**2021 Confucian Private Secondary Paper 2 Question 1**

Himalaya Company provide the following information for your further action.

**Himalaya Company**

**Statement of Financial Position (extract) as at 31 December 2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Cost** | **Accumulated Depreciation** | **Carrying Amount** |
| Non-Current Assets  Machinery | **RM**  50,000 | **RM**  9,500 | **RM**  40,500 |
| (bought on 12 Jan 2018) |  |  |  |

It was decided to depreciate the machines on a reducing balance basis at 10% per annum.

It was further decided to charge a full year’s depreciation for any machine bought before 1 July in any year. Any machine acquired in the second-half of any year would be charged with a half year’s depreciation. No depreciation was to be charged in the year of disposal.

Additional machines were acquired as follows:

2020

Jun 21 2 machines costing RM 10,500 each

Aug 8 1 machines costing RM 18,000 (installation cost of RM2,000 excluded)

On 6 November 2020, the company decided to trade in old machinery which was bought on 12 January 2018 with a new machinery at a cost of RM 60,000. The trade in value for old machinery was RM 42,000 and the remaining balance was paid by cheque.

**You are required to:**

1. prepare the following accounts for the year ended 31 December 2020:
2. Machinery;
3. Accumulated Depreciation of Machinery;
4. Disposal of Machinery

1. show the above balances in the following final accounts (extract):
2. Income Statement for the year ended 31 December 2020;
3. Statement of Financial Position as at 31 December 2020.