Q1 **Roche Freight Ltd prepares its final accounts to 31 December each year. The company's policy is to depreciate its vehicles at the rate of 10% of cost per annum, calculated from the date of purchase to the date of disposal, and to accumulate this depreciation in a provision for depreciation account.**

Straight Line

On 1 January 20-5, Roche Freight owned the following vehicles:

- No. 1, purchased on 1/1/-2 for €50,000
- No. 2, purchased on 1/1/-3 for €60,000
- No. 3, purchased on 1/7/-3 for €70,000

On 1 July 20-5 vehicle no. 1 was traded in for a new vehicle costing €80,000. The company received a trade-in allowance of €26,000.

On 1 October 20-6 vehicle no. 2 was involved in an accident. The company received compensation to the value of €24,000. The vehicle was subsequently traded in for a new vehicle costing €90,000. The company received a trade-in allowance of €16,000.

You are required to prepare with workings, for each of the two years 20-5 and 200-6:

- the vehicles account
- the provision for depreciation account
- the disposal account.

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Before 2015

Vehicles

Date	€
1/1/12	50,000
31/12/12	50,000
1/1/13	60,000
1/07/13	70,000
31/12/13	180,000

Depreciation A/C

Date	€
Full year 2012	5,000
Full year 2013	14,500
Full year 2014	18,000
Going Into 2015	37,500

2015

Vehicles

Date	€
1/1/15	180,000
1/7/15	-50,000
	+ 80,000
31/12/15	210,000

Depreciation A/C

Date	€
1/1/15	37,500
- disposal 1/7	- 17,500
+ 2015 depn	+ 19,500
31/12/15	39,500

Disposal:

50,000 – 17,500 = 32,500

32,500 – 26,000 = €6,500 loss on sale

2016

Vehicles

Date	€
1/1/16	210,000
1/10/16	- 60,000
	+ 90,000
31/12/16	240,000

Depreciation A/C

Date	€
1/1/16	39,500
2016 depn.	+21,750
31/12/16	61,250

Disposal:

60,000 – 22,500 = 37,500

24,000 + 16000 = €40000

=> €2,500 Profit on Disposal