Chapter 13 – Depreciation

Question 1.

On 1st April, 2012, Shri Ram purchased a machinery costing Rs.40,000 and spent Rs.5,000 on its erection. The estimated effective life of the machinery is 10 years with a scrap valued of Rs.5,000. Calculate the Depreciation on the Straight Line Method and show the Machinery Account of first three years. Accounting year ends on 31st March every year.

Solution:

Book of Shri Ram
Machinery Account

Dr. Cr.

Date	Particulars	J.F	₹	Date	Particulars	J.F.	₹
2012				2013			
Apr 01	To Bank A/c		40,000	Mar 31	By Depreciation A/c		4,000
Apr 01	To Bank A/c (Erection Expense)		5,000		By Balance c/d		41,000
			45,000				**45,000**
2013				2014			
Apr 01	To Balance b/d		41,000	Mar 31	By Depreciation A/c		4,000
					By Balance c/d		37,000
			41,000				**41,000**
2014				2014			
Apr 01	To Balance b/d		37,000	Mar 31	By Depreciation A/c		4,000
				Mar 31	By Balance c/d		33,000
			37,000				**37,000**

Calculation of Depreciation :

$$\text{Depreciation p.a.} = \frac{40,000 + 5,000 - 5,000(\text{Scrap Value})}{10\text{Years}}$$

$$= 4,000 \text{ p.a}$$

Question 2.

On 1st April, 2011, a merchant purchased a furniture costing Rs.55,000. It is estimated that its life is 10 years at the end of which it will be sold for Rs.5,000. Additions are made 1st April, 2012 and 1st October, 2014 to the value of Rs.9,500 and

Rs.8,400 (Residual values Rs.500 and Rs.400 respectively).

Show the Furniture Account for the first four years, Depreciation A/c is written off according to the Straight Line Method.

Solution:

Dr. Cr.

Date	Particulars		J.F.	₹	Date	Particulars		J.F.	₹
2011					2012				
Apr 01	To Bank A/c			55,000	Mar 31	By Depreciation A/c Furniture 1			5000
					Mar 31	By Balance c/d Furniture 1			50,000
				55,000					**55,000**
2012					2013				
Apr 01	To Balance b/d			50,000	Mar 31	By Depreciation A/c			
	Furniture 1					Furniture 1	5,000		
Apr 01	To Bank A/c			9,500		Furniture 2	900		5,900
	Furniture 2								
					Mar 31	By Balance c/d			
						Furniture 1	45,000		
						Furniture 2	8,600		53,600
				59,500					**59,500**
2013					2014				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Furniture 1	45,000				Furniture 1	5,000		
	Furniture 2	8,600		53,600		Furniture 2	900		5,900
					Mar 31	By Balance c/d			
						Furniture 1	40,000		
						Furniture 2	7,700		47,700
				53,600					**53,600**
2014					2015				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Furniture 1	40,000				Furniture 1	5,000		
	Furniture 2	7,700		47,700		Furniture 2	900		
						Furniture 3	400		6,300
Oct 01	To Bank A/c			8,400					
					Mar 31	By Balance c/d			
						Furniture 1	35,000		
						Furniture 2	6,800		
						Furniture 3	8,000		49,800
				56,100					**56,100**

Working Notes :

$$\text{Depreciation on F1} = \frac{55,000 - 5,000 \text{ (Scrap Value)}}{10\text{Years}} = 5,000 \text{ p.a.}$$

$$\text{Depreciation on F2} = \frac{9,500 - 500 \text{ (Scrap Value)}}{10\text{Years}} = 900 \text{ p.a.}$$

$$\text{Depreciation on F3} = \frac{8,400 - 400 \text{ (Scrap Value)}}{10\text{Years}} = 400 \text{ p.a.}$$

$$\therefore \text{ Depreciation on F3 (Six Months)} = 800 \times \frac{6}{12} = 400$$

Question 3.

On 1st April, 2011, A Ltd. purchased a machine for Rs.2,40,000 and spent Rs.10,000 on its erection. On 1st October, 2011, an additional machinery costing Rs.1,00,000 was purchased. On 1st October, 2013 the machine purchased on 1st April, 2011 was sold for Rs.1,43,000 and on the same date, a new machine was purchased at a cost of Rs.2,00,000.

Show the Machinery Account for the first four financial years after charging Depreciation at 5% p.a. by the Straight Line Method.

Solution:

Machinery Account

Dr. Date	Particulars		J.F	Rs.	Date	Particulars		J.F.	Cr. Rs.
2011					2011				
	To Bank A/c								
Apr 01	(2,40,000 +10,000)			2,50,000	Mar 31	By Depreciation A/c			
	Machinery 1					Machinery 1	12,500		
Oct 01	To Bank A/c			1,00,000		Machinery 2 (for 6 Months)	2,500		15,000
	Machinery 2								
					Mar 31	By Balance c/d			
						Machinery 1	2,37,500		
						Machinery 2	97,500		3,35,000
				3,50,000					**3,50,000**
2012					2013				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery 1	2,37,500				Machinery 1	12,500		
	Machinery 2	97,500		3,35,000		Machinery 2	5,000		17,500
					Mar 31	By Balance c/d			
						Machinery 1	2,25,000		
						Machinery 2	92,500		3,17,500
				3,35,000					**3,35,000**
2013					2013				
						By Depreciation A/c (for 6			
Apr 01	To Balance b/d				Oct 01	months)			6,250
	Machinery 1	2,25,000			Oct 01	To Bank A/c			1,43,000
	Machinery 2	92,500		3,17,500		(Machinery 1 sold)			
						By Profit and loss A/c			
					Oct 01	(loss on sale)			75,750
2013					2014				
Oct 01	To Bank A/c			2,00,000	Mar 31	By Depreciation A/c			
						Machinery 2	5,000		
						Machinery 3 (for 6 months)	5,000		10,000
					Mar 31	By Balance c/d			
						Machinery 2	87,500		
						Machinery 3	1,95,000		2,82,500
				5,17,500					**5,17,500**
2014					2015				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery 1	87,500				Machinery 2	5,000		
	Machinery 2	1,95,000		2,82,500		Machinery 3	10,000		15,000
					Mar 31	By Balance c/d			
						Machinery 2	82,500		
						Machinery 3	1,85,000		2,67,500
				2,82,500					**2,82,500**

Working Notes:

1. Calculation of Deprecation

Machin 1 $2,50,000 \times \frac{5}{100} = 12,500$ p. a.

Machin 2 $1,00,000 \times \frac{5}{100} = 5,000$ p. a.

Machin 3 $2,00,000 \times \frac{4}{100} = 10,000$ p. a.

Particulars	₹
Book Value on April 01, 2013	2,25,000
Less: Deprecation for 6 month	(6,250)
Book Value on Oct. 1, 2013	2,18,750
Less: Sale proceeds	(1,43,000)
Loss on Sale Machine	75,750

Question 4.

From the following transactions of a concern, prepare the Machinery Account for ended 31at March, 2015:

1st April, 2014: Purchased second-hand machinery for Rs.40,000.

1st April, 2014: Spent Rs.10,000 on repairs for making it serviceable.

30th September, 2014: Purchased additional new machinery fort 20,000.

31st December, 2014: Repairs and renewals of machinery Rs.3,000.

31st March, 2015 :Depreciate the machinery at 10% p.a.

Solution:

Machinery Account

Date	Particulars	J.F.	₹	Date	Particulars		J.F.	₹
2014				2015				
Apr 1	To Bank A/c		50,000	Mar 31	By Depreciation A/c			
	Machinery 1				Machinery 1	5,000		
Sept 30	To Bank A/c		20,000		Machinery 2	1,000		6,000
	Machinery 2							
				Mar 31	By Balance c/d			
					Machinery 1	45,000		
					Machinery 2	19,000		64,000
			70,000					70,000

Dr. / Cr.

