

Task 7.38: Exercise on Revaluations and Disposal

(Impairment Loss, Revaluation and Disposal)

Consider GELLENDORFF LLC on 3.07.20X4 to revalue the car after the repair at 28,000.00 tKRW. The residual value is still 10,000.00 tKRW as at the end of the useful life. GELLENDORFF LLC sells the car on 31.12.20X5 at 11,500.00 tKRW which results in a profit of 1,500.00 tKRW before taxes.

Required: Prepare a register of non-current assets as at 31.12.20X5 and pretend to disclose the car before its sale. Randomly the revenue is 21,000,000 KRW in 20X4 and 30,000,000 KRW in 20X5.

Berücksichtigen Sie für die Fallstudie GELLENDORFF LLC, dass das Auto am 3.07.20X4 nach der Reparatur auf 28.000,00 tKRW geschätzt wird. Der Restbuchwert nach der Nutzungsdauer soll weiterhin 10.000,00 tKRW betragen. Die GELLENDORFF LLC verkauft das Auto am 31.12.20X5 für 11.500 tKRW (netto), was auf einen Gewinn von 1.500,00 tKRW führt.

Gefragt: Erstellen Sie einen Anlagespiegel zum 31.12.20X5 und nehmen Sie an, dass Sie das Auto darin vor dem Verkauf ausweisen müssen.

Solution: Observe the accounts below:

P, P, E @COST				Acc depr			
D			C	D			C
OV	60,000.00	(R1)	60,000.00		OV	30,000.00	
					(1)	2,500.00	
				c/d	33,850.00	(3)	1,350.00
					33,850.00		33,850.00
				(R1)	33,850.00	b/d	33,850.00
				c/d	6,000.00	(6)	6,000.00
					39,850.00		39,850.00
						b/d	6,000.00
				(J)	18,000.00	(C)	12,000.00
					18,000.00		18,000.00

Exhibit 1: Accounts

D Depreciation-20X4 C	
(1) 2,500.00	
(3) 1,350.00	
(6) 6,000.00	P&L 9,850.00
<u>9,850.00</u>	<u>9,850.00</u>

D Impairment loss-20X4 C	
(2) 8,050.00	(5) 6,900.00
	c/d 1,150.00
<u>8,050.00</u>	<u>8,050.00</u>
b/d 1,150.00	P&L <u>1,150.00</u>

D Acc IL C	
(5) 6,900.00	(2) 8,050.00
c/d 1,150.00	
<u>8,050.00</u>	<u>8,050.00</u>
(R1) 1,150.00	b/d <u>1,150.00</u>

D Repair-20X4 C	
(4) 7,000.00	P&L 7,000.00

D VAT C	
(4) 1,400.00	(10) 4,200.00
c/d 2,800.00	
<u>4,200.00</u>	<u>4,200.00</u>
(B) 2,800.00	b/d 2,800.00
	(F) 6,000.00
c/d 8,300.00	(G) 2,300.00
<u>11,100.00</u>	<u>11,100.00</u>
	b/d <u>8,300.00</u>

D Cash/Bank C	
(7) 7,000.00	(4) 8,400.00
(10) 25,200.00	c/d 23,800.00
<u>32,200.00</u>	<u>32,200.00</u>
b/d 23,800.00	(A) 3,300.00
(F) 36,000.00	(B) 2,800.00
(H) 13,800.00	c/d 67,500.00
<u>73,600.00</u>	<u>73,600.00</u>
b/d 67,500.00	

D P, P, E @VALUATION C	
(R1) 28,000.00	(I) 28,000.00

D Revaluations reserves C	
(R2) 900.00	(R1) 3,000.00
(9) 642.90	(8) 192.87
c/d 1,649.97	
<u>3,192.87</u>	<u>3,192.87</u>
	b/d 1,649.97
(E) 2,357.10	(D) 707.13
<u>2,357.10</u>	<u>2,357.10</u>

D Deferred tax liabilities C	
(8) 192.87	(R2) 900.00
c/d 707.13	
<u>900.00</u>	<u>900.00</u>
(D) 707.13	b/d <u>707.13</u>

D Profit and Loss-20X4 C	
DPR 9,850.00	REF 7,000.00
IL 1,150.00	REV 21,000.00
REP 7,000.00	
EBT 10,000.00	
<u>28,000.00</u>	<u>28,000.00</u>
ITL 3,300.00	b/d 10,000.00
R/E 7,000.00	DTI 300.00
<u>10,300.00</u>	<u>10,300.00</u>

D Insurance refund C	
P&L	7,000.00 (7) 7,000.00

D Revenue-20X4 C	
P&L	21,000.00 (10) 21,000.00

D Retained earnings C	
DTI	300.00 (9) 642.90
c/d	7,342.90 R/E 7,000.00
	7,642.90 7,642.90
DTI	600.00 b/d 7,342.90
	(E) 2,357.10
c/d	22,750.00 R/E 13,650.00
	23,350.00 23,350.00

D Income tax liabilities ITL C	
c/d	3,300.00 ITL 3,300.00
(A)	3,300.00 b/d 3,000.00
c/d	6,450.00 ITL 6,450.00
	9,750.00 9,450.00
	b/d 6,450.00

D Depreciation-20X5 C	
(C)	12,000.00 P&L 12,000.00

D Profit and Loss-20X5 C	
DPR	12,000.00 (K) 1,500.00
EBT	19,500.00 REV 30,000.00
	31,500.00 31,500.00
ITL	6,450.00 b/d 19,500.00
R/E	13,650.00 DTI 600.00
	20,100.00 20,100.00

D Revenue-20X5 C	
P&L	30,000.00 (F) 30,000.00

D Realisation C	
(G)	2,300.00 (H) 13,800.00
(I)	28,000.00 (J) 18,000.00
(K)	1,500.00
	31,800.00 31,800.00

Exhibit 1: Accounts (continued)

The Profit and Loss accounts for taxation are shown in exhibit 2.

D Profit and Loss-20X4 C		D Profit and Loss-20X5 C	
DPR	8,850.00	REF	7,000.00
IL	1,150.00	REV	21,000.00
REP	7,000.00		
EBT	11,000.00		
	28,000.00		28,000.00
ITL	3,300.00	b/d	11,000.00
R/E	7,700.00		

D Profit and Loss-20X5 C	
DPR	10,000.00 PoD 1,500.00
EBT	21,500.00 REV 30,000.00
	31,500.00 31,500.00
ITL	6,450.00 b/d 21,500.00
R/E	15,050.00

Exhibit 2: Accounts for taxation

The register of non-current assets as before the sale of the car is shown below:

**Gellendorff LLC's
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X5**

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
Kia Sorento	28,000.00	(18,000.00)	0.00	10,000.00
Total				10,000.00

Exhibit 2: Register of non-current assets