**159**. ETA Inc. purchased an automobile for the use of CEO and a truck for domestic transport services. They were priced by the dealer as 12400000 TL except 18 % VAT. Taxes were paid by bank, for the remaining amount a cheque of the same amount was given to the dealer. (SCT=50%)

12400000x50%=6200000 TL…SCT

12400000+6200000=18600000x18%=3348000…VAT

|  |
| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Motor Vehicles | 12400000 |  |  |
| VAT Deductible | 3348000 |  |  |
| Prepaid Taxes and Funds | 6200000 |  |  |
|  |  | Banks | 9548000 |
|  |  | CGPO | 1240000 |
| Purchasing an automobile and a truck. |

**160**. ETA Inc. purchased tables, chairs, and computers for the use of its administrative and technical staff. The supplier billed them as 1750000 TL excluding 18% VAT. The payment would be made next month.

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| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| F&F | 1750000 |  |  |
| VAT Deductible | 31500 |  |  |
|  |  | Other Trade Payables | 2065000 |
| Purchasing tables, chairs, and computers. |

**161**. ETA Inc. depreciated the following tangible non-current assets at the end of 2021:

-Furniture for general uses and purchased at 100000 TL

-Machinery assigned for the use of production and purchased at 300000 TL.

-Equipment and installations assigned for R&D activities and purchased at 200000 TL.

All assets have a useful life of 8 years, and ETA Inc. chose the accelerated depreciation method. The company depreciated all tangible assets at the end of the first useful life of assets.

SLDR=1/UL=1/8=0,125x100=12,5%

ADR=12,5%x2=25%

F:10000xADR=10000x25%=2500

M:30000xADR=30000x25%=7500

EI:20000x25%=5000

|  |
| --- |
| **Dec.31, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GAE | 25000 |  |  |
| GPE | 75000 |  |  |
| RDE | 50000 |  |  |
|  |  | Accumulated Depreciation | 150000 |
| Depreciating some tangible assets at the end of 2021. |

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| **Dec.31, 2022** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GAE | 18750 |  |  |
| GPE | 56250 |  |  |
| RDE | 37500 |  |  |
|  |  | Accumulated Depreciation | 112500 |
| Depreciating some tangible assets at the end of 2022. |

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| **Dec.31, 2022** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GAE | 1875 |  |  |
| GPE | 5625 |  |  |
| RDE | 3750 |  |  |
|  |  | Accumulated Depreciation | 11250 |
| Depreciating some tangible assets at the end of 2022. |

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| **Dec.31, 2023** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GAE | 1406 |  |  |
| GPE | 4219 |  |  |
| RDE | 2813 |  |  |
|  |  | Accumulated Depreciation | 8438 |
| Depreciating some tangible assets at the end of 2023. |

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| **Dec.31, 2025** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GAE | 3164 |  |  |
| GPE | 9492 |  |  |
| RDE | 6328 |  |  |
|  |  | Accumulated Depreciation | 14984 |
| Depreciating some tangible assets at the end of 2025. |

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| **Dec.31, 2024** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GAE | 3164 |  |  |
| GPE | 9492 |  |  |
| RDE | 6328 |  |  |
|  |  | Accumulated Depreciation | 18984 |
| Depreciating some tangible assets at the end of 2024. |

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| **Dec.31, 2025** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Accumulated Depreciation | 59999 |  |  |
|  |  | Furniture/Fixtures | 9999 |
|  |  | MEI | 49999 |
| Removing some tangible assets from the B/S. |

A Machine (Purchase Price)=200000 TL

Useful Life=5 years

Scrap Value=10000 TL

1-Straight Line Depreciation

2-Accelerated Depreciation

AD=200000/5=40000

AD=(200000-10000)/5=38000

Rate of SLD=1/Useful Life

Depreciation Schedule - 20 %

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **Cost Value** | **Annual Depreciation** | **Accumulated Depreciation** | **Net Book Value** |
| 2023 | 200000 | 38000 | 38000 | 152000 |
| 2024 | 200000 | 38000 | 76000 | 114000 |
| 2025 | 200000 | 38000 | 114000 | 76000 |
| 2026 | 200000 | 38000 | 152000 | 38000 |
| 2027 | 200000 | 38000 | 190000 | 0 |

