

Aufgabe 7.34: Revaluations and Impairment Loss

RATH Ltd. is an internet service provider. The company produces websites and maintains them for their customers. RATH Ltd. uses 30 EIZER laptops which have been bought on 1.01.20X1 at cost of acquisition of 600.00 EUR each. The accountant estimates to use the computers for 3 years and applies a straight line method without a residual value.

On 31.12.20X1 RATH Ltd.'s accountants learn that EIZER laptops will now be traded at 690.00 EUR (net amount) each and makes a gross replacement bookkeeping entry for all laptops. She further makes bookkeeping entries for liabilities for deferred taxes.

On 31.12.20X2 two laptops are sold at 250.00 EUR/u (gross amount) via the internet.

RATH Ltd. earns a revenue of 50,000.00 EUR during 20X2. This revenue doesn't contain the sales of laptops.

Required: Make bookkeeping entries for all laptops and prepare the relevant accounts (including Profit and Loss account) for the laptops. Use the realization account for the disposal of the two sold computers.

Solution:

D P, P, E @ cost C			
(1)	18,000.00	(3)	18,000.00
D Cash/Bank C			
c/d	18,000.00	(1)	18,000.00
(G)	416.67	b/d	18,000.00
(L)	50,000.00	c/d	32,416.67
	50,416.67		50,416.67
b/d	32,416.67		
D Depreciation - 20X1 C			
(2)	6,000.00	P&L_0	6,000.00
D Acc depr C			
c/d	6,900.00	(2)	6,000.00
	6,900.00	(3)	900.00
(J)	920.00	b/d	6,900.00
c/d	12,880.00	(A)	6,900.00
	13,800.00		13,800.00
		b/d	12,880.00
D P, P, E @ valuation C			
(3)	20,700.00	(H)	1,380.00
		c/d	19,320.00
	20,700.00		20,700.00
b/d	19,320.00		
D Revaluation reserves C			
(4)	540.00	(3)	1,800.00
c/d	1,260.00		
	1,800.00		1,800.00
(C)	900.00	b/d	1,260.00
c/d	630.00	(B)	270.00
	1,530.00		1,530.00
(F)	60.00	b/d	630.00
c/d	588.00	(E)	18.00
	648.00		648.00
		b/d	588.00
D Liab 4 deferred tax C			
c/d	540.00	(4)	540.00
(B)	270.00	b/d	540.00
c/d	270.00		
	540.00		540.00
(E)	18.00	b/d	270.00
D Depreciation - 20X2 C			
(A)	6,900.00	P&L	6,900.00
D Impairment loss C			
(D)	0.00	P&L	0.00
D R/E C			
DTI	288.00	(C)	900.00
		(F)	60.00
c/d	30,811.67	R/E	30,139.67
	31,099.67		31,099.67
		b/d	31,099.67
D Realization C			
(H)	1,380.00	(G)	416.67
		(J)	920.00
		LOD	43.33
	1,380.00		1,380.00
D P&L C			
Depr	6,900.00	Sales	50,000.00
LOD	43.33		
EBT	43,056.67		
	50,000.00		50,000.00
IT	13,205.00	b/d	43,056.67
R/E	30,139.67	DTI	288.00
	43,344.67		43,344.67
D P&L C			
Depr	6,000.00	Sales	50,000.00
EBT	44,016.67	GOD	16.67
	50,016.67		50,016.67
IT	13,205.00	b/d	44,016.67
R/E	30,811.67		
	44,016.67		44,016.67

Exhibit 1: Accounts