

Question 3 – Revaluation of Fixed Assets

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(a)

Land and Buildings Account

01/01/2007	Balance b/d	600,000 [1]			
01/01/2007	Revaluation Res.	<u>100,000 [1]</u>	31/12/2007	Balance c/d	<u>700,000</u>
		<u>700,000</u>			<u>700,000</u>
01/01/2008	Balance b/d	700,000	01/01/2008	Disposal	270,000 [1]
			31/12/2008	Balance c/d	<u>430,000</u>
		<u>700,000</u>			<u>700,000</u>
01/01/2009	Balance b/d	430,000 [1]			
	Bank	500,000 [1]			
	Bank	100,000 [1]			
	Wages	<u>50,000 [1]</u>	31/12/2009	Balance c/d	<u>1,080,000</u>
		<u>1,080,000</u>			<u>1,080,000</u>
01/01/2010	Balance b/d	1,080,000			
01/01/2010	Revaluation Res.	<u>108,000 [2]</u>	03/12/2010	Balance c/d	<u>1,188,000</u>
		<u>1,188,000</u>			<u>1,188,000</u>
01/01/2011	Balance b/d	1,188,000	01/01/2011	Disposal	473,000 [1]
	Revaluation Res.	<u>235,000 [3]</u>	31/12/2011	Balance c/d	<u>950,000</u>
		<u>1,423,000</u>			<u>1,423,000</u>
01/01/2012	Balance b/d	950,000			

Provision for Depreciation Account

01/01/2007	Revaluation Res.	28,800 [1]	01/01/2007	Balance b/d	28,800 [2]
31/12/2007	Balance c/d	<u>8,600</u>	31/12/2007	Profit & Loss	<u>8,600 [2]</u>
		<u>37,400</u>			<u>37,400</u>
31/12/2008	Balance c/d	17,200	01/01/2008	Balance b/d	8,600
			31/12/2008	Profit & Loss	<u>8,600 [2]</u>
		<u>17,200</u>			<u>17,200</u>
31/12/2009	Balance c/d	38,800	01/01/2009	Balance b/d	17,200
			31/12/2009	Profit & Loss	<u>21,600 [1]</u>
		<u>38,800</u>			<u>38,800</u>
01/01/2010	Revaluation Res.	38,800 [2]	01/01/2010	Balance b/d	38,800
31/12/2010	Balance c/d	<u>23,760</u>	31/12/2010	Profit & Loss	<u>23,760 [2]</u>
		<u>62,560</u>			<u>62,560</u>
01/01/2011	Disposal	9,460 [2]	01/01/2011	Balance b/d	23,760
	Revaluation Res.	14,300 [3]	31/12/2011	Profit & Loss	<u>19,000 [1]</u>
31/12/2011	Balance c/d	<u>19,000</u>			<u>42,760</u>
		<u>42,760</u>			<u>42,760</u>
			01/01/2012	Balance b/d	19,000

Disposal of Land Account					
01/01/2008	Land	270,000 [1]	01/01/2008	Bank	320,000 [1]
31/12/2008	Profit & Loss a/c	<u>50,000 [1]</u>			
		<u>320,000</u>			<u>320,000</u>

Disposal of Buildings					
01/01/2011	Buildings	473,000 [1]	01/01/2011	Bank	400,000 [1]
				Depreciation	9,460 [1]
				Loss- P & L a/c	<u>63,540 [1]</u>
		<u>473,000</u>			<u>473,000</u>

Revaluation Reserve Account					
01/01/2008	Revenue Res.	30,000 [1]	01/01/2007	Land & Buildings	100,000 [1]
01/01/2011	Revenue Res.	167,600 [2]		Provision for Dep.	28,800 [1]
31/12/2011	Balance c/d	327,300 [3]	01/01/2010	Land & Buildings	108,000 [1]
				Provision for Dep.	38,800 [1]
			01/01/2011	Land & Buildings	235,000 [1]
				Provision for Dep.	<u>14,300 [1]</u>
		<u>524,900</u>			<u>524,900</u>
			31/12/2011	Balance b/d	327,300

Revenue Reserve Account			
	01/01/2008	Revaluation Res	30,000 [1]
	01/01/2011	Revaluation Res.	<u>167,600 [1]</u>
			<u>197,600</u>

(b)

(i)

Balance Sheet (extract) as at 31/12/2011

Fixed Assets	€	€	€
Land and Buildings	950,000 [1]	19,000 [1]	931,000
Capital and Reserves			
Revaluation Reserve			327,300 [2]
Revenue Reserve			197,600 [2]

(ii)

Factors used to determine annual depreciation charge. [2]

- Cost of asset
- Estimated life of asset
- Estimated residual/scrap value of asset
- Selection of appropriate method of depreciation