

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> | |
| | | | 750,000 |
| 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> | |
| | | | <u>950,000</u> |
| 1/1/01 | Balance b/d | 950,000 | |
| 1/1/01 | Revaluation Reserve | <u>95,000^②</u> | |
| | | <u>1,045,000</u> | |
| | | | 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> | |
| | | | 550,000 ^③ |
| | | | <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> | |
| | | | 84,000 ^④ |
| | | | <u>10,000^②</u> |
| | | | <u>94,000</u> |
| 31/12/99 | Balance c/d | 20,000 | |
| | | <u>20,000</u> | |
| | | | 10,000 |
| | | | <u>10,000^②</u> |
| | | | <u>20,000</u> |
| 31/12/00 | Balance c/d | 39,000 | |
| | | <u>39,000</u> | |
| | | | 20,000 |
| | | | <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> | |
| | | | 39,000 |
| | | | <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> | |
| | | | 20,900 |
| | | | <u>12,400^②</u> |
| | | | <u>33,300</u> |
| | | | 12,400 |
| | | | 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 |