

### 30.1 A drill to practise the quick method of accounting for the disposal of a fixed asset

For each example below, show the double entry for the quick method to account for the disposal of the fixed asset, or to complete the accounting for the disposal.

1. a fixed asset with original cost £10 000 and provision for depreciation £7 000 is sold with disposal proceeds £3 500

DR	money or promises	£3 500	
DR	Provision for Depreciation	£7 000	
CR	<i>P&amp;L Account – profit on disposal</i>		£500
CR	Fixed Asset Cost		£10 000

2. a fixed asset with original cost £4 500 and provision for depreciation £3 000 is sold with disposal proceeds £1 200

DR	money or promises	£1 200	
DR	Provision for Depreciation	£3 000	
DR	<i>P&amp;L Account – loss on disposal</i>	£300	
CR	Fixed Asset Cost		£4 500

3. a fixed asset with original cost £9 700 and provision for depreciation £4 200 is sold with disposal proceeds £5 500

DR	money or promises	£5 500	
DR	Provision for Depreciation	£4 200	
CR	Fixed Asset Cost		£9 700

4. a fixed asset with original cost £3 400 is sold for £1 000. Provision for depreciation on the fixed asset was £2 550

DR	money or promises	£1 000	
DR	Provision for Depreciation	£2 550	
CR	<i>P&amp;L Account – profit on disposal</i>		£150
CR	Fixed Asset Cost		£3 400

5. a fixed asset with original cost £81 900 is sold for £22 600. The loss on disposal is £1 700

DR	money or promises	£22 600	
DR	<i>Provision for Depreciation</i>	£57 600	
DR	P&L Account – loss on disposal	£1 700	
CR	Fixed Asset Cost		£81 900

6. a fixed asset is sold with £1 250 profit on disposal. Provision for depreciation on the fixed asset was £3 200, and disposal proceeds were £11 000

DR	money or promises	£11 000	
DR	Provision for Depreciation	£3 200	
CR	P&L Account – profit on disposal		£1 250
CR	<i>Fixed Asset Cost</i>		£12 950

7. a fixed asset is sold for £10 400, giving rise to a profit on disposal of £3 700. Total depreciation charged on the fixed asset during its life was £27 800

DR	money or promises	£10 400	
DR	Provision for Depreciation	£27 800	
CR	P&L Account – profit on disposal		£3 700
CR	<i>Fixed Asset Cost</i>		£34 500

8. a fixed asset is sold with profit on disposal £5 000. Original cost and cumulative depreciation were £89 000 and £43 000 respectively

DR	<i>money or promises</i>	£51 000	
DR	Provision for Depreciation	£43 000	
CR	P&L Account – profit on disposal		£5 000
CR	Fixed Asset Cost		£89 000

9. a fixed asset has been sold for £5 000. The firm has properly accounted for the disposal transaction but has not yet cancelled the fixed asset cost £40 000 and the provision for depreciation £36 000

DR	Fixed Asset Disposal	£5 000	
DR	Provision for Depreciation	£36 000	
CR	<i>P&amp;L Account – profit on disposal</i>		£1 000
CR	Fixed Asset Cost		£40 000

10. a fixed asset has been sold for £7 500. The firm has properly accounted for the disposal transaction but has not yet cancelled the fixed asset cost £30 000 and the provision for depreciation £20 000

DR	Fixed Asset Disposal	£7 500	
DR	Provision for Depreciation	£20 000	
DR	<i>P&amp;L Account – loss on disposal</i>	£2 500	
CR	Fixed Asset Cost		£30 000