

Aufgabe QR-7.8: Neubewertung (Revaluation)

TWECU Ltd. bought a machine 122,520.00 EUR (gross amount) on 1.02.20X4. The machine has a useful life 5 years. Use straight line method for depreciation. The residual value of the machine is estimated to be 20,500.00 EUR. On 4.02.20X6 the qualified valuer RADDER determines the actual value to be 81,460.00 EUR. Make a bookkeeping entry along the net replacement method. Make provision for deferred taxes which is under the rate of 30%. Three month later TWECU Ltd. sold the machine for 90,000.00 EUR, gross amount.

Provide all bookkeeping entries or draw the real accounts relevant for asset valuation. Set up a realisation account to show the disposal of the asset.

Lösung: (Solution)

The machine will be depreciated for 24 month. Monthly depreciation rate is $((122,520 / 1.2) - 20,500) / 60 = 1,360.00 \text{ EUR/m.}$

The replacement bookkeeping entry along net replacement method is:

DR P,P,E at valuation	81,460.00 EUR
DR Acc. Depr.	32,640.00 EUR
CR P,P,E at cost	102,100.00 EUR
CR Rev. Res.	12,000.00 EUR
DR Rev. Res.	3,600.00 EUR
CR Provisions	3,600.00 EUR

After revaluation the machine will be written off for 3 further months. Depreciation is $((81,460 - 20,500) / 36) \cdot 3 = 5,080.00 \text{ EUR}$. Accordingly the carrying amount after depreciation will be $81,460 - 5,080 = 76,380.00 \text{ EUR}$.

Bookkeeping entries for depreciation are as below:

DR Depreciation	5,080.00 EUR
CR Acc. Depr.	5,080.00 EUR
DR Rev. Res.	1,000.00 EUR
CR R/E	1,000.00 EUR
DR Provisions	300.00 EUR
CR Rev. Res.	300.00 EUR

When selling the asset TWECU Ltd. has to consider a liability for VAT.

DR Bank	90,000.00 EUR
CR Realisation	90,000.00 EUR
DR Realisation	15,000.00 EUR
CR VAT	15,000.00 EUR
DR Rev. Res.	11,000.00 EUR
CR R/E	11,000.00 EUR
DR Provisions	3,300.00 EUR
CR Rev. Res.	3,300.00 EUR
DR Realisation	81,460.00 EUR
CR P, P, E valuation	81,460.00 EUR
DR Acc. Depr.	5,080.00 EUR
CR Realisation	5,080.00 EUR

The accounts after the sale of the machine look as below. Observe that the realisation account shows a loss on disposal to be 1,380.00 EUR. That is the difference as: $76,380 - 75,000 = 1,380.00 \text{ EUR}$.

D		Realisation		C	
Sale	15.000,00	Sale		90.000,00	
PPE	81.460,00	Acc		5.080,00	
		LoD		1.380,00	
	<u>96.460,00</u>			<u>96.460,00</u>	