

## EXERCISES (Ordinary Level)



### QUESTION 1 DEPRECIATION

The following details were taken from the books of G. Lynch:

1/1/1999	Bought a lorry for €120,000.
31/12/1999	Total depreciation for the year ended 31/12/1999 was €12,000.
1/4/2000	Purchased another lorry for €110,000.
31/12/2000	Total depreciation for the year ended 31/12/2000 was €23,000.
1/5/2001	Purchased a lorry for €150,000.
31/12/2001	Total depreciation for the year ended 31/12/2001 was €38,000.

You are required to show:

- The lorry account for the three years 1999, 2000 and 2001.
- The provision for depreciation account for the three years 1999, 2000 and 2001.



### QUESTION 2 DEPRECIATION

The following details were taken from the books of F. Rooney:

1/1/2000	Bought a vehicle for €80,000.
31/12/2000	Total depreciation for the year ended 31/12/2000 was €4,000.
1/6/2001	Purchased another vehicle for €60,000.
31/12/2001	Total depreciation for the year ended 31/12/2001 was €7,000.
1/5/2002	Sold a vehicle for €60,000 that cost €80,000; the book value on date of disposal was €72,000.
31/12/2002	Total depreciation for the year ended 31/12/2002 was €3,000.

You are required to show:

- The vehicles account for the three years 2000, 2001 and 2002.
- The provision for depreciation account for the three years 2000, 2001 and 2002.
- The disposal account for the year ended 31/12/2002.



### QUESTION 3 DEPRECIATION

The following details were taken from the books of Finn Ltd:

1/1/2001	Vehicles at cost amounted to €80,000.
1/1/2001	The balance in the provision for depreciation account was €10,000.
1/5/2001	Purchased a vehicle for €40,000.
31/12/2001	Total depreciation for the year ended 31/12/2001 was €8,000.
1/6/2002	Sold a vehicle for €12,000 which had cost €30,000. The book value of this vehicle on 1/6/2002 was €16,000.
31/12/2002	Total depreciation for the year ended 31/12/2002 was €8,000.

**You are required to show:**

- The vehicles account for the two years 2001 and 2002.
- The provision for depreciation account for the two years 2001 and 2002.
- The vehicles disposal account for the year ended 31/12/2002.
- The relevant extracts from the profit and loss account and the balance sheet for the year 2002.



### QUESTION 4 DEPRECIATION

The following details were taken from the books of Byrne Ltd:

1/1/2002	Vehicles at cost amounted to €120,000.
1/1/2002	The balance in the provision for depreciation account was €40,000.
1/7/2002	Purchased a vehicle for €80,000.
31/12/2002	Total depreciation for the year ended 31/12/2002 was €30,000.
1/4/2003	Sold a vehicle for €22,000 which had cost €40,000. The book value of this vehicle on 1/4/2003 was €26,000.
31/12/2003	Provide for depreciation on vehicles if they are all expected to last four years and have a scrap value of €2,000 from 31/12/2003.

**You are required to show:**

- The vehicles account for the two years 2002 and 2003.
- The provision for depreciation account for the two years 2002 and 2003.
- The vehicles disposal account for the year ended 31/12/2003.
- The relevant extracts from the profit and loss account and the balance sheet for the year 2003.



## QUESTION 5 DEPRECIATION

The following details were taken from the books of O'Toole Ltd:

1/1/2003	Buses at cost amounted to €550,000.
1/1/2003	The balance in the provision for depreciation account was €240,000.
1/5/2003	Purchased a bus for €280,000.
31/12/2003	Total depreciation for the year ended 31/12/2003 was €80,000.
1/6/2004	Sold a bus for €190,000 which had cost €270,000. The book value of this bus on 1/6/2004 was €170,000.
31/12/2004	Provide for depreciation on buses if they are all expected to last five years and have a scrap value of €5,000 from 31/12/2004.

**You are required to show:**

- The vehicles account for the two years 2003 and 2004.
- The provision for depreciation account for the two years 2003 and 2004.
- The vehicles disposal account for the year ended 31/12/2004.
- The relevant extracts from the profit and loss account and the balance sheet for the year 2004.



