

**Question 3 - Solution**

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(a)

**Land and Buildings Account**

	€		€
01/01/02 Balance b/d	670,000 [1]	31/12/02 Balance c/d	810,000
01/01/02 Revaluation Res.	<u>140,000 [1]</u>		<u>810,000</u>
	<u>810,000</u>		
01/01/03 Balance b/d	810,000	01/01/03 Disposal	290,000 [1]
	<u>810,000</u>	31/12/03 Balance c/d	<u>520,000</u>
			<u>810,000</u>
01/01/04 Balance b/d	520,000 [1]	31/12/04 Balance c/d	1,220,000
Bank	470,000 [1]		
Bank	150,000 [1]		
Wages	<u>80,000 [1]</u>		
	<u>1,220,000</u>		<u>1,220,000</u>
01/01/05 Balance b/d	1,220,000	31/12/05 Balance c/d	1,403,000
01/01/05 Revaluation Reserve	<u>183,000 [2]</u>		<u>1,403,000</u>
	<u>1,403,000</u>		
01/01/06 Balance b/d	1,403,000	01/01/06 Disposal	598,000 [3]
01/01/06 Revaluation Reserve	<u>55,000 [3]</u>	31/12/06 Balance c/d	<u>860,000</u>
	<u>1,458,000</u>		<u>1,458,000</u>

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**Provision for Depreciation on Buildings Account**

	€		€
01/01/02 Revaluation Res.	68,800 [2]	01/01/02 Balance b/d	68,800 [2]
31/12/02 Balance c/d	<u>10,400</u>	31/12/02 Profit and Loss	<u>10,400 [2]</u>
	<u>79,200</u>		<u>79,200</u>
31/12/03 Balance c/d	20,800	01/01/03 Balance b/d	10,400
	<u>20,800</u>	31/12/03 Profit and Loss	<u>10,400 [2]</u>
			<u>20,800</u>
31/12/04 Balance c/d	45,200	01/01/04 Balance b/d	20,800
	<u>45,200</u>	31/12/04 Profit and Loss	<u>24,400 [2]</u>
			<u>45,200</u>
01/01/05 Revaluation Res.	45,200 [2]	01/01/05 Balance c/d	45,200
31/12/05 Balance c/d	<u>28,060</u>	31/12/05 Profit and Loss	<u>28,060 [2]</u>
	<u>73,260</u>		<u>73,260</u>
01/01/06 Disposal	11,960 [2]	01/01/06 Balance b/d	28,060
01/01/06 Revaluation Res.	16,100 [3]	31/12/06 Profit and Loss	<u>17,200 [2]</u>
31/12/06 Balance c/d	<u>17,200</u>		<u>42,400</u>
	<u>42,400</u>	01/01/07 Balance b/d	17,200

**Question 3 – Solution – (continued)**

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**Disposal of Land Account**

	€		€
01/01/03 Land and Buildings	290,000 [1]	01/01/03 Bank	340,000 [1]
31/12/03 P & L a/c -(Profit)	<u>50,000 [1]</u>		<u>340,000</u>
	<u>340,000</u>		

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**Disposal of Buildings Account**

	€		€
01/01/06 Land and Buildings	598,000 [1]	01/01/06 Depreciation	11,960 [1]
31/12/06 P & L (Profit)	<u>73,960 [1]</u>	01/01/06 Bank	<u>660,000 [1]</u>
	<u>671,960</u>		<u>671,960</u>

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**Revaluation Reserve Account**

	€		€
01/01/03 Revenue reserve	50,000 [1]	01/01/02 Land and Buildings	140,000 [1]
01/01/06 Revenue reserve	268,000 [1]	Provision for Dep	68,800 [1]
Balance	190,100 [2]	01/01/05 Land and Buildings	183,000 [1]
		Provision for Dep	45,200 [1]
		01/01/06 Land and Buildings	55,000 [1]
		Provision for Dep	<u>16,100 [1]</u>
	<u>508,100</u>		<u>508,100</u>

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**Revenue Reserve Account**

	€
01/01/03 Revaluation reserve	50,000 [1]
01/01/06 Revaluation reserve	<u>268,000 [1]</u>
	<u>318,000</u>

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**Balance Sheet as at 31/12/2006**

	€	€	€
<b>Fixed Assets</b>			
Land and Buildings	860,000 [1]	17,200 [1]	842,800 [1]
<b>Capital and Reserves</b>			
Revaluation Reserve			[1] 190,000
Revenue reserve			[1] 318,000