

### Aufgabe QR-7.3: Ausserplanmaessige Abschreibung und Wertaufholung (Task on Impairment Loss and Reverse Impairment Loss)

(You find impairment losses and reverse impairment losses covered on pages 160ff. and 171ff.)

SOYOSAN SERVICES Pty. Ltd. is a sport event management firm. It offers support in event management services and is a highly regarded specialist in sport event business. For rendering services they use an event-tour-van to transport materials. SOYOSAN SERVICES Pty Ltd. bought the Mercedes van on 1.07.20X8 and paid 54,432.00 EUR on cash (gross amount). Useful life of the Mercedes vehicle is estimated to be 6 years. Use depreciation along straight line method. There is no residual value to be considered. On 31.12.20X8 the driver damaged the car and the accountant made a bookkeeping entry for impairment loss 11,220.00 EUR. The car was not in use for 1 month for reasons of repair. Expenses for repairing van amount to 7,900.00 EUR plus VAT. SOYOSAN SERVICES Pty. Ltd. paid car repair on cash. After repair the independent valuer Harry Frolic made a statement that the car is not damaged permanently and gave an order to the accountant to reverse the impairment loss with effect of 1.02.20X9. Useful live is not to be changed either.

**Required:** Make all bookkeeping entries required for 20X8 and 20X9. (You have to make bookkeeping entries at end of year 20X9 too.) How much is the amount of SOYOSAN SERVICES Pty. Ltd's van as at 31.12.20X9? How much is depreciation for 20X9? Set up register of non-current assets and reconciliation statement for carrying amounts as at 31.12.20X9.

#### Lösung: (Solution)

(1) Acquisition of Mercedes van

<b>DR P, P, E</b> .....	<b>45,360.00 EUR</b>
<b>DR VAT</b> .....	<b>9,072.00 EUR</b>
<b>CR Bank</b> .....	<b>54,432.00 EUR</b>

(2) Depreciation for 20X8 is  $0.5 \cdot 45,360 / 6 = 3,780.00$  EUR.

<b>DR Depr.</b> .....	<b>3,780.00 EUR</b>
<b>CR Acc. Depr.</b> .....	<b>3,780.00 EUR</b>

(3) Impairment loss 11,220.00 EUR

<b>DR IL</b> .....	<b>11,220.00 EUR</b>
<b>CR Acc. IL</b> .....	<b>11,220.00 EUR</b>

(4) Depreciation for January 20X9. Even if the car is idle there is no reason for interruption of depreciation. Monthly depreciation is  $(45,360 - 3,780 - 11,220) / (12 \cdot 5.5) = 460.00$  EUR/m.

<b>DR Depr.</b> .....	<b>460.00 EUR</b>
<b>CR Acc. Depr.</b> .....	<b>460.00 EUR</b>

(5) Van repair cost is expensed.

<b>DR Repair expenses</b> .....	<b>7,900.00 EUR</b>
<b>DR VAT</b> .....	<b>1,580.00 EUR</b>
<b>CR Bank</b> .....	<b>9,480.00 EUR</b>

(6) Reverse impairment loss. Amount is  $[45,360 - 7 \cdot 45,360 / (6 \cdot 12)] - (45,360 - 3,780 - 11,220 - 460) = 11,050.00 \text{ EUR}$ .

<b>DR Acc. IL</b> .....	<b>11,050.00 EUR</b>
<b>CR IL</b> .....	<b>11,050.00 EUR</b>

(7) Depreciation on motor vehicle 11 month. Amount is  $11 \cdot 45,360 / (6 \cdot 12) = 6,930.00 \text{ EUR}$ .

<b>DR Depr.</b> .....	<b>6,930.00 EUR</b>
<b>CR Acc. Depr.</b> .....	<b>6,930.00 EUR</b>

Exhibit 4 shows all accounts considered. There is a balancing off of accounts as at 31.12.20X8.

D			PPE			C					
(1)	45.360,00	c/d	45.360,00	(2)	3.780,00	P&L8	3.780,00	(3)	11.220,00	P&L8	11.220,00
b/d	45.360,00			(4)	460,00	P&L9	7.390,00	P&L9	11.050,00	(6)	11.050,00
				(7)	6.930,00						
					7.390,00		7.390,00				
D			Acc Depr			C					
c/d	3.780,00	(2)	3.780,00	b/d	3.780,00						
				(4)	460,00						
c/d	11.170,00	(7)	6.930,00								
	11.170,00		11.170,00	b/d	11.170,00						
D			Bank			C					
c/d	54.432,00	(1)	54.432,00	b/d	54.432,00						
VAT	9.072,00			(5)	9.480,00						
c/d	54.840,00		63.912,00	b/d	54.840,00						
D			VAT			C					
(1)	9.072,00	c/d	9.072,00	b/d	9.072,00	Bank	9.072,00				
				(5)	1.580,00	c/d	1.580,00				
					10.652,00		10.652,00				
b/d	1.580,00										
D			Acc IL			C					
c/d	11.220,00	(3)	11.220,00	b/d	11.220,00						
(6)	11.050,00										
c/d	170,00										
	11.220,00		11.220,00	b/d	170,00						
D			Repair			C					
(5)	7.900,00	P&L9	7.900,00								

**Exhibit 1:** Accounts as at 31.12.20X9

Additionally the register of fixed assets and the reconciliation statement were required. They are derived from the accounts above and displayed below in exhibit 5 and 6.

**Soyosan Ltd.'s REGISTER OF FIXED ASSETS as at 31.12.20X9**

<b>Item</b>	<b>Cost/ Valuation</b>	<b>Acc. Depreciation</b>	<b>Acc. Impairment Loss</b>	<b>Carrying Amount</b>
	[EUR]	[EUR]	[EUR]	[EUR]
Mercedes van	45.360,00	(11.170,00)	(170,00)	34.020,00

**Exhibit 2:** Register of non-current assets**RECONCILIATION OF CARRYING AMOUNTS**

	<b>20X9</b>	<b>20X8</b>
	[EUR]	[EUR]
Carrying Amount beginning of year	30.360,00	45.360,00
Revaluation	0,00	0,00
Impairment loss	11.050,00	(11.220,00)
Depreciation	<u>(7.390,00)</u>	<u>(3.780,00)</u>
Carrying Amount as at 31.12.	34.020,00	30.360,00

**Exhibit 3:** Reconciliation statement of carrying amounts for van

You will arrive at the same carrying amount as at 31.12.20X9 if you ignore the impairment loss:  $(72 - 18) \cdot 45,360 / 72 = 34,020.00 \text{ EUR}$ .