Revaluation 2004

3. Revaluation of Fixed Assets

On 1 January 1999 Cavanagh Ltd owned freehold property and land which cost €740,000, consisting of Land €250,000 and Buildings €490,000. The company depreciates its buildings at the rate of 2% per annum using the straight line method. It is the company's policy to apply a full year's depreciation in the year of acquisition and no 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 1999	Re-valued property at €870,000. Of this revaluation €300,000 was attributable to land.
Jan 1 2000	Sold for €330,000 land which cost €250,000 but was since re-valued on 1/1/1999
Jan 1 2001	Purchased buildings for €450,000. During the year 2001, €120,000 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 €60,000 by Cavanagh Ltd for this work.
Jan 1 2002	Re-valued buildings owned at €1,320,000 (a 10% increase in respect of each building).
Jan 1 2003	Sold for €700,000 the buildings owned on 1/1/1999. The remaining buildings were re-valued at €800,000.

You are required to:

Prepare the relevant ledger accounts in respect of the above transactions for the years ended 31 December 1999 to 31 December 2003 **(Bank Account and Profit and Loss Account not required).**

(60 marks)