Rate of AD=Rate of SLDx2=20%x2=40%

Rate Of SLD=1/5=0,2..20%

Depreciation Schedule - 20 %

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **Cost Value** | **Annual Depreciation** | **Accumulated Depreciation** | **Net Book Value** |
| 2023 | 200000 | 80000 | 80000 | 120000 |
| 2024 | 200000 | 48000 | 128000 | 72000 |
| 2025 | 200000 | 28800 | 156800 | 43200 |
| 2026 | 200000 | 17280 | 174080 | 25920 |
| 2027 | 200000 | 25920 | 200000 | 0 |

Furniture

Accelerated Depreciation Schedule - 25 %

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **Cost Value** | **Annual Depreciation** | **Accumulated Depreciation** | **Net Book Value** |
| 1 | 10000 | 2500 | 2500 | 7500 |
| 2 | 10000 | 1875 | 4375 | 5625 |
| 3 | 10000 | 1406 | 5781 | 4219 |
| 4 | 10000 | 1055 | 6836 | 3164 |
| 5 | 10000 | 3164 | 10000 | 0 |

Machinery

Accelerated Depreciation Schedule - 25 %

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **Cost Value** | **Annual Depreciation** | **Accumulated Depreciation** | **Net Book Value** |
| 1 | 30000 | 7500 | 7500 | 22500 |
| 2 | 30000 | 5625 | 13125 | 16875 |
| 3 | 30000 | 4219 | 17344 | 12656 |
| 4 | 30000 | 3164 | 20508 | 9492 |
| 5 | 30000 | 9492 | 30000 | 0 |

 EI

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **Cost Value** | **Annual Depreciation** | **Accumulated Depreciation** | **Net Book Value** |
| 1 | 20000 | 5000 | 5000 | 15000 |
| 2 | 20000 | 3750 | 8750 | 11250 |
| 3 | 20000 | 2813 | 11563 | 8437 |
| 4 | 20000 | 2109 | 13672 | 6328 |
| 5 | 20000 | 6328 | 20000 | 0 |

**162**. ETA Inc. had to sell a truck used for seven years in the delivery of its products. (SP=700000 TL+18% VAT) This truck costed 800000 TL to ETA Inc., had an estimated life of 10 years, and applied the straight line method for the purpose of depreciating its tangible assets. The buyer made a bank transfer.

AD=80000x7=560000

SP=700000+560000=1260000

Profit=1260000-800000=460000

|  |
| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Banks | 826000 |  |  |
| Accumulated Depreciation | 560000 |  |  |
|  |  | VAT Calculated | 126000 |
|  |  | Motor Vehicles | 800000 |
|  |  | OEOI/P | 460000 |
| Selling a truck used for 7 years. |

**163**. ETA Inc. decided to buy a new truck.

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| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| OEOI/P | 460000 |  |  |
|  |  | Special Reserves | 460000 |
| Transferring OEOI/P into special reserves. |

**164**. ETA Inc. bought a new truck at 100000 TL except 20 % SCT and 18 % VAT. It made the payment by bank.

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| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Motor Vehicles | 1000000 |  |  |
| VAT Deductible | 216000 |  |  |
| Prepaid Taxes and Funds | 200000 |  |  |
|  |  | Banks | 1416000 |
| Buying a new truck. |

**164**. ETA Inc. depreciated the new truck at the end of the first year of use. The estimated technological life of this truck was again 5 years, and the straight line depreciation method was applied by ETA Inc.

|  |
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| **Dec. 31, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Special Reserves | 200000 |  |  |
|  |  | Accumulated Depreciation | 200000 |
| Depreciating the truck for 2021. |

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| **Dec. 31, 2022** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Special Reserves | 200000 |  |  |
|  |  | Accumulated Depreciation | 200000 |
| Depreciating the truck for 2022. |

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| **Dec. 31, 2023** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Special Reserves | 60000 |  |  |
| GPE | 140000 |  |  |
|  |  | Accumulated Depreciation | 200000 |
| Depreciating the truck for 2023. |

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| **Dec. 31, 2024** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GPE | 200000 |  |  |
|  |  | Accumulated Depreciation | 200000 |
| Depreciating the truck for 2024. |

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| **Dec. 31, 2024** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GPE | 200000 |  |  |
|  |  | Accumulated Depreciation | 200000 |
| Depreciating the truck for 2025. |

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| **Dec. 31, 2024** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Accumulated Depreciation | 1000000 |  |  |
|  |  | Motor Vehicles | 1000000 |
| Removing a used car and its accumulated depreciation from the BS. |

**165**. A packing machine still used by ETA Inc. was damaged because of a fire. The book value of the machine was 1440000 TL and the accumulated depreciation for this machine was 512000 TL. On the other hand, 2360000 TL including %18 VAT was compensated from the insurance company.

