

Aufgabe QR-7.5: Ersetzen von Teilen

(Exercise on Replacements)

CORAL Ltd. shows the register of fixed assets with a business car in their financial statements as at 31.12.20X4. The car is to be depreciated along straight line method. Consider useful life to be 5 years.

Item	Cost/Valuation [EUR]	Acc. Depreciation [EUR]	Carrying Amount [EUR]
Toyota Yaris	12.000,00	(4.800,00)	7.200,00

Exhibit 1: Register of fixed assets as at 31.12.20X4

On 1.01.20X5 the Toyota is in a car repair shop for maintenance. The shop charges 1,800.00 EUR. The amount contains VAT, VAT rate is 20%. Additionally, the gear box was changed the same day. The new gear box is 4,680.00 EUR, gross amount. The value estimates the value of the gear box to be 3,500.00 EUR at the date of acquisition (net amount).

Prepare the register of assets as at 31.12.20X6 for the Toyota. Do not consider a residual value for the car nor for the gear box. Display data for 20X5 for comparison purposes.

Lösung: (Solution)

(1) The maintenance is expensed and does not affect the P, P, E account:

DR Maintenance	1,500.00 EUR
DR VAT	300.00 EUR
CR Bank	1,800.00 EUR

(2) The replacement of the old gear box requires taking the old gear box out of the bookkeeping records. As the value stated the gear box acquisition value was 3,500.00 EUR at date of acquisition its carrying amount is $3,500 - 2 \cdot (3,500/2) = 2,100.00$ EUR. In order to replace the gear box Coral Ltd. makes the bookkeeping entry below:

DR P, P, E	3,900.00 EUR
DR VAT	780.00 EUR
DR Acc. depr.	1,400.00 EUR
DR Loss on disposal	2,100.00 EUR
CR P, P, E	3,500.00 EUR
CR Bank	4,680.00 EUR

(3) From the register of fixed assets you know the carrying amount of the car is 7,200.00 EUR. After the replacement of the gear box the carrying amount changes. By bookkeeping entry (2) it is $12,400 - 3,400 = 9,000.00$ EUR. You arrive at the same amount if you separate car and gear box and depreciate both for 2

years. The car without gear box amounts to $12,000 - 3,500 = \mathbf{8,500.00 \text{ EUR}}$. Carrying amount after 2 years is $8,500 - 2 \cdot (8,500 / 5) = \mathbf{5,100.00 \text{ EUR}}$. Accumulated depreciation would be 3,400.00 EUR accordingly.

(4) Depreciation charge of the car in 20X5 and in 20X6 is 3,000.00 EUR/y.

DR Depr. 3,000.00 EUR

CR Acc. Depr. 3,000.00 EUR

You arrive at the same amount if you would separate the car and its gear box, what you are not supposed to do. Then, depreciation charge for car without a gear box is 1,700.00 EUR. Depreciation for the gear box along straight line method would be $3,900.00/3 = \mathbf{1,300.00 \text{ EUR}}$. So, total depreciation charge is $1,700 + 1,300 = \mathbf{3,000.00 \text{ EUR}}$.

(5) Next year Coral receives the refund for VAT 1,080.00 EUR. (Not required for task)

(6) Depreciation charge for 20X6 is 3,000.00 EUR.

D		PPE	C	
OV	12.000,00	(2)	3.500,00	
(2)	3.900,00	c/d	12.400,00	
	15.900,00		15.900,00	
b/d	12.400,00			

D		Acc Depr	C	
(2)	1.400,00	OV	4.800,00	
c/d	6.400,00	(3)	3.000,00	
	7.800,00		7.800,00	
c/d	9.400,00	b/d	6.400,00	
	9.400,00	(6)	3.000,00	
			9.400,00	
		b/d	9.400,00	

D		Loss	C	
(2)	2.100,00	P&L-5	2.100,00	

D		Depr	C	
(3)	3.000,00	P&L-5	3.000,00	
(6)	3.000,00	P&L-6	3.000,00	

D		Bank	C	
c/d	6.480,00	(1)	1.800,00	
	6.480,00	(2)	4.680,00	
	6.480,00		6.480,00	
(5)	1.080,00	b/d	6.480,00	
c/d	5.400,00			
	6.480,00		6.480,00	
		b/d	5.400,00	

D		VAT	C	
(1)	300,00	c/d	1.080,00	
(2)	780,00			
	1.080,00		1.080,00	
b/d	1.080,00	(5)	1.080,00	

D		Maint	C	
(1)	1.500,00	P&L-5	1.500,00	

Exhibit 2: Accounts

The register of fixed assets as at 31.12.20X7 displays the car as below:

Item	Cost/Valuation [EUR]	Acc. Depreciation [EUR]	Carrying Amount [EUR]
Toyota Yaris	12.400,00	(9.400,00)	3.000,00

Exhibit 3: Register of fixed assets as at 31.12.20X6

Along IFRSs, a reconciliation statement is required:

RECONCILIATION OF CARRYING AMOUNTS

	20X6	20X5
	[EUR]	[EUR]
Carrying Amount beginning of year	6.000,00	7.200,00
Replacement	0,00	1.800,00
Impairment loss	0,00	0,00
Depreciation	<u>(3.000,00)</u>	<u>(3.000,00)</u>
Carrying Amount as at 31.12.	3.000,00	6.000,00

Exhibit 4: Reconciliation statement as at 31.12.20X6