

## Example on Computation of Gain on Disposal of Fixed Assets

### Example – Calculation of Gain on Disposal of Fixed Asset

	<u>HK\$</u>
Cost of fixed asset	1,000
Less : Accumulated Depreciation	500
Net Book Value of Fixed Assets	<u>500</u>
Less : Sales Proceeds	800
Gain on Disposal of Fixed Asset	<u><u>300</u></u>

Accounting Entries for Gain on Disposal of Fixed Asset	Debit	Credit
<b>DR. Accumulated Depreciation</b> (accumulated depreciation charged on the disposed fixed asset)	\$500	
<b>DR. Bank</b> (sales proceeds of fixed asset)	\$800	
<b>CR. Fixed Asset</b> (cost of the disposed fixed asset)		\$1,000
<b>CR. Gain on Disposal of Fixed Asset</b>		\$300
<b>Total</b>	<b>\$1,300</b>	<b>\$1,300</b>