**Sum of the year digits**

**Illustrations**

A machine was bought in the year 2000 for N50, 000. It was estimated to be 5000 after 4 years of use. Use the sum of the year digits to calculate the depreciation.

**Disposal of Assets**

**Illustration**

A motor car was bought for **N**60, 000 and it is to be depreciated at 25% on cost for 4 years and later sold for **N**5, 000 at the end of the fourth year.

You are required to prepare

1. Motor vehicle account
2. Cash account
3. Profit and loss account

**Illustration**

A textile manufacturing company has the following machines in the factory on 01/01/2020.

**Machine model cost (N ) Depreciation written off to date (N)**

Machine A 3,600 1,440

Machine B 2,400 960

Machine C 3,000 810

During the year ended 31/12/2020, the following machines were bought on the dates;

**Machine model Date Cost (N)**

Machine D 01/02/2020 4,200

Machine E 31/03/2020 4,800

Machine F 01/08/2020 6,000

Machine G 01/12/2020 7,200

On 30th June 2020, Machine C was sold for 1,800. It is the policy of the company to calculate depreciation at the rate of 12% per annum on all it assets.

**You are required to;**

1. Prepare a statement showing the depreciation of each machine for the year ended 31/12/2020
2. Calculate the depreciation for the year
3. To prepare the disposal account of Machine-C and ascertain the profit or loss made.