

Example on Computation of Loss on Disposal of Fixed Assets

Example – Calculation of Loss on Disposal of Fixed Asset

	HK\$
Cost of fixed asset	1,000
Less : Accumulated Depreciation	500
Net Book Value of Fixed Assets	500
Less : Sales Proceeds	300
Loss on Disposal of Fixed Asset	200

Accounting Entries for Loss on Disposal of Fixed Asset	Debit	Credit
DR. Accumulated Depreciation (accumulated depreciation charged on the disposed fixed asset)	\$500	
DR. Bank (sales proceeds of the disposed fixed asset)	\$300	
DR. Loss on Disposal of Fixed Asset	\$200	
CR. Fixed Asset (cost of the disposed fixed asset)		\$1,000
Total	\$1,000	\$1,000