

**Task IM-7.35: Exercise on Depreciation****(Abschreibungen)**

SUTTRUP Ltd is in the transport industry. The company runs a truck which it bought on 3.06.20X2. The price was 374,400.00 EUR (gross amount). The useful life of the truck is 6.5 years: The business applies straight line method for depreciation. There is no residual value to be considered. On 31.12.20X3 the accountant learns that trucks of that kind are traded at 468,000.00 EUR (price for the new truck, gross amount) now. Make a bookkeeping entry along the gross replacement method.

On 2.01.20X4 the truck gets damaged and has a value of 188,800.00 EUR thereafter. The company doesn't repair the truck and tries to sell it. On 28.12.20X4 the damaged truck got sold for 222,000.00 EUR (gross amount) to a competitor.

**Required: Draw T-accounts for the truck from 3.06.20X2 to 28.12.20X4 and determine the profit on disposal by the realization account.**

SUTTRUP Ltd. ist in der Transportbranche. Das Unternehmen setzt einen LKW ein, den es am 3.06.20X2 gekauft hat. Der Bruttopreis war 374.400,00 EUR. Die Nutzungsdauer des LKW beträgt 6,5 Jahre. Das Unternehmen setzt die lineare Abschreibungsmethode ein. Es wird kein Restbuchwert berücksichtigt. Am 31.12.20X3 erfährt der Controller, dass LKWs dieser Art jetzt mit einem Bruttoneupreis von 468.000,00 EUR gehandelt werden. Buchen Sie die Neubewertung nach der Gross Replacement-Buchung.

Am 2.01.20X4 wird der LKW beschädigt und hat anschließend einen Wert von 188.800,00 EUR. Das Unternehmen repariert den LKW nicht und versucht ihn zu verkaufen. Am 28.12.20X4 wird der beschädigte LKW für 222.000,00 EUR (brutto) an einen Konkurrenten verkauft.

**Gefragt: Erstellen Sie T-Konten für den LKW vom 3.06.20X2 bis zum 28.12.20X4 und bestimmen Sie den Verkaufsgewinn über das Realisation Account.**

**Solution:**

D	PPE @cost	C
(1)	312,000.00	c/d 312,000.00
b/d	312,000.00	

D	VAT	C
(1)	62,400.00	c/d 62,400.00
b/d	62,400.00	(4) 62,400.00
c/d	37,000.00	(9b) 37,000.00
	99,400.00	99,400.00
	b/d	37,000.00

D	Bank	C
c/d	374,400.00	(1) 374,400.00
(4)	62,400.00	b/d 374,400.00
c/d	312,000.00	
	374,400.00	374,400.00
(9)	222,000.00	b/d 312,000.00
c/d	90,000.00	
	312,000.00	312,000.00
	b/d	90,000.00

D	Depr-20X2	C
(2)	28,000.00	c/d 28,000.00
b/d	28,000.00	P&L 28,000.00

D	Acc Depr	C
c/d	28,000.00	(2) 28,000.00
		b/d 28,000.00
c/d	95,000.00	(3) 48,000.00
	95,000.00	(5) 19,000.00
		95,000.00
c/d	133,400.00	b/d 95,000.00
	133,400.00	(7) 38,400.00
(9d)	133,400.00	133,400.00
	b/d	133,400.00

D	Depr-20X3	C
(3)	48,000.00	c/d 48,000.00
b/d	48,000.00	P&L 48,000.00

D	PPE @val	C
(5)	390,000.00	c/d 390,000.00
b/d	390,000.00	(9c) 390,000.00

D	Rev Res	C
(5)	17,700.00	(5) 59,000.00
c/d	41,300.00	
	59,000.00	59,000.00
(8b)	59,000.00	b/d 41,300.00
		(8) 17,700.00
	59,000.00	59,000.00

D	Provisions	C
c/d	17,700.00	(5) 17,700.00
(8)	17,700.00	b/d 17,700.00

D	IL	C
(6)	106,200.00	c/d 106,200.00
b/d	106,200.00	P&L 106,200.00

D	Acc IL	C
(9c)	106,200.00	(6) 106,200.00

D	Depr-20X4	C
(7)	38,400.00	c/d 38,400.00
b/d	38,400.00	P&L 38,400.00

D	Realization	C
(9b)	37,000.00	(9) 222,000.00
(9c)	390,000.00	(9c) 106,200.00
c/d	34,600.00	(9d) 133,400.00
	461,600.00	461,600.00
P&L	34,600.00	b/d 34,600.00

D	R/E	C
	(8b) 59,000.00	
	...	

D	P&L	C
Depr	38,400.00	Real 34,600.00
IL	106,200.00	...

**Exhibit 1: Accounts**

The profit on disposal amounts to 34,600.00 EUR.

**Workings:**

- (1) Acquisition
- (2) Depreciation:  $312,000 / (6.5 \cdot 12) = 4,000$  EUR/month
- (3) Depreciation in 20X3:  $12 \cdot 4,000 = \mathbf{48,000.00 \text{ EUR}}$ .
- (4) Refund for VAT
- (5) Net amount at valuation 390,000.00 EUR. Depreciation is  $390,000 / (6.5 \cdot 12) = 5,000.00$  EUR.

DR PPE at valuation .....	390,000.00 EUR
CR Acc Depr .....	19,000.00 EUR
CR PPE at cost .....	312,000.00 EUR
CR Rev Res .....	59,000.00 EUR
DR Rev Res .....	17,700.00 EUR
CR Provisions .....	41,300.00 EUR

(6) Impairment loss: The carrying amount after the revaluation amounts to  $390,000 - (19 \cdot 5,000) = 295,000.00$  EUR. The impairment loss is  $295,000 - 188,800 = \mathbf{106,200.00 \text{ EUR}}$ .

(7) The adjusted depreciation in 20X4 is  $188,800 / ((78 - 7 - 12) \cdot 12) = \mathbf{38,400.00 \text{ EUR}}$ .

(8) The revaluation reserve and provisions are to be dissolved completely because the truck got sold at the yearend.

(9) Disposal of the asset via the realization account.