Note :

Repair and renewal made on December 31, 2014 will not be recorded in Machinery Account because, this repair was after putting the Machinery in to use.

Question 5.

An asset was purchased for Rs.10,500 on 1st April, 2009. The scrap value was estimated be Rs.500 at the end of asset's 10 years' life. Straight Line Method of depreciation was used.

The accounting year ends on 31st March. The asset was sold for Rs.600 on 31st March, 2016. calculate the following:

a. The Depreciation expense for the year ended 31st March, 2010.

b. The net book value of the asset on 31st March, 2014.

c. The gain or loss on sale of the asset on 31st March, 2016.

Solution:

Asset Account

Dr. / Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2009				2010			
Apr 01	To Bank A/c		10,500	Mar 31	By Depreciation A/c		1,000
				Mar 31	By Balance c/d		9,500
			10,500				**10,500**
2010				2011			
Apr 01	To Balance b/d		9,500	Mar 31	By Depreciation A/c		1,000
				Mar 31	By Balance c/d		8,500
			9,500				**9,500**
2011				2012			
Apr 01	To Balance b/d		8,500	Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		7,500
			8,500				**8,500**
2012				2013			
Apr 01	To Balance b/d		7,500	Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		6,500
			7,500				**7,500**
2013				2014			
Apr 01	To Balance b/d		6,500	Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		5,500
			6,500				**6,500**
2014				2015			
Apr 01	To Balance b/d		5,500	Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		6,500
			5,500				**5,500**
2015				2016			
Apr 01	To Balance b/d		4,500	Mar 31	By Depreciation A/c		1000
				Mar 31	By Bank A/c		600
				Mar 31	By Profit and Loss A/c (Loss)		2,900
			4,500				**4,500**

i. Depreciation Expense for the year ended March 31, 2010 is ₹1000
ii. The Net Book Value of the asset on March 31, 2014 is ₹5,500
iii. Loss on Sale of the asset on March 31, 2016 is ₹2,900

Question 6.

Modern Ltd. purchased machinery on 1st JulyRs.60,000. On 1st October, 2004 based another machine for Rs.20,000. On 30th June, 2005, it sold the first machine hosed in 2003 fort Rs.38,500. Depreciation-is provided at 20% p.a. on the original cost year. Accounts are closed on 31st March every year. Prepare the Machinery A/c for three year.

Solution:

Book of Modern Ltd.
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2003				2004			
July 01	To Bank A/c		60,000	Mar 31	By Depreciation A/c		8,000
	Machinery 1				Machinery 1 (for 8 months)		
				Mar 31	Balance c/d		52,000
			60,000				**60,000**
2004				2004			
Apr 01	To Balance b/d		52,000	Mar 31	By Depreciation A/c		
Oct 1	To Bank A/c		20,000		Machinery 1 12,000		
	Machinery 2				Machinery 2 (6 Months) 2,000		14,000
				Mar 31	By Balance c/d		
					Machinery 1 40,000		
					Machinery 2 18,000		58,000
			72,000				**72,000**
2005				2005			
Apr 01	To Balance b/d			June 30	By Depreciation A/c Machinery 1 (for 3 months)		3000
	Machinery 1 40,000			June 30	By Bank A/c Machinery 1		38,500
	Machinery 2 18,000		58,000	Mar 31	By Depreciation A/c		4,000
					Machinery 2		
June 01	To Profit and Loss A/c (profit)		1,500	Mar 31	By Balance c/d		14,000
			59,500				**59,500**

Working Notes

1. Calculation of annual Depreciation

$$\text{Machin } 1 = 60{,}000 \times \frac{20}{100} = 12{,}000$$

$$\text{Machin } 2 = 20{,}000 \times \frac{20}{100} = 4{,}000$$

Particulars	₹
Value on Jan 01, 2005	40,000
Depreciation for 3 Months	(3,000)
Value of March 31, 2005	37,000
Less : Sale of Machine	(38,500)
Profit on sale of Machine 1	1,500

[Note:- there is a printing mistake in the question, it should be 2003 instead of 2013.]

Question 7.

On 1st July. 2010, Sohan Lal and Sons purchased a plant costing Rs.60,000. Additional plant was purchased on 1st January, 2011 for Rs.40,000 and on 1st October, 2011, for Rs.20,000. On 1st April, 2012, one-third of the plant purchased on 1st July, 2010, was found to have become obsolete and was sold for Rs.6,000.

Prepare the Plant Account for the first three years in the books of Sohan Lal and Sons. Depreciation is charged @ 10% p.a. on Straight Line Method. Accounts are closed on 31st March each year.

Solution:

Book of Sohan Lal and Sons
Plant Account

Dr. Cr.

Date	Particulars		J.F.	₹	Date	Particulars		J.F.	₹
2010					2011				
July 01	To Bank A/c			60,000	Mar 31	By Depreciation A/c			
	Plant I					Plant I for 9 months			4,500
2011						Plant II for 3 months			1,000
Jan 01	To Bank A/c			40,000	Mar 31	By Balance c/d			
	Plant II					Plant I	55,500		
						Plant II	39,000		94,500
				1,00,000					**1,00,000**
2011					2012				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Plant I	55,500				Plant I	6,000		
	Plant II	39,000		94,500		Plant II	4,000		
Oct 01	To Bank A/c					Plant III	1,000		11,000
	Plant III			20,000	Mar 31	By Balance c/d			
						Plant I	49,500		
						Plant II	35,000		
						Plant III	19,000		1,03,500
				1,14,500					**1,14,500**
2011					2012				
Apr 01	To Balance b/d				Apr 01	By Bank A/c			6,000
	Plant I	49,500			Apr 01	By Profit and Loss A/c (loss)			10,500
	Plant II	35,000			2013				
	Plant III	19,000		1,03,500	Mar 31	By Depreciation A/c			
						Plant I	4,000		
						Plant II	4,000		
						Plant III	2,000		10,000
					Mar 31	By Balance c/d			
						Plant I	29,000		
						Plant II	31,000		
						Plant III	17,000		77,000
				1,03,500					**1,03,500**

Working Notes

1. Calculation of Depreciation

$$\text{Plant I} = 60{,}000 \times \frac{10}{100} = 6{,}000 \text{ p.a.}$$

$$\text{Plant II} = 40{,}000 \times \frac{10}{100} = 4{,}000 \text{ p.a.}$$

$$\text{Plant III} = 20{,}000 \times \frac{10}{100} = 2{,}000 \text{ p.a.}$$

2. Calculation of profit or loss on Sale of Plant I

Particulars	₹
$1/3^{rd}$ of Book Value of Plant I as on April 01,2012 (49,500 × 1/3)	16,500
Less : Sale of Plant	(6,000)
Loss on Sale of Plant	10,500

Question 8.

A Van was purchased on 1st April, 2010 for Rs.60,000 and Rs.5,000 was spent on its repair and registration. On 1st October, 2011 another van was purchased for Rs.70,000. On 1st April, 2012, the first van purchased on 1st April, 2000 was sold for Rs.45,000 and a new van costing Rs.1,70,000 was purchased on the same date. Show the Van Account from 2010 – 2011 to 2012-13 on the basis of Straight Line Method, if the rate of Depreciation charged is 10% p.a. Assume that books are closed on 31st March every year.