## QUESTION 6 DEPRECIATION

The following details were taken from the books of Carey Ltd:

1/1/2004	Lorries at cost amounted to €950,000.
1/1/2004	The balance in the provision for depreciation account was €360,000.
1/5/2004	Sold a lorry for €110,000 which had cost €180,000. The book value of this lorry on 1/5/2004 was €120,000.
31/12/2004	Total depreciation for the year ended 31/12/2004 was €130,000.
1/6/2005	Purchased a lorry for €120,000.
31/12/2005	Provide for depreciation at the rate of 10% of the lorries on 31/12/2005.

**You are required to show:**

- The vehicles account for the two years 2004 and 2005.
- The provision for depreciation account for the two years 2004 and 2005.
- The vehicles disposal account for the year 31/12/2005.
- The relevant extracts from the profit and loss account and the balance sheet for the year 2005.

# CHAPTER 7 DEPRECIATION

## ORDINARY LEVEL

Q. 1 [p.66]

### Lorry A/C

<b>1999</b>			<b>1999</b>		
Jan 1	Bank	<u>120,000</u>	Dec 31	Balance c/d	<u>120,000</u>
		<u>120,000</u>			<u>120,000</u>
<b>2000</b>			<b>2000</b>		
Jan 1	Balance b/d	120,000	Dec 31	Balance c/d	<u>230,000</u>
Apr 1	Bank	<u>110,000</u>			<u>230,000</u>
		<u>230,000</u>			
<b>2001</b>			<b>2001</b>		
Jan 1	Balance b/d	230,000	Dec 31	Balance c/d	<u>380,000</u>
May 1	Bank	<u>150,000</u>			<u>380,000</u>
		<u>380,000</u>			
<b>2002</b>					
Jan 1	Balance b/d	380,000			

### Provision for Depreciation A/C

<b>1999</b>			<b>1999</b>		
Dec 31	Balance c/d	<u>12,000</u>	Dec 31	Profit and Loss	<u>12,000</u>
		<u>12,000</u>			<u>12,000</u>
<b>2000</b>			<b>2000</b>		
Dec 31	Balance c/d	<u>35,000</u>	Jan 1	Balance b/d	12,000
		<u>35,000</u>	Dec 31	Profit and Loss	<u>23,000</u>
					<u>35,000</u>
<b>2001</b>			<b>2001</b>		
Dec 31	Balance c/d	<u>73,000</u>	Jan 1	Balance b/d	35,000
		<u>73,000</u>	Dec 31	Profit and Loss	<u>38,000</u>
					<u>73,000</u>
			<b>2002</b>		
			Jan 1	Balance b/d	73,000

Q. 2 [p.66]

### Vehicles A/C

<b>2000</b>			<b>2000</b>		
Jan 1	Bank	80,000	Dec 31	Balance c/d	<u>80,000</u>
		<u>80,000</u>			<u>80,000</u>
<b>2001</b>			<b>2001</b>		
Jan 1	Balance b/d	80,000	May 1	Disposal A/C	80,000
June 1	Bank	<u>60,000</u>	Dec 31	Balance c/d	<u>60,000</u>
		<u>140,000</u>			<u>140,000</u>
<b>2002</b>					
Jan 1	Balance b/d	60,000			

**Provision for Depreciation A/C**

2000			2000		
Dec 31	Balance c/d	<u>4,000</u>		Dec 31	Profit and Loss <u>4,000</u>
		<u>4,000</u>			<u>4,000</u>
2001			2001		
Dec 31	Balance c/d	<u>11,000</u>	Jan 1	Balance b/d	4,000
		<u>11,000</u>	Dec 31	Profit and Loss	<u>7,000</u>
					<u>11,000</u>
2002			2002		
May 1	Disposal	8,000	Jan 1	Balance b/d	11,000
Dec 31	Balance c/d	<u>6,000</u>	Dec 31	Profit and Loss	<u>3,000</u>
		<u>14,000</u>			<u>14,000</u>
			2002		
			Jan 1	Balance b/d	6,000

**Disposal A/C**

2001			2001		
May 1	Vehicle A/C	80,000		may 1	Bank 60,000
					Dep. A/C 8,000
		<u>80,000</u>			Profit and Loss <u>12,000</u>
					<u>80,000</u>

