

Business 2

YEAR 1: a fixed asset is purchased at cost £24 000.

During the year, the fixed asset loses £4 000 of value.

YEAR 2: the fixed asset depreciates by £3 000.

YEAR 3: the fixed asset depreciates by £2 000.

Fixed Asset			
cost	24 000	to P&L 1	4 000
		to P&L 2	3 000
		to P&L 3	2 000

M&P	
payment	24 000

P&L 1	
depreciation	4 000

P&L 2	
depreciation	3 000

P&L 3	
depreciation	2 000

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£20 000	£17 000	£15 000

Business 3

YEAR 1: a fixed asset is purchased at cost £4 000.

At the end of the year, the fixed asset is valued at £3 200.

YEAR 2: at the end of the year the fixed asset is valued at £2 800.

YEAR 3: at the end of the year the fixed asset is valued at £2 500.

Fixed Asset			
cost	4 000	to P&L 1	800
		to P&L 2	400
		to P&L 3	300

M&P	
payment	4 000

P&L 1	
depreciation	800

P&L 2	
depreciation	400

P&L 3	
depreciation	300

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£3 200	£2 800	£2 500

Business 4

The business purchases a fixed asset at cost £16 000 in YEAR 1. The fixed asset is estimated to lose £4 000 of value in each year of use.

Fixed Asset		P&L 1	
cost	16 000	depreciation	4 000
	to P&L 1		
	4 000		
	to P&L 2		
	4 000		
	to P&L 3		
	4 000		
M&P		P&L 2	
	payment	depreciation	4 000
	16 000		
		P&L 3	
		depreciation	4 000

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£12 000	£8 000	£4 000

Business 5

The business purchases a fixed asset in YEAR 1 for £20 000. In each year of use, the fixed asset is estimated to lose 10% of its value at the start of that year.

Fixed Asset		P&L 1	
cost	20 000	depreciation	2 000
	to P&L 1		
	2 000		
	to P&L 2		
	1 800		
	to P&L 3		
	1 620		
M&P		P&L 2	
	payment	depreciation	1 800
	20 000		
		P&L 3	
		depreciation	1 620

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£18 000	£16 200	£14 580

Business 6

The business purchases a fixed asset in YEAR 1 for £15 000. The business estimates that the fixed asset will be used for ten years, after which it will be thrown away with no value.

Fixed Asset		P&L 1	
cost	15 000	depreciation	1 500
	to P&L 1		
	1 500		
	to P&L 2		
	1 500		
	to P&L 3		
	1 500		
M&P		P&L 2	
	payment	depreciation	1 500
	15 000		
		P&L 3	
		depreciation	1 500

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£13 500	£12 000	£10 500

Business 7

A fixed asset is acquired in YEAR 1 for £100 000. The business estimates that the fixed asset will be used for eight years, after which it will be sold for £20 000.

Fixed Asset			
cost	100 000	to P&L 1	10 000
		to P&L 2	10 000
		to P&L 3	10 000

M&P	
payment	100 000

P&L 1	
depreciation	10 000

P&L 2	
depreciation	10 000

P&L 3	
depreciation	10 000

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£90 000	£80 000	£70 000

Business 8

The business purchases a fixed asset at a cost of £50 000 in YEAR 1. At the end of YEAR 1 the fixed asset is valued at £44 000.

At the end of YEAR 2 it is valued at £43 000, and at the end of YEAR 3 it is valued at £33 000.

Fixed Asset			
cost	50 000	to P&L 1	6 000
		to P&L 2	1 000
		to P&L 3	10 000

M&P	
payment	50 000

P&L 1	
depreciation	6 000

P&L 2	
depreciation	1 000

P&L 3	
depreciation	10 000

BALANCE SHEET VALUES	at end of Year 1	at end of Year 2	at end of Year 3
Fixed Asset	£44 000	£43 000	£33 000