Solution:

Maruti Van Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2010					2011				
Apr 01	To Bank A/c				Mar 31	By Depreciation A/c Van I			6,500
	Van I			65,000	Mar 31	By Balance Van I			58,500
				65,000					**65,000**
2011					2012				
	To Balance b/d								
Apr 01	Van I			58,500	Mar 31	By Depreciation A/c			
Oct 01	To Bank A/c					Van I	6,500		
	Van II			70,000		Van II (for 6 month)	3,500		10,000
					Mar 31	By Balance c/d			
						Van I	52,000		
						Van II	66,500		1,18,500
				1,28,500					**1,28,500**
2012					2012				
Apr 01	To Balance b/d				Apr 01	By Bank A/c Van I			45,000
	Van I	52,000			Apr 01	By Profit and Loss A/c (Loss on sale)			7,000
	Van II	66,500		1,18,500	2013				
					Mar 31	By Depreciation A/c			
Apr 01	To Bank A/c					Van II	7,000		
	Van III			1,70,000		Van III	17,000		24,000
					Mar 31	By Balance c/d			
						Van II	59,500		
						Van III	1,53,000		2,12,500
				2,88,500					**2,88,500**

Working Notes

a. Calculation of Annual Depreciation A/c

$$\text{Maruti Van (I)} = 65,000 \times \frac{10}{100} = 6,500$$

$$\text{Maruti Van (II)} = 70,000 \times \frac{10}{100} = 7,000$$

$$\text{Maruti Van (III)} = 1,70,000 \times \frac{10}{100} = 17,000$$

Working Notes

1. Calculation of profit or loss on Sale of Maruti Van (I)

Particulars	₹
Book Value on Apr. o1, 2012	52,000
Less: Sale of Maruti Van	(45,000)
Loss on Sale of Maruti Van	7,000

Question 9.

Company whose accounting year is a financial year, purchased on 1st July, 2003 machinery costing Rs.30,000. It purchased further machinery on 1st January. 2004 costing Rs.20,000 and on let October, 2004 costing Rs.10,000. On 1st April, 2005 one-third of the machinery installed on 1st July. 2003 became obsolete, and was sold for Rs.3,000.

Show how machinery Account would appear in the books of the company. It being given that machinery was depreciated by fixed installment Method at 10% p.a. What would be the value of Machinery Account on 1st April, 2006?

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	₹	Date	Particulars		J.F.	₹
2003					2004				
Apr 01	To Bank A/c				Mar 31	By Depreciation A/c			
	Machinery I			30,000		Machinery I (for 9 months)	2,250		
2004						Machinery II	500		2,750
Jan 1	To Bank A/c				Mar 31	By Balance c/d			
	Machinery II			20,000		Machinery I	27,750		
						Machinery II	19,500		47,250
				50,000					**50,000**
2004					2005				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I	27,750				Machinery I	3,000		
	Machinery II	19,500		47,250		Machinery II	2,000		
						Machinery III	500		5,500
Oct 01	To Bank A/c				Mar 31	By Balance c/d			
	Machinery III			10,000		Machinery I	24,750		
						Machinery II	17,500		
						Machinery III	9,500		51,750
				57,250					**57,250**
2005					2005				
Apr 01	To Balance b/d				Apr 01	By Bank A/c Machinery I ($1/3^{rd}$ portion)			3,000
	Machinery I	24,750			Apr 01	By Profit and Loss A/c (Loss on Sale)			5,250
	Machinery II	17,500			2006				
	Machinery III	9,500		51,750	Mar 31	By Depreciation A/c			
						Machinery I (on $2/3^{rd}$ portion)	2,000		
						Machinery II	2,000		
						Machinery III	1,000		5,000
					Mar 31	By Balance c/d			
						Machinery I (on $2/3^{rd}$ portion)	14,500		
						Machinery II	15,500		
						Machinery III	8,500		38,500
				51,750					**51,750**

Working Notes

1. Calculation of Depreciation

$$\text{Machine I} = 30{,}000 \times \frac{10}{100} = 3{,}000 \text{ p.a.}$$

$$\text{and depreication of } 2/3^{rd} = 30{,}000 \times \frac{2}{3} = 2{,}000$$

$$\text{Machine II} = 20{,}000 \times \frac{10}{100} = 2{,}000 \text{ p.a}$$

$$\text{Machine III} = 10{,}000 \times \frac{10}{100} = 1{,}000 \text{ p.a}$$

Calculation of profit or loss a sale of $1/3^{rd}$ Portion of Machine I

Particulars	₹
Book Value of $1/3^{rd}$ portion of Machine I on April 01,2005 (24,750 × 1/3)	8,250
Less : Sale Value	(3,000)
Loss on sale	5,250

Question 10.

On 1st July. 2011, A Co. Ltd. purchases second-hand machinery for ₹20,000 and ₹3,000 on reconditioning and installing it. On 1st January, 2012, the firm purchase machinery worth ₹12,000. On 30th June. 2013, the machinery purchased on 1st 2012, was sold for ₹8,000 and on 1st July, 2013, a fresh plant was installed. Payer this plant was to be made as follows:

1st July, 2013	₹5,000
30th June, 2014	₹6,000
30th June, 2015	₹5,500

Payments in 2014 and 2015 include interest of ₹1,000 and ₹500 respectively. The company writes off 10% p.a. on the original cost. The accounts are closed every 31st March. Show the Machinery Account for the year ended 31st March. 2019.

Solution:

Books of A. Co. Ltd
Machinery

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2011					2012				
July 01	To Bank A/c				Mar 31	By Depreciation A/c			
	Machinery I (20,000+3,000)			23,000		Machinery I (for 9 months)	1,725		
2012						Machinery II (for 3 months)	300		2,025
Jan 01	To Bank A/c				Mar 31	By Balance A/c			
	Machinery II			12,000		Machinery I	21,275		
						Machinery II	11,700		32,975
				35,000					**35,000**
2012					2013				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c I			
	Machinery I	21,275				Machinery I	2,300		
	Machinery II	11,700		32,975		Machinery II	1,200		3,500
					Mar 31	By Balance A/c			
						Machinery I	18,975		
						Machinery II	10,500		29,475
				32,975					**32,975**
2013					2013				
Apr 01	To Balance c/d				June 30	By Bank A/c			
	Machinery I	18,975				Machinery II			8,000
	Machinery II	10,500		29,475	June 30	By Depreciation A/c			
						Machinery II (for 3 months)			300
					June 30	By Profit and Loss A/c (Loss)			2,200
July 01	To Bank A/c				2014				
	Machinery III			5,000					
July 01	To Creditors for Machinery A/c			10,000	Mar 31	By Depreciation A/c			
	(Machinery III)					Machinery I	2,300		
						Machinery III (on 15,000 for 8 months)	1,125		3,425
						By Balance c/d			
						Machinery I	16,675		
						Machinery III	13,875		30,550
				44,475					**44,475**

Working Notes

1. Calculation of Depreciation

$$\text{Machine (I)} = 23{,}000 \times \frac{10}{100} = 2{,}300 \text{ p.a.}$$

$$\text{Machine (II)} = 12{,}000 \times \frac{10}{100} = 1200 \text{ p.a}$$

$$\text{Machine III} = 15{,}000 \times \frac{10}{100} = 1{,}500 \text{ p.a}$$

2. Calculation of profit on loss sale of Machine (II)

Particulars	₹
Book Value of Machine (II) on April 01, 2013	10,500
Less: Depreciation A/c for 3 months	(300)
Book Value on June 30	10,200
Less : sale	(8,000)
Loss of Sale	2,200

Question 11.