Q. 3 [p.67]

**Vehicles A/C**

2001			2001		
Jan 1	Balance b/d	80,000		Dec 31	Balance c/d <u>120,000</u>
May 1	Bank	<u>40,000</u>			<u>120,000</u>
		<u>120,000</u>			
2002			2002		
Jan 1	Balance b/d	120,000	June 1	Disposal A/C	30,000
			Dec 31	Balance c/d	<u>90,000</u>
		<u>120,000</u>			<u>120,000</u>
2003					
Jan 1	Balance b/d	90,000			

**Provision for Depreciation A/C**

2001			2001		
Dec 31	Balance c/d	<u>18,000</u>		Jan 1	Balance b/d 10,000
		<u>18,000</u>	Dec 31	Profit and Loss	<u>8,000</u>
					<u>18,000</u>
2002			2002		
May 1	Disposal	14,000	Jan 1	Balance b/d	18,000
Dec 31	Balance c/d	<u>12,000</u>	Dec 31	Profit and Loss	<u>8,000</u>
		<u>26,000</u>			<u>26,000</u>
			2003		
			Jan 1	Balance b/d	12,000

**Disposal A/C**

2001			2001		
June 1	Vehicle A/C	30,000		June 1	Bank 12,000
					Dep. A/C 14,000
		<u>30,000</u>			Profit and Loss <u>4,000</u>
					<u>30,000</u>

**Profit and Loss A/C (extracts)**

**Expenses:**

2002	Provision for depreciation	8,000
	Loss on disposal of fixed asset	4,000

**Balance Sheet (extracts)**

**Fixed Assets:**

	<b>Cost</b>	<b>Depreciation</b>	<b>Book- Value</b>
2002	Vehicles	90,000	12,000
			78,000

**Q. 4 [p.67]**

**Vehicles A/C**

2002			2003			2004		
Jan 1	Balance b/d	120,000	Jan 1	Balance b/d	200,000	Jan 1	Balance b/d	160,000
July 1	Bank	<u>80,000</u>	Apr 1	Disposal A/C	40,000			
		<u>200,000</u>	Dec 31	Balance c/d	<u>160,000</u>			
					<u>200,000</u>			

**Provision for Depreciation A/C**

2002			2003			2004		
Dec 31	Balance c/d	<u>70,000</u>	Jan 1	Balance b/d	40,000	Jan 1	Balance b/d	95,500
		<u>70,000</u>	Dec 31	Profit and Loss	<u>30,000</u>	Dec 31	Profit and Loss	<u>39,500*</u>
					<u>70,000</u>			<u>109,500</u>
Apr 1	Disposal	14,000						
Dec 31	Balance c/d	<u>95,500</u>						
		<u>109,500</u>						

\*Depreciation Charge

Cost	160,000
Less Scrap Value	<u>2,000</u>
	158,000 ÷ 4years = 39,500 p.a.

**Disposal A/C**

2001			2001		
Apr 1	Vehicle a/c	40,000	Apr 1	Bank	22,000
		<u>40,000</u>		Dep. a/c	14,000
				Profit and Loss	<u>4,000</u>
					<u>40,000</u>

**Profit and Loss A/C (extracts)**

**Expenses:**

2003	Provision for depreciation	39,500
	Loss on disposal of fixed asset	4,000

**Balance Sheet (extracts)**

**Fixed Assets:**

	<b>Cost</b>	<b>Depreciation</b>	<b>Book- Value</b>
2002	Vehicles	160,000	95,500
			64,500

Q. 5 [p.68]

Bus A/C					
<b>2003</b>				<b>2003</b>	
Jan 1	Balance b/d	550,000		Dec 31	Balance c/d
May 1	Bank	<u>280,000</u>			<u>830,000</u>
		<u>830,000</u>			<u>830,000</u>
<b>2004</b>				<b>2004</b>	
Jan 1	Balance b/d	830,000		June 1	Disposal A/C
		<u>830,000</u>		Dec 31	Balance c/d
					<u>560,000</u>
					<u>830,000</u>
<b>2005</b>				<b>2005</b>	
Jan 1	Balance b/d	560,000			

