

Revaluation 2003

4. Revaluation of Fixed Assets

On 1 January 1998 O'Flynn Ltd owned property which cost €630,000, consisting of Land €210,000 and Buildings €420,000. The company depreciates its assets at the rate of 2% using the straight line method. It is the company's policy to apply a full year's depreciation in the year of acquisition and nil depreciation in the year of disposal. This property had been purchased ten years earlier and depreciation had been charged against profits in each of these ten years (Land is not depreciated).

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

- Jan 1 1998 Revalued property at €750,000. Of this revaluation €250,000 was attributable to land.
- Jan 1 1999 Sold for €320,000 land which cost €210,000 but was since revalued on 1/1/1998.
- Jan 1 2000 Purchased buildings for €340,000. During the year 2000, €80,000 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 €30,000 by O'Flynn Ltd for this work.
- Jan 1 2001 Revalued buildings owned at €1,045,000 (a 10% increase in respect of each building).
- Jan 1 2002 Sold for €590,000 the buildings owned on 1/1/1998. The remaining buildings were revalued at €620,000.

You are required to:

Prepare the relevant ledger accounts in respect of the above transactions for the five years to 31 December 2002.
(Bank Account and Profit and Loss Account not required)

(60 marks)