A firm purchased a second-hand machine on 1st April, 2011 and paid Rs.1,40,000 for it spent on its overhauling and installation Rs.20,000. On 1st October, 2011, another costing Rs.80,000 was purchased. On 1st October, 2013 the machine purchased on 1st April 2011 was disposed off for Rs.1,04,000 and a new machine costing Rs.2,00,000 was Depreciation was provided 10% p.a. by the Straight Line Method. Give the Account and Depreciation Account for 3 years. Firm's books are closed on 31st March.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	₹	Date	Particulars		J.F.	₹
2011					2012				
Apr 01	To Bank A/c				Mar 31	By Depreciation A/c			
	Machinery I			1,60,000		Machinery I	16,000		
Oct 01	To Bank A/c					Machinery II	4,000		20,000
	Machinery II			80,000					
					Mar 31	By Balance c/d	1,44,000		
						Machinery I	76,000		2,20,000
						Machinery II			
				2,40,000					**2,40,000**
2012					2013				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I	1,44,000				Machinery I	16,000		
	Machinery II	76,000		2,20,000		Machinery II	8,000		24,000
					Mar 31	By Balance c/d			
						Machinery I	1,28,000		
						Machinery II	68,000		1,96,000
				2,20,000					**2,20,000**
2012					2013				
Apr 01	To Balance b/d				Oct 1	By Depreciation A/c			8,000
						Machinery I (6 Moths)			
	Machinery I	1,28,000			Oct 1	By Bank A/c			1,04,000
	Machinery II	68,000		1,96,000	Oct 1	By Profit and Loss (Loss)			16,000
Oct 01	To Bank A/c				2014				
	Machinery III			2,00,000	Mar 31	By Depreciation A/c			
						Machinery II	8,000		
						Machinery III(for 6 months)	10,000		18,000
					Mar 31	By Balance c/d			
						Machinery II	60,000		
						Machinery III	1,90,000		2,50,000
				3,96,000					**3,96,000**

Depreciation Account

Dr.							Cr.
Date	Particulars	J.F.	₹	Dare	Particulars	J.F.	₹
2012 Mar 31	To Machinery A/c		20,000	2012 Mar 31	By Profit and Loss A/c		20,000
			20,000				**20,000**
2013 Mar 31	To Machinery A/c		24,000	2013 Mar 31	By Profit and Loss A/c		24,000
			24,000				**24,000**
2013 Oct 01	To Machinery A/c		8,000				
2014 Mar 31	To Machinery A/c		18,000	2014 Mar 31	By Profit and Loss A/c		26,000
			26,000				**26,000**

Working Notes

1. Calculation of Depreciation

$$\text{Machine (I)} = 1{,}60{,}000 \times \frac{10}{100} = 16{,}000 \text{ p.a.}$$

$$\text{Machine (II)} = 80{,}000 \times \frac{10}{100} = 8{,}000 \text{ p.a}$$

$$\text{Machine III} = 2{,}00{,}000 \times \frac{10}{100} = 20{,}000 \text{ p.a}$$

$$\text{On Machine III (for 6 months)} = 10{,}000$$

2. Calculation of profit on loss on sale of Machine (I)

Particulars	₹
Book Value on April 01, 2013	1,28,000
Less : Depreciation for 6 months	(8,000)
Book Value on Oct 01, 2013	1,20,000
Less: Sale Value	(1,04,000)
Loss on Sale	16,000

Question 12.

Following balances appear in the books of Rama Bros:

		₹
1st April, 2014	Machinery A/c	80,000
	Provision for Depreciation A/c	36,000

On 1st April, 2014, they decided to sell a machine for ₹18,700. This machine was punch for 16,000 in April, 2010. Prepare the Provision for Depreciation Account and Machinery Account on 31st March, 2015, assuming the firm has been charging Depreciation at 10% on Straight Line Method.

Solution:

Books of Rama Bros.
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2014				2014			
Apr 01	To Balance b/d (64,000 + 16,000)		80,000	Apr 01	By Provision for Depreciation A/c		6,400
				Apr 01	By Bank A/c		8,700
				Apr 01	By Profit and loss A/c		900
				2015			
				Mar 31	By Balance c/d		64,000
			80,000				**80,000**

Provision for Depreciation A/c Account

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2014				2014			
Apr 01	To Machinery A/c (Accumulated dep. On Machine Sold)		6,400	Apr 01	By Balance b/d		36,000
Mar 31	To Balance c/d		36,000	Mar 31	By Depreciation A/c (on 64,000 @ 10%)		6,400
			42,400				**42,400**

Working Notes

(1) Calculation of Book Value of Machine Sold on April 01, 2014

Particulars	₹
Machine purchased in 2010	16,000
Less : Accumulate Deprecation for 4 years till Mar 31, 2014 (1,600 × 4)	(6,400)
Book Value on April 01, 2014	9,600

Calculation of profit or loss on sale Machine

Particulars	₹
Book Value on April 01, 2014	9,600
Less : Sale Value	(8,700)
Loss on Sale o Machine	900

Question 13.

Following balances appear in the books of Priyank Brothers:

		₹
1st April, 2012	Machinery A/c	20,00,000
	Provision for Depreciation A/c	8,00,000

On 1st April, 2012, they decide to sell a machine for ₹5, 00,000. This machine was purchased for ₹7, 50,000 on 1st April 2009. Prepare the Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2013 assuming that the firm has been charging Depreciation @ 10% p.a. on the Straight Line Method.

Solution:

Book of Priyank Brothers
Machinery Accounts

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2012				2012			
Apr 01	To Balance b/d		20,00,000	Apr 01	By Provision for Depreciation A/c		2,25,000
				Apr 01	By Bank A/c		5,00,000
				Apr 01	By Profit and Loss A/c (Loss)		25,000
				2013			
				Mar 31	By Balance c/d		12,50,000
			20,00,000				20,00,000

Provision for Depreciation A/c Account

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2012				2012			
Apr 01	To Machinery A/c		2,25,000	Apr 01	By Balance b/d		8,00,000
2013				2013			
Mar 31				Mar 31	By Depreciation A/c (for the year)		1,25,000
			9,25,,000				9,25,000

Question 14.

Following balances appear in the boobs of X Ltd. as on 1st April. 2001:

Machinery Account = Rs.5,00,000

Provision for Depreciation = Rs.2,25,000

The machinery is depreciated at 10% p.a. on the Fixed Installment Method. The accounting being April-March. On 1st October, 2001, a machinery which was purchased on, 1998 for Rs.1,00,000 was sold for Rs.42,000 and on the same date a new machine was purchased for Rs.2,00,000. Prepare Machinery Account and Provision for Depreciation A/c for the year ended 31st March. 2002.

Solution:

Machinery Account

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2001				2001			
Apr 01	To Balance b/d (4,00,000 + 1,00,000)		5,00,000	Oct 01	By Provision for Depreciation A/c		32,500
				Oct 01	By Bank A/c		42,000
Oct 01	To Bank A/c		2,00,000	Oct 01	By Profit and Loss A/c (WN1)		25,500
				2002			
				Mar 3	By Balance c/d		6,00,000
			7,00,000				7,00,000

Provision for Depreciation Account

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2001				2001			
Oct 02	To Machinery A/c		32,500	Apr 01	By Balance b/d		2,25,000
2002				2013			
Mar 31	To Balance c/d		2,47,500	Mar 31	By Depreciation A/c (WN2)		55,000
			2,80,000				2,80,000

Working Notes:

1. Calculation of loss on sale of Machinery

Particulars	₹
Original cost of Machine sold	1,00,000
Less : Accumulate Deprecation on Machine sold, from July 1998 to Oct 01, 2001 (1,00,000 ×10% × 3.25 years)	(32,500)
Book Value of Machine Sold	67,500
Less : Sale Value	(42,000)
Loss on Sale of Machine	25,500

1. Calculation of Depreciation charged during the year

Particulars	₹
On 4,00,000 @ 10% (4,00,000 × 10%)	40,000
On 2,00,000 @ 10% for 6 months (2,00,000 × 10% ×6/12)	10,000
On 1,00,000 @ 10% for 6 months (1,00,000 ×10%×6/12)	5,000
Total	55,000

Question 15.

A limited has the following balances on 1st April, 2003:

	₹
Machinery Account	2,00,000
Provision for Depreciation A/c Account	90,000

The company charged depreciation @ 10% p.a. on Straight Line Method. Accounts are closed on 31st March every year. On 1st October, 2003 a part of machinery purchased on 1st July,2,000 for ₹40,000 was sold for ₹18,400 and on the same date a new plant was for ₹1,00,000.
Prepare `Machinery Account' and 'Provision for Depreciation Account' for the year ended 2004.

