair Price Printers**

*Entry 3:*

**General Journal**

Date	Details	Debit	Credit
2019 Apr 1	Depreciation of Computer Accumulated Depreciation of Computer  <i>Depreciation expense for the 9 months ended            1 April 2019.</i>	468	468

*Entry 4:*

Entry to transfer the cost of the computer sold to the sale of asset account:

**General Journal**

Date	Details	Debit	Credit
2019 Apr 1	Sale of Asset Computer  <i>Balance transferred.</i>	2,600	2,600

*Entry 5:*

Entry to transfer the accumulated depreciation of computer sold to the sale of asset account:

**General Journal**

Date	Details	Debit	Credit
2019 Apr 1	Accumulated Depreciation of Computer Sale of Asset  <i>Balance transferred.</i>	988	988

**Question 31 continued**  
**Fair Price Printers**

*Entry 6:*

Entry to record the trade-in of the computer:

**General Journal**

Date	Details	Debit	Credit
2019 Apr 1	Computer GST Credits Sale of Asset Accounts Payable  <i>Purchase of computer on credit and  recording of trade-in received.</i>	3,500 350    	  2,000 1,850  

*Entry 7:*

Entry to transfer the gain on the sale of the computer:

**General Journal**

Date	Details	Debit	Credit
2019 Apr 1	Sale of Asset Gain on Sale of Asset  <i>Balance transferred.</i>	 388  	  388 

**Question 32**  
**Tutors 4 U**

1

<b>Depreciation Worksheet</b>			
Depreciation Calculation	Depreciation expense to 30/6/2027	Depreciation expense to 1/2/2028	Depreciation expense to 30/6/2028
<i>Motor Vehicle 1</i>  $(\$12,540 \times 15\%) \times 4/12$ $(\$12,540 - \$627) \times 15\% \times 7/12$	\$627	\$1,042	
<i>Motor Vehicle 2</i>  $[(\$16,700 - \$7,100)/5] \times 5/12$			\$800
	\$627	\$1,042	\$800

**Sale of Asset**

2028 Feb 1	Computers	11,300	2028 Feb 1	Accumulated Depreciation	1,669
				Computers	9,300
				Loss on Sale of Asset	331
		<u>11,300</u>			<u>11,300</u>

2

**Tutors 4 U**  
**Calculation of Profit**  
**for the year ended 30 June 2028**

Fees (\$62,000 – \$9,500)	52,500
<i>Less Expenses</i>	
Cash expenses	43,110
Depreciation of computers	1,842
Loss on sale of computers	331
<b>Profit</b>	<b><u>\$7,217</u></b>

**Question 33**  
**All Purpose Traders**

1

**Calculation of the depreciation expense on the office furniture:**

Cost	\$5,400	
20% Rate	<u>1,080</u>	Depreciation expense for year ended 30 June 2026
Carrying amount on 30 June 2025	4,320	
20% Rate	<u>864</u>	Depreciation expense for year ended 30 June 2027

$\$864 \times 7/12 = \$504$  depreciation expense to 31 January 2027

*Entry 1:*

Entry to transfer the cost of the office furniture sold to the sale of asset account:

General Journal			
Date	Details	Debit	Credit
2026 Jan 31	Sale of Asset Office Furniture  <i>Balance transferred.</i>	5,400	5,400

*Entry 2:*

Entry to transfer the accumulated depreciation of office furniture sold to the sale of asset account:

General Journal			
Date	Details	Debit	Credit
2027 Jan 31	Accumulated Depreciation of Office Furniture Sale of Asset  <i>Balance transferred.</i>	1,584	1,584

**Question 33 continued**  
**All Purpose Traders**

*Entry 3:*

Entry to record the trade-in of the computer:

**General Journal**

Date	Details	Debit	Credit
2027 Jan 31	Office Furniture GST Credits Sale of Asset Accounts Payable  <i>Purchase of office furniture on credit and recording of trade-in received.</i>	6,200 620	2,900 3,920

*Entry 4:*

Entry to transfer the gain on the sale of the office furniture:

**General Journal**

Date	Details	Debit	Credit
2027 Jan 31	Loss on Sale of Asset Sale of Asset  <i>Balance transferred.</i>	916	916

**Question 33 continued**  
**All Purpose Traders**

2

**All Purpose Traders**  
**Income Statement (extract)**  
**for the year ended 30 June 2027**

Sales		331,000
Less Cost of Sales		198,600
<b>Gross Profit</b>		<b>132,400</b>
<i>Less Other Expenses</i>		
<b>General and Administration Expenses</b>		
Depreciation of Office Furniture	504	
	-----	
Loss on Sale of Office Furniture	916	
	-----	
Office Wages	43,100	
	-----	
Rent	17,440	
	-----	

### Question 34

#### Walkabout Shoes

1

a

Cost	
Purchase price	\$33,000
Transport cost to Perth	1,700
Insurance on journey from Sydney to Perth	800
Cost of building concrete foundation for the asset	2,500
Cost of test running the asset	1,000
<b>Cost</b>	<b>\$39,000</b>

2

#### Calculation of Depreciation Expense

$$\frac{\$39,000 - \$5,400}{7}$$

= \$4,800 depreciation per year

Depreciation for 10 months ended 30 June 2027:

$$\$4,800 \times 10/12 = \$4,000$$

Depreciation for 4 months ended 30 June 2029:

$$\$4,800 \times 5/12 = \$2,000$$

**Question 34 continued**  
**Walkabout Shoes**

2

**Plant and Equipment**

2026				2028		
Sep 1	Bank	39,000		Oct 31	Sale of Asset	39,000

**Accumulated Depreciation of Plant and Equipment**

2028			2027		
Oct 31	Sale of Asset	10,800	Jun 30	Depreciation	4,000
			2028		
			Jun 30	Depreciation	4,800
			Oct 31	Depreciation	2,000
		10,800			10,800

**Sale of Asset**

2028			2028		
Oct 31	Plant and Equipment	39,000	Oct 31	Accumulated Depreciation	10,800
				Bank	17,200
				Loss on Sale of Asset	11,000
		39,000			39,000

3

**Profit and Loss (extract)**

2029			
Jun 30	Depreciation of Plant and Equipment	2,000	
	Loss on Sale of Asset	11,000	