

### 3. Revaluation of Fixed Assets

(60)

- (a) Prepare the relevant ledger accounts in respect of the above transactions for each of the years ended 31 December 2010 to 31 December 2014.  
(Bank Account and Profit and Loss Account **not** required).

#### Land and Buildings Account

(13)

Date	Details	€	Date	Details	€
01/01/2010	Balance b/d	700,000 (1)			
01/01/2010	Revaluation Reserve (1) ■	175,000 (1)	31/12/2010	Balance c/d	875,000
		875,000			875,000
01/01/2011	Balance b/d	875,000	01/01/2011	Disposal	340,000 (1)
		875,000	31/12/2011	Balance c/d	535,000
01/01/2012	Balance b/d	535,000 (1)			875,000
01/01/2012	Bank	470,000 (1)			
	Bank	80,000 (1)	31/12/2012	Balance c/d	1,145,000
	Wages	60,000 (1)			1,145,000
		1,145,000			
01/01/2013	Balance b/d	1,145,000	31/12/2013	Balance c/d	1,374,000
01/01/2013	Revaluation Reserve (1) ■	229,000 (1)			1,374,000
		1,374,000			
01/01/2014	Balance b/d	1,374,000	01/01/2014	Disposal	642,000 (1)
01/01/2014	Revaluation Reserve (1) ■	88,000 (1)	31/12/2014	Balance c/d	820,000
		1,462,000			1,462,000
01/01/2015	Balance b/d	820,000			

- Allow full marks for student's own figure if consistent with previous work.
- Allow 1m for correct word(s) even if figure is incorrect or omitted.
- Allow 50% of earned marks for complete reversal of sides.

#### Provision for Depreciation on Buildings Account

(18)

Date	Details	€	Date	Details	€
01/01/2010	Revaluation Reserve	36,000 (1)	01/01/2010	Balance b/d	36,000 (2)
31/12/2010	Balance c/d	10,700	31/12/2010	Profit and Loss a/c (1) ■	10,700 (1)
		46,700			46,700
31/12/2011	Balance c/d	21,400	01/01/2011	Balance b/d	10,700
		21,400	31/12/2011	Profit and Loss a/c (1) ■	10,700 (1)
31/12/2012	Balance c/d	44,300			21,400
		44,300	01/01/2012	Balance b/d	21,400
01/01/2013	Revaluation Reserve	44,300 (2)	31/12/2012	Profit and Loss a/c	22,900 (1)
31/12/2013	Balance c/d	27,480			44,300
		71,780	01/01/2013	Balance b/d	44,300
01/01/2014	Disposal (1) ■	12,840 (1)	31/12/2013	Profit and Loss a/c (1) ■	27,480 (1)
01/01/2014	Revaluation Reserve (1) ■	14,640 (2)			71,780
31/12/2014	Balance c/d	16,400	01/01/2014	Balance b/d	27,480
		43,880	31/12/2014	Profit and Loss a/c	16,400 (1)
					43,880
			01/01/2015	Balance b/d	16,400

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- Allow 50% of earned marks for complete reversal of sides.

### 3. Revaluation of Fixed Assets (cont'd.)

(a) Relevant ledger accounts (cont'd.)

#### Disposal of Land Account

Date	Details	€	Date	Details	€
01/01/2011	Land	340,000 (1)	01/01/2011	Bank	375,000 (1)
31/12/2011	Profit & Loss a/c	•• 35,000 (1)			
		375,000			375,000

(3)

- Allow full marks for student's own figure which balances account.

#### Disposal of Buildings Account

Date	Details	€	Date	Details	€
01/01/2014	Buildings	• 642,000 (1)	01/01/2014	Depreciation	• 12,840 (1)
31/12/2014	Profit & Loss a/c	•• 10,840 (1)	01/01/2014	Bank	640,000 (1)
		652,840			652,840

(4)

- Allow full marks for student's own figure if consistent with previous work.
- Allow full marks for student's own figure which balances account.

#### Revaluation Reserve Account

Date	Details	€	Date	Details	€
01/01/2010	Revenue Reserve	90,000 (1)	01/01/2010	Land and Buildings	175,000 (1)
31/12/2010	Balance c/d	121,000	01/01/2010	Provision for depreciation	• 36,000 (1)
		211,000			211,000
31/12/2011	Balance c/d	121,000	01/01/2011	Balance b/d	121,000
		121,000			121,000
31/12/2012	Balance c/d	121,000	01/01/2012	Balance b/d	121,000
		121,000			121,000
01/01/2013	Revenue Reserve (1) ■	260,100 (1)	01/01/2013	Balance b/d	121,000
31/12/2013	Balance c/d	134,200	01/01/2013	Land and Buildings	• 229,000 (1)
		394,300	01/01/2013	Provision for depreciation	• 44,300 (1)
					394,300
31/12/2014	Balance c/d (1) ■	236,840 (2)	01/01/2014	Balance b/d	134,200
		236,840	01/01/2014	Land and Buildings	• 88,000 (1)
			01/01/2014	Provision for depreciation	• 14,640 (1)
					236,840
			01/01/2015	Balance b/d	236,840

(12)

- Allow full marks for student's own figure if consistent with previous work.
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### 3. Revaluation of Fixed Assets (cont'd.)

(a) Relevant ledger accounts (cont'd.)

<b>Revenue Reserve Account</b>					
Date	Details	€	Date	Details	€
31/12/2014	Balance c/d	350,100	01/01/2010	Revaluation Reserve	•90,000 (1)
		350,100	01/01/2013	Revaluation Reserve	•260,100 (1)
			01/01/2015	Balance b/d	350,100

- Allow full marks for student's own figure if consistent with previous work.

(b) (i) Show the relevant extract from the Balance Sheet as at 31/12/2014.

<b>Balance Sheet (extract) as at 31/12/2014</b>			
	€	€	€
<u>Fixed Assets</u>	<u>Cost</u>	<u>Dep.</u>	<u>NBV</u>
Land and buildings	820,000 (1)	•16,400 (1)	803,600
<u>Capital and Reserves</u>			
Revaluation Reserve (1)••		•236,840 (1)	
Revenue Reserve		•350,100 (1)	586,940

- Allow full marks for student's own figure if consistent with previous work.
- Award 1m for 'Revaluation Reserve' but must be before 'Revenue Reserve'.

(ii) What factors are taken into account in arriving at an annual depreciation charge?

Any 3: (3 × 1)

- cost of the asset //
- useful / estimated life of the asset //
- estimated residual / scrap / obsolescence value of the asset //
- appropriate method of depreciation //
- lifecycle of product //
- legal limits / requirements // etc.

\*\* Accept other appropriate answers.