Solution:

Books of A Limited
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2003-04				2003-04			
Apr 01	To Balance b/d		2,00,000	Oct 01	By Provision for Depreciation A/c		13,000
Oct 31	To Bank A/c		1,00,000	Oct 01	By Bank A/c		18,400
				Oct 01	By Profit and Loss A/c (WN1)		8,600
				Mar 31	By Balance c/d		2,60,000
			3,00,000				3,00,000

Provision for Depreciation Account

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2003-04				2003-04			
Oct 01	To Machinery A/c		13,000	Apr 01	By Balance b/d		90,000
Mar 31	To Balance c/d		1,00,000	Mar 31	By Deprecation A/c		23,000
			1,13,000				1,13,000

Working Notes
1. Calculation of Profit or Loss on Machinery Sold

Particulars	₹
Original Cost of Machine on July 01,2000	40,000
Less: Accumulated Depreciation A/c on Machine Sold, form July 01, 2000 to Oct 01, 2003 (40,000 × 10% × 3.25 years)	(13,000)
Book Value of Machine on Oct 01, 2003	27,000
Less: Sale of Machine	(18,400)
Loss on Sale of Machine	8,600

2. Calculation of Depreciation Charged During the year 2003

Particulars	₹
On 1, 6000,000 @ 10% (1, 60,000 × 10%)	16,000
On 1,00,000 @ 10% for 6 months (1,00,000 × 10% × 6/12)	5,000
On 40,000 @ 10% for 6 months (1,00,000 × 10% × 6/12)	2,000
Total	23,000

Question 16.

The original cost of furniture amounted to Rs.4,000 and it is decided to write off 5% on the cost as Depreciation at the end of each year. Shows the Ledger Account as it will appear during the first four years. Show also how the same account will appear if it was write off 5% on the diminishing balance of the asset each year.

Solution:

Furniture Account
(Original Cost Method)

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
I Year Jan 01	To Bank A/c		4,000	I year Dec 31	By Depreciation A/c		200
				Dec 31	By Balance c/d		3,800
			4,000				**4,000**
II year Jan 01	To Balance b/d		3,800	II Year Dec 31	By Depreciation A/c		200
				Dec 31	By Balance c/d		3,600
			3,800				**3,800**
III year Jan 01	To Balance b/d		3,600	III Year Dec 31	By Depreciation A/c		200
				Dec 31	By Balance c/d		3,400
			3,600				**3,600**
IV Year Jan 01	To Balance b/d		3,400	IV Year Dec 31	By Depreciation A/c		200
				Dec 31	By Balance c/d		3,200
			3,400				**3,400**

Note: Depreciation p.a. $4,000 \times \frac{5}{100} = 200$ p.a.

Furniture Account
(Diminishing Balance Method)

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
I Year Jan 01	To Bank A/c		4,000	I year Dec 31	By Depreciation A/c		200
				Dec 31	By Balance c/d		3,800
			4,000				**4,000**
II year Jan 01	To Balance b/d		3,800	II Year Dec 31	By Depreciation A/c		190
				Dec 31	By Balance c/d		3,610
			3,800				**3,800**
II year Jan 01	To Balance b/d		3,610	III Year Dec 31	By Depreciation A/c		181
				Dec 31	By Balance c/d		3,429
			3,610				**3,610**
IV year Jan 01	To Balance b/d		3,429	IV Year Dec. 31	By Depreciation A/c		171
				Dec. 31	By Balance c/d		3,258
			3,429				**3,429**

Note: Depreciation p.a. $= \text{Opening Balance} \times \frac{5}{100}$

Question 17.

A boiler purchased from abroad for Rs.10,000;shipping and forwarding charges Rs.2,000, Import duty Rs.7,000 and expenses of installation amounted to Rs.1,000.

Calculate the Depreciation for the first three years (separately for each year) @ 10% on diminishing Method.

Solution:

Boiler Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
I Year Jan 01	To Bank A/c		20,000	I year Dec 31	By Depreciation A/c		2,000
				Dec 31	By Balance c/d		18,000
			20,000				**20,000**
II year Jan 01	To Balance b/d		18,000	II Year Dec 31	By Depreciation A/c		1,800
				Dec 31	By Balance c/d		16,200
			18,000				**18,000**
II year Jan 01	To Balance b/d		16,200	III Year Dec 31	By Depreciation A/c		1,620
				Dec 31	By Balance c/d		14,580
			16,200				**16,200**

Question 18.

Babu purchased on 1st April, 2006, a machine fort Rs.6,000. On 1st October, 2006, he also purchased another machine for Rs.5,000. On 1st October, 2007, he sold the machine on 1st April, 2006 for Rs.4,000.

It was decided that Depreciation @10% p.a. was to be written off every year under diminishing Balance Method.

Assuming the accounts were closed on 31st March every year, show the machinery Account for the years ended 31st March,2007 and 2008.

Solution:

Book of Babu
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars		J.F.	Rs.
2006				2007				
Apr 01	To Bank A/c		6,000	Mar 31	By Depreciation A/c			
Oct 01	To Bank A/c		5,000		Machinery I	600		
					Machinery II (for 6 months)	250		850
					By Balance c/d			
					Machinery I			5,400
					Machinery II			4,750
			11,000					**11,000**
2007				2007				
				Oct 01	By Depreciation A/c			
Apr 01	To Balance b/d				Machinery I (for 6 months)			270
	Machinery I		5,400	Oct 01	By Bank A/c			4,000
	Machinery II		4,750	Oct 01	By Profit and Loss A/c (Loss)			1,130
				2008				
				Mar 31	By Depreciation A/c			
					Machinery II			475
				Mar 31	By Balance c/d			4,275
			10,150					**10,150**

Working Note

1) Calculation of profit and loss on sale of machine:

Particulars	₹
Book Value of Machinery Apr. 01, 2007	5,400
Less: Depreciation (for 6 Months)	(270)
Book Value of Machine on Oct 01, 2007	5,130
Less: Sale	(4,000)
Loss on Sale of Machine	1,130

Question 19.

Kaushal Traders purchased second-hand machinery on 1st April, 2006 for Rs.23,000 and spent Rs.2,000 in its repair. It was decided to depreciate the machinery @20% every year on 31st March at Diminishing Balance Method.

Prepare the Machinery Account from years ended 31st March, 2007 to 2009 and show Profit or Loss as it was sold on 31st March 2009 for Rs.10,800.

Solution:

Books of Kaushal Traders
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2006				2007			
Apr 01	To Bank A/c (23,000 +2,000)		25,000	Mar 31	By Depreciation A/c (25,000 × 20%)		5,000
				Mar 31	By Balance c/d		20,000
			25,000				**25,000**
2007				2008			
Apr 01	To Balance b/d		20,000	Mar 31	By Depreciation A/c (20,000 ×20%)		4,000
					By Balance c/d		16,000
			20,000				**20,000**
2008				2009			
Apr 01	To Balance b/d		16,000	Mar 31	By Depreciation A/c (16,000 ×20%)		3,200
				Mar 31	By Bank A/c		10,800
				Mar 31	By Profit and Loss A/c (Loss)		2,000
			16,000				**16,000**

Working Note:

(1) Calculation of profit or loss on sale of machine.

Particulars	Rs.
Book Value of Machinery Apr. 01, 2008	16,000
Less: Depreciation for 2008 (16,000 × 20%)	(3,200)
Book Value of Machine on Mar. 31, 2009	12,800
Less: Sale	(10,800)
Loss on Sale of Machine	2,000

Question 20.

