**BLOG WORKSHEET-11-T**

**ACCOUNTS**

**Q.** At the beginning of the financial year on 1 April 20X5, a company had a balance on plant

account of £372,000 and on provision for depreciation of plant account of £205,400.

The company’s policy is to provide depreciation using the reducing balance method applied to

the fixed assets held at the end of the financial year at the rate of 20% per annum.

On 1 September 20X5 the company sold for £13,700 some plant which it had acquired on

31 October 20X1 at a cost of £36,000. Additionally, installation costs totalled £4,000. During 20X3

major repairs costing £6,300 had been carried out on this plant and, in order to increase the

capacity of the plant, a new motor had been fitted in December 20X3 at a cost of £4,400. A further

overhaul costing £2,700 had been carried out during 20X4.

The company acquired new replacement plant on 30 November 20X5 at a cost of £96,000,

inclusive of installation charges of £7,000.

**Required:**

Calculate:

(*a*) the balance of plant at cost at 31 March 20X6

(*b*) the provision for depreciation of plant at 31 March 20X6

(*c*) the profit or loss on disposal of the plant.