

Question 4 - Revaluation and Depreciation of Fixed Assets

(a)

Land and Buildings Account

19

		£				£	
1/1/93	Balance b/d	250,000	②				
1/1/93	Revaluation Res.	<u>230,000</u>	②	31/12/93	Balance c/d	<u>480,000</u>	
		<u>480,000</u>				<u>480,000</u>	
1/1/94	Balance b/d	480,000		1/1/94	Disposal	120,000	②
				31/12/94	Balance c/d	<u>360,000</u>	
		<u>480,000</u>				<u>480,000</u>	
1/1/95	Balance b/d	360,000	①	31/12/95	Balance c/d	560,000	
1/1/95	Bank	150,000	②				
	Bank	30,000	②				
	Wages	<u>20,000</u>	②				
		<u>560,000</u>				<u>560,000</u>	
1/1/96	Balance b/d	560,000		31/12/96	Balance c/d	<u>700,000</u>	
1/1/96	Revaluation Res	<u>140,000</u>	②			<u>700,000</u>	
		<u>700,000</u>				<u>700,000</u>	
1/1/1997	Balance b/d	700,000			Disposal	450,000	②
1/1/1997	Revaluation Res	<u>50,000</u>	②	31/12/97	Balance c/d	<u>300,000</u>	
		<u>750,000</u>				<u>750,000</u>	

Provision for Depreciation on Buildings Account

24

		£				£	
1/1/93	Revaluation Res	32,000	②	1/1/93	Balance b/d	32,000	④
31/12/93	Balance c/d	<u>7,200</u>		31/12/93	Profit and Loss	<u>7,200</u>	②
		<u>39,200</u>				<u>39,200</u>	
31/12/94	Balance c/d	<u>14,400</u>		1/1/94	Balance b/d	7,200	
		<u>14,400</u>		31/12/94	Profit and Loss	<u>7,200</u>	②
						<u>14,400</u>	
31/12/95	Balance c/d	<u>25,600</u>		1/1/95	Balance b/d	14,400	
		<u>25,600</u>		31/12/95	Profit and Loss	<u>11,200</u>	②
						<u>25,600</u>	
1/1/96	Revaluation Res	25,600	②	1/1/96	Balance c/d	25,600	
31/12/96	Balance c/d	<u>14,000</u>		31/12/96	Profit and Loss	<u>14,000</u>	②
		<u>39,600</u>				<u>39,600</u>	
1/1/97	Disposal	9,000	②	1/1/97	Balance b/d	14,000	
1/1/97	Revaluation Res.	5,000	④	31/12/97	Profit and Loss	<u>6,000</u>	②
31/12/97	Balance c/d	<u>6,000</u>				<u>20,000</u>	
		<u>20,000</u>		1/12/98	Balance b/d	6,000	

Question 4 - (continued)

17

Disposal of Land Account

		£			£
1/1/94	Land	120,000	①		
31/12/94	P & L (Profit)	<u>20,000</u>	①	1/1/94	140,000
		<u>140,000</u>			<u>140,000</u>

Disposal of Buildings Account

		£			£
1/1/97	Buildings	450,000	①	1/1/97	Depreciation
31/12/97	P & L (Profit)	<u>69,000</u>	①	1/1/97	Bank
		<u>519,000</u>			9,000
					<u>510,000</u>
					<u>519,000</u>

Revaluation Reserve Account

		£			£
1/1/94	Revenue reserve	70,000	①	1/1/93	Land and Buildings
1/1/97	Revenue reserve	303,600	①		Provision for Dep
				1/1/96	Land and Buildings
					Provision for Dep
				1/1/1997	Land and Buildings
					Provision for Dep
					230,000
					32,000
					140,000
					25,600
					50,000
					5,000

Revenue Reserve Account

		£
1/1/94	Profit on sale of Land	70,000
1/1/997	Profit on sale of Buildings	303,600