**APPLICATION EXERCISE 15 – SUGGESTED SOLUTION**

1. **Calculate the depreciation expense for the Shelving for the quarter ended 30 June 2025.**

**Existing**

$14 800 x 15% = $2 220

$2 220 = $185 per month x 3 (April / May / June) = $555

12

**New**

$4 800 x 15% = $720

$720 = $60 per month x 2 (May / June) = $120

12

$555 + $120 = **$675**

1. **Assuming not further Shelving was purchased or sold, prepare General Journal entries to record the necessary adjustment at 30 September 2025.**

**A narration is not required.**

**General Journal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Credit** |
| 30/09 | Depreciation – Shelving | 735 |  |
|  | Accumulated Depreciation - Shelving |  | 735 |

1. **Assuming no further Shelving was purchased or sold, show how Shelving would appear in the Balance Sheet as at 30 June 2020.**

**Shane’s Shirts**

**Balance Sheet (extract) as at 30 June 2020**

|  |  |  |
| --- | --- | --- |
|  | **$** | **$** |
| Shelving | 19 600 |  |
| Less: Accumulated Depreciation | 11 570 | 8 030 |