

3. Revaluation of Fixed Assets

On 1 January 2007, Hyde Ltd owned freehold buildings which cost €460,000 and adjacent land which cost €260,000. The company depreciates its buildings at the rate of 2% per annum straight line method. It is the company's policy to apply a full year's depreciation in the year of acquisition and no depreciation in the year of disposal. This property had been purchased on 1/1/2001 and depreciation has been charged against profits in each of these six years (land is not depreciated).

The following details were taken from the firm's books:

- Jan. 1, 2007 Re-valued land and buildings at €840,000. Of this re-valued amount, €310,000 was attributable to land.
- Jan. 1, 2008 Sold for €335,000 land which cost €260,000 but was since re-valued on 1/1/2007.
- Jan. 1, 2009 Purchased buildings for €380,000. During the year 2007, €90,000 was paid to a building contractor for an extension to these recently purchased buildings. The company's own employees also worked on the extension and they were paid wages amounting to €40,000 by Hyde Ltd for this work.
- Jan. 1, 2010 Re-valued buildings owned at €1,248,000 (a 20% increase in respect of each building).
- Jan. 1, 2011 Sold for €645,000 the buildings owned on 1/1/2007. The remaining buildings were re-valued at €710,000.

You are required to:

- (a) Prepare the relevant ledger accounts in respect of the above transactions for each of the years ended 31 December 2007 to 31 December 2011.
(Bank Account and Profit and Loss Account **not** required) (55)
- (b) Show the relevant extract from the Balance Sheet as at 31/12/2011. (5)

(60 marks)