

Errsea

The following is an extract of Errsea's balances of property, plant and equipment and related government grants at 1 April 20X6.

	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Carrying amount</i>
	\$'000	\$'000	\$'000
Property, plant and equipment	240	180	60
Non-current liabilities			
Government grants			30
Current Liabilities			
Government grants			10

Details including purchases and disposals of plant and related government grants during the year are:

- (i) Included in the above figures is an item of plant that was disposed of on 1 April 20X6 for \$12,000 which had cost \$90,000 on 1 April 20X3. The plant was being depreciated on a straight-line basis over four years assuming a residual value of \$10,000. A government grant was received on its purchase and was being recognised in the income statement in equal amounts over four years. In accordance with the terms of the grant, Errsea repaid \$3,000 of the grant on the disposal of the related plant.

- (ii) An item of plant was acquired on 1 July 20X6 with the following costs:

	\$
Base Cost	192,000
Modifications specified by Errsea	12,000
Transport and Installation	6,000

The plant qualified for a government grant of 25% of the base cost of the plant, but it had not been received by 31 March 20X7. The plant is to be depreciated on a straight-line basis over three years with a nil estimated residual value.

- (iii) All other plant is depreciated by 15% per annum on cost
- (iv) \$11,000 of the \$30,000 non-current liability for government grants at 1 April 20X6 should be reclassified as a current liability as at 31 March 20X7.
- (v) Depreciation is calculated on a time apportioned basis.

Required

Prepare extracts of Errsea's income statement and statement of financial position in respect of the property, plant and equipment and government grants for the year ended 31 March 20X7.

Note. Disclosure notes are not required.