X bought a machine for Rs.25,000 on which he spent Rs.5,000 for carriage and freight, Rs.1,000 for brokerage of the middleman, Rs.3,500 for installation and Rs.500 for an iron pad. Machine is depreciated @ 10% every year on Written Down Value basis. After three years, the machine was sold to Y for Rs.30,500 and Rs.500 was paid as commission to the broker through whom the sale was effected. Find out the profit and loss on sale of machine.

Solution:

Books of X
Machinery Account

Dr. | Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
I Year				I Year			
Jan 01	To Bank A/c (25,000 + 5,000 + 1,000 + 3,500 + 500)		35,000	Dec 31	By Depreciation A/c		3,500
				Dec 31	By Balance c/d		31,500
			35,000				**35,000**
II Year				II Year			
Jan 01	To Balance b/d		31,500	Dec 31	By Depreciation A/c		3,150
				Dec 31	By Balance c/d		28,350
			31,500				**31,500**
III Year				III Year			
Jan 01	To Balance b/d		28,350	Dec 31	By Depreciation A/c		2,835
				Dec 31	By Balance c/d		25,515
			28,350				**28,350**
IV Year				IV Year			
Jan 01	To Balance b/d		25,515	Jan 01	By Bank A/c (30,500 - 500 brokerage)		30,000
Dec 31	To Profit and Loss (Profit)		4,485				
			30,000				**30,000**

Question 21.

A company purchased machinery for Rs.50,000 on 1st October, 2008. Another machinery costing Rs.10,000 was purchased on 1st December, 2009. On 31st March, 2010, the machinery purchased in 2008 was sold at a loss of Rs.5,000. The company charges depreciation at the rate of 15% p.a. on Diminishing Balance Method. Accounts are closed 31st March every year. Prepare the Machinery Account for 3 years.

Solution:

Machinery Account

Dr. | Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2008					2009				
Oct 01	To Bank A/c			50,000	Mar 31	By Depreciation A/c (for 6 Months)			3,750
	Machinery I				Mar 31	By Balance c/d			46,250
				50,000					**50,000**
2009					2010				
Mar 31	To Balance b/d			46,250	Mar 31	By Depreciation A/c			
	Machinery I					Machinery I	6,938		
						Machinery II	500		7,438
Dec 01	To Bank A/c			10,000	Mar 31	By Balance c/d			
	Machinery II					Machinery I	39,312		
						Machinery II	9,500		48,812
				56,250					**56,250**
2010					2010				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I	39,312				Machinery I	5,897		
	Machinery II	9,500		48,812		Machinery II	1,425		7,322
					Mar 31	By Bank A/c Machinery I			28,415
					Mar 31	By Profit and Loss A/c (Loss)			5,000
					Mar 31	By Balance c/d Machinery II			8,075
				48,812					**48,812**

Working Note

(1) Calculation of profit or loss on sale of machine:

Particulars	Rs.
Book Value of Machinery I on Apr. 01, 2010	39,312
Less: Depreciation (39,312 × 15%)	(5,897)
Book Value of Machine Machinery I on Mar. 31, 2011	33,415
Less: Sale Value	(28,415)
Loss on Sale of Machine Machinery I	5,000

Question 22.

On 1st April, 2005, machinery was purchased for Rs.20,000. On 1st October, 2006 another machine was purchased for Rs.10,000 and on 1st April, 2007, one more machine was purchased for Rs.5,000. The firm depreciates its machinery @ 10% on the Diminishing Balance Method. What is the amount of Depreciation for the years ended 31st March, 2006; 2007 and 2008?

What will be the balance in Machinery Account as on 31st March, 2008?

Solution:

I. Calculation of Depreciation from April 01, 2005 to March 31, 2008

Depreciation Rate : 10% p.a. on Diminishing Balance Method

Year	Machinery	Date of Purchase	Value	No. of Months	Amt. of Dep.	Total Dep.
2005-06	Machinery 1	April 01,2005	20,000	12	2,000	2,000
2006-07	Machinery 1	April 01, 2005	18,000 (20,000 - 2,000)	12	1,800	
	Machinery 2	Oct. 01,2006	10,000	6	500	2,300
2007-08	Machinery 1	April 01, 2005	16,200 (18,000 -1,800)	12	1,620	
	Machinery 2	Oct. 01, 2006	9,500	12	950	
	Machinery 3	Apr. 01 2007	5,000	12	500	3,070

II. Balance in Machinery Account as on March 31, 2008 will be ₹27,630

Working Notes: Preparation of Machinery Account

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2005 Apr 01	To Bank A/c Machinery 1			20,000	2006 Mar 31	By Depreciation A/c Machinery 1			2,000
					Mar 31	By Balance c/d Machinery 1			18,000
				20,000					**20,000**
2006 Apr 01	To Bank A/c b/d (M1)			18,000	2006 Mar 31	By Depreciation A/c			
Oct 01	To Bank A/c Machinery 2			10,000		Machinery 1	1,800		
						Machinery 2 $\left(10,000 \times \frac{10}{100} \times \frac{6}{12}\right)$	500		2300
						By Balance c/d			
						Machinery 1	16,200		
						Machinery 2	9,500		25,700
				28,000					**28,000**
2007 Apr 01	To Balance b/d				2008 Mar 31	By Depreciation A/c			
	Machinery 1	16,200				Machinery 1	1,620		
	Machinery 2	9,500		25,700		Machinery 2	950		
Apr 01	To Bank A/c (Machinery 3)			5,000		Machinery 3	500		3,070
					Mar 31	By Balance c/d			
						Machinery 1	14,580		
						Machinery 2	8,550		
						Machinery 3	4,500		27,630
				30,700					**30,700**

Question 23.

A Machinery was purchased for Rs.1,80,000 on 1st July, 2011. Depreciation was charged annually @ 10% on Diminishing Balance Method. 1/4th of this Machinery was sold on 1st October, 2013 for 36,000. Prepare Machinery A/c from the year ended 31st March, 2012 to 2014, if the books are closed on 31st March every year.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2011-12					2011-12				
July 01	To Bank A/c				Mar 31	By Depreciation A/c			
	Machinery I (3/4)	1,35,000				Machinery I (3/4) for(9 months)	10,125		
	Machinery I (1/4)	45,000		1,80,000		Machinery I (1/4) for(9 months)	3,375		13,500
					Mar 31	By Balance c/d			
						Machinery I (3/4)	1,24,875		
						Machinery I (1/4)	41,625		1,66,500
				1,80,000					**1,80,000**
2012-13					2013-14				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I (3/4)	1,24,875				Machinery I (3/4)	12,488		
	Machinery I (1/4)	41,625		1,66,500		Machinery I (1/4)	4,162		16,650
					Mar 31	By Balance c/d			
						Machinery I (3/4)	1,12,387		
						Machinery I (1/4)	37,463		1,49,850
				1,66,500					**1,66,500**
Apr 01	To Balance b/d				2013-14				
	Machinery I (3/4)	1,12,387			Oct 01	By Depreciation A/c I (1/4)			1,873
	Machinery I (1/4)	37,463		1,49,850	Oct 01	To Bank A/c I (1/4)			36,000
Oct 01	To Profit and Loss A/c			410	Mar 31	By Depreciation A/c I (3/4)			11,238
					Mar 31	By Balance c/d I (3/4)			1,01,149
				1,50,260					**1,50,260**

Working Note:

(1) Calculation of Profit or Loss on Sale of Machine I (1/4):

Particulars	Rs.
Book Value of Machinery I (1/4) on Apr. 01, 2013	37,463
Less: Depreciation (for 6 months)	(1,873)
Book Value of Machine Machinery I (1/4) on Oct. 01, 2013	35,590
Less: Sale Value	(36,000)
Profit on Sale of Machinery I (1/4)	410

Question 24.

Astha Engineering Works purchased a machine on 1st July, 2011 for Rs.1, 80,000 and spent Rs.20,000 on its installation.