Provision for Depreciation A/C					
<b>2003</b>				<b>2003</b>	
Dec 31	Balance c/d	<u>320,000</u>		Jan 1	Balance b/d
		<u>320,000</u>		Dec 31	Profit and Loss
					<u>80,000</u>
					<u>320,000</u>
<b>2004</b>				<b>2004</b>	
June 1	Disposal	100,000		Jan 1	Balance b/d
Dec 31	Balance c/d	<u>331,000</u>		Dec 31	Profit and Loss
		<u>431,000</u>			<u>111,000</u>
					<u>431,000</u>
<b>2005</b>				<b>2005</b>	
Jan 1	Balance b/d	331,000		Jan 1	Balance b/d

Disposal A/C					
<b>2003</b>				<b>2003</b>	
Apr 1	Bus A/C	270,000		June 1	Bank
	Profit and Loss	<u>20,000</u>			Dep. A/C
		<u>290,000</u>			<u>190,000</u>
					<u>100,000</u>
					<u>290,000</u>

**Profit and Loss A/C (extracts)**

Expenses:

2004 Provision for depreciation 111,000

Income

Profit on disposal of fixed asset 20,000

**Balance Sheet (extracts)**

Fixed Assets:

	Cost	Depreciation	Book- Value
2004 Vehicles	560,000	331,000	229,000

Q. 6 [p.68]

Lorry A/C					
<b>2004</b>				<b>2004</b>	
Jan 1	Balance b/d	950,000		May 1	Disposal A/C
		<u>950,000</u>		Dec 31	Balance c/d
					<u>180,000</u>
					<u>770,000</u>
					<u>950,000</u>
<b>2005</b>				<b>2005</b>	
Jan 1	Balance b/d	770,000		Dec 31	Balance c/d
June 1	Bank	<u>120,000</u>			<u>890,000</u>
		<u>890,000</u>			<u>890,000</u>
<b>2005</b>				<b>2005</b>	
Jan 1	Balance b/d	890,000			

**Provision for Depreciation A/C**

2004			2004		
June 1	Disposal A/C	60,000	Jan 1	Balance b/d	360,000
Dec 31	Balance c/d	<u>430,000</u>	Dec 31	Profit and Loss	<u>130,000</u>
		<u>490,000</u>			<u>490,000</u>
2005			2005		
Dec 31	Balance c/d	<u>519,000</u>	Jan 1	Balance b/d	430,000
		<u>519,000</u>	Dec 31	Profit and Loss	<u>89,000</u>
					<u>519,000</u>
2006			2006		
			Jan 1	Balance b/d	519,000

**Disposal A/C**

2003			2003		
May 1	Lorry A/C	180,000	May 1	Bank	110,000
		<u>180,000</u>		Dep. A/C	60,000
				Profit and Loss	<u>10,000</u>
					<u>180,000</u>

**Profit and Loss A/C (extracts)**

Expenses:

2005	Provision for depreciation	89,000
	Loss on disposal of fixed asset	10,000

**Balance Sheet (extracts)**

Fixed Assets:

	Cost	Depreciation	Book- Value
2005 Vehicles	890,000	519,000	371,000

**Q. 7 [p.69]**

**Lorry A/C**

2005			2005		
Jan 1	Balance b/d	460,000	Mar 1	Disposal A/C	150,000
		<u>460,000</u>	Dec 31	Balance c/d	<u>310,000</u>
					<u>460,000</u>
2006			2006		
Jan 1	Balance b/d	310,000	Dec 31	Balance c/d	<u>480,000</u>
Apr 1	Bank	<u>170,000</u>			<u>480,000</u>
		<u>480,000</u>			
2007			2007		
Jan 1	Balance b/d	480,000			

**Provision for Depreciation A/C**

2005			2005		
Mar 1	Disposal A/C	80,000	Jan 1	Balance b/d	130,000
Dec 31	Balance c/d	<u>100,000</u>	Dec 31	Profit and Loss	<u>50,000</u>
		<u>180,000</u>			<u>180,000</u>
2006			2006		
Dec 31	Balance c/d	<u>124,000</u>	Jan 1	Balance b/d	100,000
		<u>124,000</u>	Dec 31	Profit and Loss	<u>24,000</u>
					<u>124,000</u>
2007			2007		
			Jan 1	Balance b/d	124,000