

## 2. 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 2012 to 31 December 2016.  
(Bank Account and Profit and Loss Account **not** required).

<b>Land and Buildings Account</b>					
Date	Details	€	Date	Details	€
01/01/2012	Balance b/d	700,000 (1)			
01/01/2012	Revaluation Reserve (1) ■	125,000 (1)	31/12/2012	Balance c/d	825,000
		<u>825,000</u>			<u>825,000</u>
01/01/2013	Balance b/d	825,000	01/01/2013	Disposal	320,000 (1)
		<u>825,000</u>	31/12/2013	Balance c/d	505,000
01/01/2014	Balance b/d	•505,000 (1)			<u>825,000</u>
	Bank	420,000 (1)			
	Bank	90,000 (1)	31/12/2014	Balance c/d	1,055,000
	Wages	40,000 (1)			<u>1,055,000</u>
		<u>1,055,000</u>			
01/01/2015	Balance b/d	1,055,000	31/12/2015	Balance c/d	1,266,000
01/01/2015	Revaluation Reserve (1) ■	211,000 (1)			<u>1,266,000</u>
		<u>1,266,000</u>			
01/01/2016	Balance b/d	1,266,000	01/01/2016	Disposal	606,000 (1)
01/01/2016	Revaluation Reserve (1) ■	80,000 (1)	31/12/2016	Balance c/d	740,000
		<u>1,346,000</u>			<u>740,000</u>
01/01/2017	Balance b/d	740,000			<u>1,346,000</u>

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

<b>Provision for Depreciation on Buildings Account</b>					
Date	Details	€	Date	Details	€
01/01/2012	Revaluation Reserve	•33,600 (1)	01/01/2012	Balance b/d	33,600 (2)
31/12/2012	Balance c/d	10,100	31/12/2012	Profit and Loss a/c (1) ■	10,100 (1)
		<u>43,700</u>			<u>43,700</u>
31/12/2013	Balance c/d	20,200	01/01/2013	Balance b/d	10,100
		<u>20,200</u>	31/12/2013	Profit and Loss a/c (1) ■	10,100 (1)
31/12/2014	Balance c/d	41,300			<u>20,200</u>
		<u>41,300</u>	01/01/2014	Balance b/d	20,200
01/01/2015	Revaluation Reserve	•41,300 (2)	31/12/2014	Profit and Loss a/c	21,100 (1)
31/12/2015	Balance c/d	25,320			<u>41,300</u>
		<u>66,620</u>	01/01/2015	Balance b/d	41,300
01/01/2016	Disposal (1) ■	•12,120 (1)	31/12/2015	Profit and Loss a/c (1) ■	25,320 (1)
01/01/2016	Revaluation Reserve (1) ■	13,200 (2)			<u>66,620</u>
31/12/2016	Balance c/d	14,800	01/01/2016	Balance b/d	25,320
		<u>40,120</u>	31/12/2016	Profit and Loss a/c	14,800 (1)
					<u>40,120</u>
			01/01/2017	Balance b/d	14,800

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

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

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

**Disposal of Land Account**

Date	Details	€	Date	Details	€
01/01/2013	Land	320,000 (1)	01/01/2013	Bank	360,000 (1)
31/12/2013	Profit & Loss a/c	••40,000 (1)			
		<u>360,000</u>			<u>360,000</u>

(3)

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

**Disposal of Buildings Account**

Date	Details	€	Date	Details	€
01/01/2016	Buildings	•606,000 (1)	01/01/2016	Provision for depreciation	•12,120 (1)
31/12/2016	Profit & Loss a/c	••56,120 (1)	01/01/2016	Bank	650,000 (1)
		<u>662,120</u>			<u>662,120</u>

(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	€
31/12/2012	Balance c/d	158,600	01/01/2012	Land and Buildings	•125,000 (1)
		<u>158,600</u>	01/01/2012	Provision for depreciation	•33,600 (1)
01/01/2013	Revenue Reserve [€320,000 – €280,000]	40,000 (1)			<u>158,600</u>
31/12/2013	Balance c/d	118,600	01/01/2013	Balance b/d	158,600
		<u>158,600</u>			<u>158,600</u>
31/12/2014	Balance c/d	118,600	01/01/2014	Balance b/d	118,600
		<u>118,600</u>			<u>118,600</u>
31/12/2015	Balance c/d	370,900	01/01/2015	Balance b/d	118,600
		<u>370,900</u>	01/01/2015	Land and Buildings	•211,000 (1)
01/01/2016	Revenue Reserve (1) <b>W1</b> [€186,000 + €63,900]	249,900 (1)	01/01/2015	Provision for depreciation	•41,300 (1)
31/12/2016	Balance c/d (1) <b>■</b>	214,200 (2)			<u>370,900</u>
		<u>464,100</u>	01/01/2016	Balance b/d	370,900
			01/01/2016	Land and Buildings	•80,000 (1)
			01/01/2016	Provision for depreciation	•13,200 (1)
					<u>464,100</u>
			01/01/2017	Balance b/d	214,200

(12)

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

■ Allow 1 mark for correct word(s) even if figure is incorrect or omitted.**Workings:**

€

<b>W1</b>	Buildings owned 01/01/2012	Value	Revalue	Uplift	Dep.
	01/01/2012	420,000	505,000	85,000	33,600
	31/12/2012				10,100
	31/12/2013				10,100
	31/12/2014				10,100
	01/01/2015	505,000	606,000	101,000	
				<u>186,000</u>	<u>63,900</u>

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

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

<b>Revenue Reserve Account</b>					
Date	Details	€	Date	Details	€
31/12/2016	Balance c/d	289,900	01/01/2013	Revaluation Reserve	•40,000 (1)
		<u>289,900</u>	01/01/2016	Revaluation Reserve	•249,900 (1)
					<u>289,900</u>
			01/01/2017	Balance b/d	289,900

- 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 31/12/2016. (5)

<b>Balance Sheet (extract) as at 31/12/2016</b>			
	€	€	€
<u>Fixed Assets</u>	<u>Cost</u>	<u>Dep.</u>	<u>NBV</u>
Land and Buildings	740,000 (1)	•14,800 (1)	725,200
<u>Capital and Reserves</u>			
Revaluation Reserve (1)••		•214,200 (1)	
Revenue Reserve		<u>•289,900 (1)</u>	504,100

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

(ii) Explain what is meant by 'depreciation'. (3) (3)

- depreciation is the measure of the wearing away/loss in value (1) of a fixed asset (1) as a result of wear and tear/passage of time/obsolescence/extraction (1)

- \*\* Figures in brackets show the breakdown of marks if answer incomplete.
- \*\* Accept student's own wording if equivalent meaning conveyed.
- \*\* Accept other appropriate material.