On 1st April, 2012, it purchased another machine for Rs.2,40,000. On 1st October, 2013, the machine purchased on 1st July, 2011 was sold for Rs.1,45,000. On 1st January, 2014 another machine was purchased for Rs.4,00,000.

Prepare the Machine Account for years ended 31st March, 2012 to 2014 after charging Depreciation @10% p.a. by Diminishing Balance Method.

Accounts are closed on 31st March every year.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2011-12					2011-12				
						By Depreciation A/c			
July 01	To Balance b/d				Mar. 31	(for 9 months) Machinery I			15,000
	Machinery I (1,80,000+ 20,000)			2,00,000	Mar. 31	By Balance c/d			1,85,000
				2,00,000					**2,00,000**
2012-13					2012-13				
Apr 01	To Balance b/d Machinery I			1,85,000	Mar 31	By Depreciation A/c			
Apr 01	To Bank A/c Machinery II			2,40,000		Machinery I	18,500		
						Machinery II	24,000		42,500
					Mar 31	By Balance c/d			
						Machinery I	1,66,500		
						Machinery II	2,16,000		3,82,500
				4,25,000					**4,25,000**
2013-14					2013-14				
						By Depreciation A/c			
Apr 01	To Balance b/d				Oct 01	Machinery I (for 6 months)			8,325
	Machinery I	1,66,500			Oct 1	By Bank A/c			
						Machinery I			1,45,000
	Machinery II	2,16,000		3,82,500	Oct 1	By Profit and Loss A/c (Loss)			13,175
					Mar 31	By Depreciation A/c			
Jan 01	To Bank A/c					Machinery II	21,600		
	Machinery III			4,00,000		Machinery III (for 3 months)	10,000		31,600
					Mar 31	By Balance c/d			
						Machinery I	1,94,400		
						Machinery II	3,90,000		5,84,400
				7,82,500					**7,82,500**

Working note:(1) Calculation of Profit or Loss on Sale of Machine I:

Particulars	Rs.
Book Value of Machinery I on Apr 01, 2013	1,66,500
Less: Depreciation (for 6 months)	(8,325)
Book Value of Machine Machinery I on Oct. 01, 2013	1,58,175
Less: Sale Value	(1,45,000)
Loss on Sale of Machinery I	13,175

Question 25.

A firm purchased on 1st April 2008 certain machinery for Rs.5,82,000 and spent Rs.18,000 on its erection. On 1st October, 2008, additional machinery costing Rs.2,00,000 was purchased.

On 1st October, 2010, the machinery purchased on 1st April, 2008 was auctioned for Rs.2,86,000 and a new machinery for Rs.4,00,000 was purchased on the same date. Depreciation was provided annually on 31st March at the rate of 10% on the Written Down Value Method. Prepare the Machinery Account for the years ended 31st March, 2009 to 2011.

Solution:

Machinery Account

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2008-09					2008-09				
Apr 01	To Bank A/c Machinery I	6,00,000			Mar 31	By Depreciation A/c			
Oct 01	To Bank A/c Machinery II	2,00,000		8,00,000		Machinery I	60,000		
						Machinery II (for 6 months)	10,000		70,000
					Mar 31	By Balance c/d			
						Machinery I	5,40,000		
						Machinery II	1,90,000		7,30,000
				8,00,000					**8,00,000**
2009-10					2008-09				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I	5,40,000				Machinery I	54,000		
	Machinery II	1,90,000		7,30,000		Machinery II	19,000		73,000
					Mar 31	By Balance c/d			
						Machinery I	4,86,000		
						Machinery II	1,71,000		6,57,000
				7,30,000					**7,30,000**
2009-10					2010-11				
Apr 01	To Balance b/d				Oct 01	By Depreciation A/c Machinery I			24,300
	Machinery I	4,86,000			Oct 01	To Bank A/c Machinery I			2,86,000
	Machinery II	1,71,000		6,57,000	Oct 01	By Profit and Loss A/c(Loss)			1,75,700
Oct 01	To Bank A/c Machinery III			4,00,000	Mar 31	By Depreciation A/c			
						Machinery II	17,100		
						Machinery III	20,000		37,100
					Mar 31	By Balance c/d			
						Machinery II	1,53,900		
						Machinery III	3,80,000		5,33,900
				10,57,000					**10,57,000**

Working Note:

(1) Calculation of Profit or Loss on sale of Machine I:

Particulars	Rs.
Book Value of Machinery I (on Apr 01, 2010)	4,86,000
Less: Depreciation (for 6 months)	(24,300)
Book Value of Machine Machinery I on Oct 01, 2010	4,61,700
Less: Sale Value	(2,86,000)
Loss on Sale	1,75,700

Question 26.

M/s. P and Q purchased machinery for Rs.40,000 on 1st October, 2013. By Depreciation is provided @10% p.a. on the Diminishing Balance. On 31st January, 2015, one-fourth of the machinery was found unsuitable and disposed off for Rs.5,600. On the same date new machinery at a cost of Rs.15,000 was purchased. Write up the Machinery Account for the years ended 31st March, 2014 and 2015. The accounts are closed on 31st March.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2013					2014				
Oct 01	To Bank A/c				Mar 31	By Depreciation A/c			
	Machinery I (3/4)	30,000				Machinery I (3/4) (for 6months)	1,500		
	Machinery I(1/4)	10,000		40,000		Machinery I (1/4) (for 6 months)	500		2,000
					Mar 31	By Balance c/d			
						Machinery I (3/4)	28,500		
						Machinery I (1/4)	9,500		38,000
				40,000					**40,000**
2014					2015				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I (3/4)	28,500				Machinery I (3/4)	2,850		
	Machinery I(1/4)	9,500		38,000		Machinery I (1/4)	9,50		3,800
					Mar 31	By Balance c/d			
						Machinery I (3/4)	25,650		
						Machinery I (1/4)	8,550		34,200
				38,000					**38,000**
2015					2016				
Apr 01	To Balance b/d				Jan 31	By Depreciation A/c			
						Machinery I (1/4) (for 10 Months)			713
	Machinery I (3/4)	25,650			Jan 31	By Bank A/c Machinery I (1/4)			5,600
	Machinery I(1/4)	8,550		34,200		By Profit and Loss A/c (Loss)			2,237
					Mar 31	By Depreciation A/c			
Jan 31	To Bank A/c			15,000		Machinery I (3/4)	2,565		
						Machinery II (for 2 months)	250		2,815
					Mar 31	By Balance c/d			
						Machinery I (3/4)	23,085		
						Machinery II	14,750		37,835
				49,200					**49,200**

Working Note:

(1) Calculation of Profit or Loss on Sale of Machine Machinery I (1/4) :

Particulars	Rs.
Book Value of Machine Machinery I (1/4) on Apr 01, 2015	8,550
Less: Depreciation (for 10 months)	(713)
Book Value of Machine Machinery I (1/4) on Jan 31, 2016	7,837
Less: Sale Value	(5,600)
Loss on Sale of Machine Machinery I (1/4)	2,237

[Note:-There is a printing mistake in the question, machinery should have been be sold on 31st January 2016 instead of 31st January 2015 so as to match the answer given in the book.]

Question 27.

Shakti Cements purchased on 1st April, 2013 a plant for Rs.80,000. On 1st July, 2014 it purchased additional plant costing Rs.48,000. On 1st December, 2015 the plant purchased on 1st April, 2013 was sold for Rs.42,000 and on the same date a fresh plant was purchased for Rs.75,000. Depreciation is provided at 10% p.a. on the Diminishing Balance Method. Accounts are closed on 31st March each year. Show the Plant Account for 3 years (along with working notes).

Solution:

Book of Shakti Cements
Plant Account

Dr. | Cr.