2000000+512000=2512000

2512000-1440000=1072000

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| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Banks | 2336000 |  |  |
| Accumulated Depreciation | 512000 |  |  |
|  |  | MEI | 1440000 |
|  |  | VAT Calculated | 360000 |
|  |  | OEOI/P | 1072000 |
| Earning some compensation fees for an insured and damaged machine. |

**166**. ETA Inc. decided to replace this machine.

|  |
| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| OEOI/P | 1072000 |  |  |
|  |  | Special Reserves | 1072000 |
| Transferring OEOI/P into special reserves. |

**167**. In the next period, ETA Inc. purchased a new packing machine by bank at 8000000 TL by bank except 18 % VAT and 30% SCT.

|  |
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| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| MEI | 8000000 |  |  |
| VAT Deductible | 1872000 |  |  |
| Prepaid Taxes and Funds | 2400000 |  |  |
|  |  |  |  |
|  |  | Banks | 12272000 |
| Buying a new packing machine. |

**168**. ETA Inc. depreciated this new packing machine according to the accelerated depreciation method. (UL=5 Years+SLD)

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| --- |
| **December 31, 2023** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Special Reserves | 1072000 |  |  |
| GPE | 528000 |  |  |
|  |  | Accumulated Depreciation | 1600000 |
|  |

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| **December 31, 2024** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GPE | 1600000 |  |  |
|  |  | Accumulated Depreciation | 1600000 |
|  |

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| --- |
| **December 31, 2025** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| GPE | 1600000 |  |  |
|  |  | Accumulated Depreciation | 1600000 |
|  |

|  |
| --- |
| **December 31, 2026** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Accumulated Depreciation | 1600000 |  |  |
|  |  | MEI | 1600000 |
|  |

|  |
| --- |
| **December 31, 2026** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Accumulated Depreciation | 1600000 |  |  |
|  |  | MEI | 1600000 |
|  |

**168**. ETA Inc. made the following expenditures for building its headquarters, which was not finished yet.

-Ready-mixed concrete: 700000 TL except 20 % VAT (by giving a 2-month promissory note)

-Wall paints: 200000 TL except 20 % VAT (via bank remittance)

-Interior and exterior doors and windows = 250000 TL except 20 % VAT (by writing a cheque)

-VAT’s (by bank)

|  |
| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| CIP | 1150000 |  |  |
| VAT Deductible | 230000 |  |  |
|  |  | Other Trade Payables | 700000 |
|  |  | Banks | 430000 |
|  |  | CGPO | 250000 |
| Making some expenditures for a building. |

**169**. ETA Inc. made miscellaneous expenses for the building for 450000 TL except 20 % VAT. The payment was made by bank.

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| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| CIP | 450000 |  |  |
| VAT Deductible | 90000 |  |  |
|  |  | Banks | 540000 |
| Making some additional expenditures for a building. |

**170**. ETA Inc. finished the construction of the building and began to utilize that building.

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| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| Buildings | 1600000 |  |  |
|  |  | CIP | 1600000 |
| Finishing the construction of the building. |

**171**. ETA Inc. placed an order of a new business machine from the manufacturer and made an advance payment of 250000 TL by banks. The current price of this machine was 800000 TL.

Fixed Assets Advances Given…FAAG

250000x0,0075=1875

|  |
| --- |
| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| FAAG | 250000 |  |  |
|  |  | Banks | 248125 |
|  |  | Taxes and Funds Payable | 1875 |
| Making an advance payment for a machine order. |

**172**. The manufacturing company delivered the business machine ordered a while ago and the remaining payment was made by bank.

|  |
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| **April 6, 2021** |
| **DEBIT** | **TL** | **CREDIT** | **TL** |
| MEI | 800000 |  |  |
| VAT Deductible | 160000 |  |  |
|  |  | Banks | 710000 |
|  |  | FAAG | 250000 |
| Taking delivery of a machine ordered before. |