Exercise

Use the following information to fill in the asset account (Class A Commercially recoverable resources) for coal resources.

1) The total amount of coal available for extraction at the beginning of the year was 20 million tonnes.

2) During the year a new coal deposit is discovered and made ready for extraction. It contains 3 million tonnes of coal.

3) The geologic survey discovers that the their previous estimate of the coal deposit underestimates the stock by 1.4 million tonnes.

4) The extraction of coal by the mining company was 0.7 million tonnes.

5) An earthquake totally destroys a mining site, which makes it uneconomically in the foreseen future to extract coal from this site. It was otherwise expected that 0.2 million tonnes of coal could have been extracted from this mining site.

6) Due to a new ambitious climate change policy the government decides that half of the available coal resources must stay in the ground, never to be extracted. This decision applies to the coal deposits as of the beginning of the year.
# Physical asset account

## Class A Commercially recoverable resources

<table>
<thead>
<tr>
<th>Coal resources</th>
<th>1000 tonnes</th>
</tr>
</thead>
</table>

### Opening stock (1 January)

### Additions to stocks
- Discoveries
- Upwards reappraisals

### Deductions from stocks
- Extractions
- Catastrophic losses
- Downwards reappraisals

### Closing stock (31 December)
## Solution

### Class A Commercially recoverable resources

<table>
<thead>
<tr>
<th>Coal resources</th>
<th>1000 tonnes</th>
</tr>
</thead>
</table>

<table>
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<tr>
<th><strong>Opening stock (1 January)</strong></th>
<th><strong>20,000</strong></th>
</tr>
</thead>
</table>

**Additions to stocks**
- Discoveries: 3,000
- Upwards reappraisals: 1,400

**Deductions from stocks**
- Extractions: 700
- Catastrophic losses: 200
- Downwards reappraisals: 10,000

<table>
<thead>
<tr>
<th><strong>Closing stock (31 December)</strong></th>
<th><strong>13,500= (=balance)</strong></th>
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