4. Revaluation of Fixed Assets

On 1 January 2007, Ryan Ltd purchased new property for €900,000 consisting of land €150,000 and buildings €750,000. The company depreciates buildings at the rate of 2% per annum using the straight-line method. Land is not depreciated. It is company policy to charge a full year's depreciation in the year of acquisition and no depreciation in the year of disposal.

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

Jan 1 2017	Revalued property at €1,080,000. Of this revaluation, €210,000 was attributable to the land purchased on 01/01/2007.
Jan 1 2018	Purchased a building for €250,000. Additionally, during 2018, €90,000 was paid to a building contractor for an extension to this building. The company's own employees also worked on the extension to this building. The employees' wages for the period of this work amounted to €30,000.
Jan 1 2019	Sold for €235,000, land that had cost €150,000 and was subsequently revalued on 01/01/2017. Ryan Ltd spent €14,000 in respect of repairs to the existing building's roof.
Jan 1 2020	Revalued buildings owned at €1,426,000 (a 15% increase in respect of each building).
Jan 1 2021	Sold for €980,000 the buildings owned on 01/01/2017. The remaining buildings were revalued at €475,000.

Required:

(a) (i) Prepare the relevant ledger accounts in respect of the above transactions for each of the years ended 31/12/2017 to 31/12/2021.
(Bank account and profit and loss account are **not** required).

(ii) Show the relevant extract from the balance sheet as at 31/12/2021. (52)

(b) (i) Distinguish between the straight line method and reducing balance method of depreciation.

(ii) Why would a company choose one method of depreciation over another? (8)

(60 marks)