AS 10 NEW WORKSHEET

Ques 1: On 1 March 2008 Yucca acquired a machine from Plant under the following terms:

	Rs.
List price of machine	82,000
Import duty	1,500
Delivery fees	2,050
Electrical installation costs	9,500
Pre-production testing	4,900
Purchase of a five-year maintenance contract with Plant	7,000

In addition to the above information Yucca was granted a trade discount of 10% on the initial list price of the asset and a settlement discount of 5% if payment for the machine was received within one month of purchase. Yucca paid for the plant on 25 March 2008.

Ques 2: How should the above information be accounted for in the financial statements? Construction of Deb and Ham's new store began on 1 April 2009. The following costs were incurred on the construction:

	Rs.000
Freehold land	4,500
Architect fees	620
Site preparation	1,650
Materials	7,800
Direct labour costs	11,200
Legal fees	2,400
General overheads	940

The store was completed on 1 January 2010 and brought into use following its grand opening on the 1 April 2010. Deb and Ham issued a Rs.Rs.25,000 unsecured loan on 1 April 2009 to aid construction of the new store (which meets the definition of a qualifying asset per AS 16). The loan carried an interest rate of 8% per annum and is repayable on 1 April 2012.
Required: Calculate the amount to be included as property, plant and equipment in respect of the new store and state what impact the above information would have on the income statement (if any) for the year ended 31 March 2010.

Ques 3: A machine was purchased on 1 April 2007 for Rs.120,000. It was estimated that the asset had a residual value of Rs.20,000 and a useful economic life of 10 years at this date. On 1 April 2009 (two years later) the residual value was reassessed as being only Rs.15,000 and the useful economic life remaining was considered to be only five years.
How should the asset be accounted for in the years ending 31 March 2008/2009/2010?

Ques 4: A company purchased a property with an overall cost of Rs.100,000on 1 April 2009. The property elements are made up as follows:

	Rs.000	Estimated life
Land and buildings (Land element Rs.20,000)	65,000	50 years
Fixtures and fittings	24,000	10 years
Lifts	11,000	20 years
	100,000	

Calculate the annual depreciation charge for the property for the year ended 31 March 2010.

Ques 5: A company purchased a building on 1 April 2007 for Rs.100,000. The asset had a useful economic life at that date of 40 years. On 1 April 2009 the company revalued the building to its current fair value of Rs.120,000.
What is the double entry to record the revaluation?

Ques 6: The carrying value of Zen's property at the end of the year amounted to Rs.108,000. On this date the property was revalued and was deemed to have a fair value of Rs.95,000. The balance on the revaluation reserve relating to the original gain of the property was Rs.10,000.
What is the double entry to record the revaluation?

Ques 7: A company revalued its property on 1 April 2009 to Rs 20,000 (Rs 8,000 for the land). The property originally cost Rs.10,000 (Rs.2,000for the land) 10 years ago. The original useful economic life of 40 years is unchanged. The company's policy is to make a transfer to realised profits in respect of excess depreciation.
How will the property be accounted for in the year ended 31 March 2010?

Ques 8: A company purchased a building on 1 April 2005 for Rs.100,000 at which point it was considered to have a useful economic life of 40 years. At the year end 31 March 2010 the company decided to revalue the building to its current value of Rs.98,000. How will the building be accounted for in the year ended 31 March 2010?

Ques 9: At 1 April 2009 HD Ltd carried its office block in its financial statements at its original cost of Rs.20,00,000 less depreciation of Rs.400,000 (based on its original life of 50 years). HD Ltd decided to revalue the office block on 1 October 2009 to its current value of Rs.22,00,000. The useful economic life remaining was reassessed at the time of valuation and is considered to be 40 years at this date. It is the company's policy to charge depreciation proportionally.
How will the office block be accounted for in the year ended 31 March 2010

Ques 10: An asset that originally cost Rs.16,000 and had accumulated depreciation on it of Rs.8,000 was disposed of during the year for Rs.5,000 cash.
How should the disposal be accounted for in the financial statements?