**Question 2**

Jym is a sole trader who operates retail business. Based on his accounting knowledge, he wishes to compare the straight line method and reducing balance method of depreciating of his motor vehicles.

He decided that to charge a full year's depreciation for any vehicle acquired before 1 July in any year. Any vehicle bought in the second half of any year would be charged with half year's depreciation.

No depreciation was to be charged in the year of disposal.

The following additional information is available :

1. Depreciation on both straight line and reducing balance method is 20% per annum.
2. In 15 January 2021, vehicle A is purchased for RM 16,000 and in 31 August 2022, vehicle B is purchased for RM 18,000.
3. On 31 July 2023, vehicle A is sold for RM 6,000.

**You are required to:**

1. Prepare the following accounts with straight line method:
2. Motor Vehicles;
3. Accumulated Depreciation of Motor Vehicles;
4. Disposal of Motor Vehicles;
5. Prepare the following accounts with reducing balance method:
6. Accumulated Depreciation of Motor Vehicles;
7. Disposal of Motor Vehicles;
8. According to the above accounts, which of the method would you choose and give your opinion.