

Task A7.56: Exercise on Revaluations

TRINITY Ltd. is an Australian trailer rental. The company is registered for VAT reduction. The company owns 15 trailers bought on 2.03.20X3 at 1,800.00 AUD/u (gross amount). Depreciation on the trailers is based on declining method at 2.5 %/m.

On 1.10.20X4, the trailers are revalued at 1,000.00 AUD/u.

On 30.12.20X4, TRINITY Ltd. sells 5 trailers at 1,250.00 AUD/u (gross amount). Besides depreciation and profit/loss on disposal, TRINITY records a revenue from renting out trailers to the extent of 105,000.00 AUD. Operational expenses are 15,000.00 AUD/a.

Required: Prepare an income statement as at 31.12.20X4 and a register of non-current assets for TRINITY Ltd. as at 31.12.20X3 and 31.12.20X4 (no comparative data required)

TRINITY Ltd. ist eine australischer Anhänger-Vermietung. Das Unternehmen ist vorsteuerabzugsberechtigt. Das Unternehmen hat 15 Anhänger, die am 2.03.20X3 für brutto 1.900,00 AUD angeschafft worden sind. Die Abschreibung erfolgt nach degressiver Abschreibungsmethode zu 2,5 %/m.

Am 1.10.20X4 werden die Anhänger neu-bewertet zu 1.000,00 AUD/Stück.

Am 30.12.20X4, verkauft TRINITY Ltd. 5 Anhänger zu 1.250,00 AUD/Stück (brutto).

Neben der Abschreibung und dem Gewinn/Verlust durch Abgang von Anlagevermögensgegenständen zeichnet TRINITY Ltd. einen Umsatzerlös aus Anhänger Vermietung i.H.v. 105.000,00 AUD auf. Die Betriebskosten betragen 15.000,00 AUD/a.

Gefragt: Erstellen Sie eine Gewinn- und Verlustrechnung zum 31.12.20X4 und erstellen Sie 2 Anlagespiegel für TRINITY Ltd. für 20X3 und 20X4 (keine Vergleichszahlen gefordert).

Solution:

Trinity Ltd.'s REGISTER of NON-CURRENT ASSETS as at 31.12.20X3				
Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
15 trailers	22,500.00	(5,032.58)		17,467.42
Asset 2				0.00
Asset 3				0.00
Total				17,467.42

Exhibit 1: Register of non-current assets (20X3)

Depreciation in 20X4 before the revaluation is amounting to: $17,467.42 \times (1 - (1 - 2.5\%)^9) = \mathbf{3,557.02 \text{ AUD}}$.

The carrying amount before the revaluation equals to: $17,467.42 - 3,557.02 = \mathbf{13,910.40 \text{ AUD}}$.

The new value of the trailers is 15,000.00 AUD. The next depreciation is depending on the revalued amount. Depreciation for the rest of the Accounting period 20X4 is amounting to: $15,000 \times (1 - (1 - 2.5\%)^3) = \mathbf{1,097.11 \text{ AUD}}$. Hence the carrying amount of the 15 trailers is: $15,000 - 1,097.11 = \mathbf{13,902.89 \text{ AUD}}$. The unit value per trailer is amounting to $13,902.89/15 = \mathbf{926.86 \text{ AUD/u}}$.

The profit on disposal per trailer is amounting to: $1,250/120\% - 926.86 = \mathbf{114.81 \text{ AUD/u}}$. The entire profit on disposal of 5 trailers equals to: $114.81 \times 5 = \mathbf{574.05 \text{ AUD}}$.

Total depreciation as to disclose on the income statement during 20X4 is amounting to: $3,557.02 + 1,097.11 = \mathbf{4,654.13 \text{ AUD}}$. The portion of the remaining trailers after revaluation is: $(10/15) \times 1,097.11 = \mathbf{731.42 \text{ AUD}}$ as to show on the register of non-current assets.

Find below the register of non-current assets as at 31.12.20X4, showing 10 trailers only and depreciation thereof:

Trinity Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X4

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
10 trailers	10,000.00	(731.42)		9,268.58
Asset 2				0.00
Asset 3				0.00
Total				9,268.58

Exhibit 2: Register of non-current assets (20X4)

The income statement is disclosed below:

Trinity Ltd.'s
STATEMENT of PROFIT & LOSS
and OTHER COMPREHENSIVE INCOME
for the year ended 31.12.20X4

	[EUR]
Revenue	105,000.00
Other income	574.05
	<u>105,574.05</u>
Materials	
Labour	
Depreciation	(4,654.13)
Other expenses	(15,000.00)
Earnings before int. & taxes (EBIT)	85,919.92
Interest	
Earnings before taxes (EBT)	85,919.92
Income tax expenses	(25,775.98)
Deferred taxes	
Earnings after taxes (EAT)	60,143.94

Exhibit 3: Income statement (20X4)