2 Moser has provided the following information about his non-current assets for the year ended 30 November 2018.

1 Motor vehicles

	$
Cost at 1 December 2017	185 000
Accumulated depreciation at 1 December 2017	64 750
Purchased during the year	27 745

2 A motor vehicle was sold during the year for $12 450. It had originally cost $18 500 and had a net book value of $13 875.

3 The motor vehicles depreciation policy is as follows:

Motor vehicles are depreciated at a rate of 25% per annum using the reducing balance method.

A full year's depreciation is charged in the year of purchase and no depreciation is charged in the year of disposal.

REQUIRED

(a) State how a disposal of a non-current asset would affect the income statement and the statement of financial position. Calculations are **not** required.

Income statement

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Statement of financial position

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.... [3]

(b) Prepare the non-current assets section of Moser's statement of financial position at 30 November 2018.

	Cost $	Accumulated depreciation $	Net book value $

Workings:

[6]

(c) (i) Explain why the reducing balance method of depreciation is more appropriate than the straight-line method for assets such as computer equipment.

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.... [4]

(ii) Explain why the revaluation method of depreciation is appropriate for assets such as loose tools.

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