

QUESTION 4 – Revaluation of Fixed Assets

60

(a)

Land and Buildings Account			
		€	€
1/1/98	Balance b/d	630,000 ^②	
1/1/98	Revaluation Res.	<u>120,000^②</u>	
		<u>750,000</u>	
			31/12/98 Balance c/d
			<u>750,000</u>
1/1/99	Balance b/d	750,000	
		<u>750,000</u>	
			01/01/99 Disposal
			250,000 ^①
			31/12/99 Balance c/d
			<u>500,000</u>
			<u>750,000</u>
1/1/00	Balance b/d	500,000 ^①	
	Bank	340,000 ^②	
	Bank	80,000 ^②	
	Wages	<u>30,000^②</u>	
		<u>950,000</u>	
			31/12/00 Balance c/d
			950,000
1/1/01	Balance b/d	950,000	
1/1/01	Revaluation Reserve	<u>95,000^②</u>	
		<u>1,045,000</u>	
			31/12/01 Balance c/d
			1,045,000
1/1/02	Balance b/d	1,045,000	
1/1/02	Revaluation Reserve	<u>125,000^③</u>	
		<u>1,170,000</u>	
			01/01/02 Disposal
			550,000 ^③
			31/12/02 Balance c/d
			<u>620,000</u>
			<u>1,170,000</u>

Provision for Depreciation on Buildings Account			
		€	€
1/1/98	Revaluation Res.	84,000 ^②	
31/12/98	Balance c/d	<u>10,000</u>	
		<u>94,000</u>	
			1/1/98 Balance b/d
			84,000 ^④
			31/12/98 Profit and Loss
			<u>10,000^②</u>
			<u>94,000</u>
31/12/99	Balance c/d	20,000	
		<u>20,000</u>	
			1/1/99 Balance b/d
			10,000
			31/12/99 Profit and Loss
			<u>10,000^②</u>
			<u>20,000</u>
31/12/00	Balance c/d	39,000	
		<u>39,000</u>	
			1/1/00 Balance b/d
			20,000
			31/12/00 Profit and Loss
			<u>19,000^②</u>
			<u>39,000</u>
1/1/01	Revaluation Res.	39,000 ^②	
31/12/01	Balance c/d	<u>20,900</u>	
		<u>59,900</u>	
			1/1/01 Balance c/d
			39,000
			31/12/01 Profit and Loss
			<u>20,900^②</u>
			<u>59,900</u>
1/1/02	Disposal	11,000 ^②	
1/1/02	Revaluation Res.	9,900 ^③	
31/12/02	Balance c/d	<u>12,400</u>	
		<u>33,300</u>	
			1/1/02 Balance b/d
			20,900
			31/12/02 Profit and Loss
			<u>12,400^②</u>
			<u>33,300</u>
			1/1/03 Balance b/d
			12,400

QUESTION 4 – (continued)

Disposal of Land Account

		€			€
1/1/99	Buildings	250,000 ①	1/1/99	Bank	320,000 ①
31/12/99	P & L (Profit)	<u>70,000 ①</u>			
		<u>320,000</u>			<u>320,000</u>

Disposal of Buildings Account

		€			€
1/1/02	Buildings	550,000 ①	1/1/02	Depreciation	11,000 ①
31/12/02	P & L (Profit)	<u>51,000 ①</u>	1/1/02	Bank	<u>590,000 ①</u>
		<u>601,000</u>			<u>601,000</u>

Revaluation Reserve Account

		€			€
1/1/98	Revenue reserve	40,000 ①	1/1/98	Land and Buildings	120,000 ①
1/1/02	Revenue reserve	244,000 ①		Provision for Dep	84,000 ①
			1/1/01	Land and Buildings	95,000 ①
				Provision for Dep	39,000 ①
			1/1/02	Land and Buildings	125,000 ①
				Provision for Dep	9,900 ①

Revenue Reserve Account

		€
1/1/98	Revenue reserve	40,000 ①
1/1/02	Revenue reserve	244,000 ①