Date	Particulars		J.F.	Rs.e	Date	Particulars		J.F.	Rs.
2013					2014				
Apr 01	To Bank A/c Plant I			80,000	Mar 31	By Depreciation A/c			8,000
						Plant I			
					Mar 31	By Balance c/d			72,000
				80,000					**80,000**
2014					2015				
Apr 01	To Balance b/d Plant I			72,000	Mar 31	By Depreciation A/c			
July 01	To Bank A/c Plant II			48,000		Plant I	7,200		
						Plant II (for 9 months)	3,600		10,800
					Mar 31	By Balance c/d			
						Plant I	64,800		
						Plant II	44,400		1,09,200
				1,20,000					**1,20,000**
2015					2015				
Apr 01	To Balance b/d				Dec 01	By Depreciation A/c			
Apr 01	Plant I	64,800				Plant I (for 8 months)			4,320
	Plant II	44,400		1,09,200	Dec 1	By Bank A/c			42,000
					Dec 1	By Profit and Loss A/c (Loss)			18,480
					2016				
Dec 01	To Bank A/c Plant III			75,000	Mar 31	By Depreciation A/c			
						Plant II	4,440		
						Plant III(for 4months)	2,500		6,940
					Mar 31	By Balance c/d			
						Plant II	39,960		
						Plant III	72,500		1,12,460
				1,84,200					**1,84,200**

Working Note

(1) Calculation of Profit or Loss on Sale of Plant I:

Particulars	Rs.
Book Value of Plant I on Apr 01, 2015	64,800
Less: Depreciation (for 8 months)	(4,320)
Book Value of Plant I on Dec 01, 2015	60,480
Less: Sale Value	(42,000)
Loss on Sale	18,480

Question 28.

A company purchased on 1st July, 2011 machinery costing Rs.30,000. It further purchased machinery on 1st January, 2012 costing Rs.20,000 and on 1st October, 2012 costing Rs.10,000. On 1st April, 2013 one-third of the machinery installed on 1st July, 2011 became obsolete and was sold for Rs.3,000.

The company follows financial year as accounting year.

Show how the Machinery Account would appear in the books of company if depreciation is charged @ 10% p.a. on Written Down Value Method.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2011					2012				
July 01	To Bank A/c Machinery I(2/3)	20,000			Mar 31	By Depreciation A/c			
July 01	To Bank A/c Machinery I(1/3)	10,000		30,000		Machinery I (2/3)(for 9 months)	1,500		
2012						Machinery I(1/3) (for 9 months)	750		
Jan 01	To Bank A/c Machinery II			20,000		Machinery II (for 3 months)	500		2,750
					Mar 31	By Balance c/d			
						Machinery I (2/3)	18,500		
						Machinery I (1/3)	925		
						Machinery II	19,500		47,250
				50,000					**50,000**
2012					2013				
Apr 01	To Balance b/d								
	Machinery I(2/3)	18,500							
	Machinery I(1/3)	9,250							
	Machinery II	19,500		47,250	Mar 31	By Depreciation A/c			
Oct 01	To Bank A/c Machinery III			10,000		Machinery I(2/3)	1,850		
						Machinery I(1/3)	925		
						Machinery II	1,950		
						Machinery III	500		5,225
					Mar 31	By Balance c/d			
						Machinery I (2/3)	16,650		
						Machinery I(1/3)	8,325		
						Machinery II	17,550		
						Machinery III	9,500		52,025
				57,250					**57,250**
2013					2013				
Apr 01	To Balance b/d				Apr 01	By Bank A/c Machinery I (1/3)			3,000
	Machinery I(2/3)	16,650			Apr 0 1	By Profit and Loss A/c (Loss)			5,325
	Machinery I(1/3)	8,325			2014				
	Machinery II	17,550			Mar 31	By Depreciation A/c			
	Machinery III	9,500		52,025		Machinery I(2/3)	1,665		
						Machinery II	1,755		
						Machinery III	950		4,370
					Mar 31	By Balance c/d			
						Machinery I	14,985		
						Machinery II	15,795		
					Mar 31	Machinery III	8,550		39,330
				52,025					**52,025**

Working Note:

(1) Calculation of Profit or Loss on Sale of Plant I (1/3)

Particulars	₹
Book Value of Plant I(1/3) as on Apr 01,2014	8,325
Less: Sale Value	(3,000)
Loss on Sale	5,325

Question 29.

On 1st October, 2010, Meenal Sharma bought a machine for Rs.25,000 on which he spent Rs.5,000 for carriage and freight; Rs.1,000 for brokerage of the middle-man, Rs.4,000 for installation. The machine is depreciated @ 10% p.a. on written down value basis. On 31st March, 2013 the machine was sold to Deepa for Rs.30,500 and Rs.500 was paid as commission to broker through whom the sales was affected. Find out the profit or loss on sale of machine if accounts are closed on 31st March, every year.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2010				2011			
Oct 01	To Bank A/c (25,000 + 5,000 + 1,000+4,000)		35,000	Mar 31	By Depreciation A/c (for 6 months)		1,750
				Mar 31	By Balance c/d		33,250
			35,000				**35,000**
2011				2012			
Apr 01	To Balance b/d		33,250	Mar 31	By Depreciation A/c		3,325
				Mar 31	By Balance c/d		29,925
			33,250				**33,250**
2012				2013			
Apr 01	To Balance b/d		29,925	Mar 01	By Depreciation A/c		2,993
2013	Profit and Loss A/c (Profit on Sale)		3,068	Mar 31	By Bank A/c (30,500 - 500)		30,000
			32,993				**32,993**

Working Note:

(1) Calculation of Profit or Loss on Sale of Machine I:

Particulars	Rs.
Book Value of Machine on Apr 01, 2012	29,925
Less: Depreciation for the year	(2,993)
Book Value of Machine I on Mar 01, 2013	26,932
Less: Sale Value (30,500 - 500)	(30,000)
Profit on Sale	3,068

Question 30.

Chand and Sons have the following balances on 1st April, 2014:

Fixed Asset (At cost)	₹10,00,000
Provision for Depreciation A/c	₹5,50,000

Depreciation is provided on Written Down Value Method @ 10%.

Determine the amount of depreciation for the year ended 31st March, 2015 and also show the two accounts.

Solution:

Fixed Assets Account

Dr. Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2014			2015		
Apr 01	To Balance b/d	10,00,000	Mar 31	By Balance c/d	10,00,000
		10,00,000			**10,00,000**

Provision for Depreciation Account

Dr. Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2015			2014		
Apr 01	To Balance c/d	5,95,000	Apr 01	By Balance b/d	5,50,000
			2015		
			Mar 31	By Depreciation A/c	45,000
		5,95,000			**5,95,000**

Thus, the amount of depreciation to be provided for the year ended March, 31,2015 is Rs.45,000
Working Notes:

Calculation of Depreciation for the year March 31, 2015

Original cost of Fixed Asset = 10,00,000

Less: Depreciation = 5,50,000

Value of Machinery on April 01, 2014 =4,50,000

Depreciation Rate = 10% on WDV

Amount of Depreciation = $4,50,000 \times \frac{10}{100} = 45,000$

Question 31.

GSC Softech provides depreciation on its fixed assets on Straight Line Method @5%. The balances as on 1st April, 2014 were as follows:

Fixed Asset (At cost)	₹10,00,000
Provision for Depreciation	₹5,50,000

What will be the amount of Depreciation to be provided for the year ended 31st March, 2015 and also show the two accounts?

Solution:

Fixed Assets Account

Dr. Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2014			2015		
Apr 01	To Balance b/d	10,00,000	Mar 31	By Balance c/d	10,00,000
		10,00,000			**10,00,000**

Provision for Depreciation Account

Dr. Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2015 Mar 31	To Balance c/d	6,00,000	2014 Apr 01	By Balance b/d	5,50,000
			2015 Mar 31	By Depreciation A/c (W/N)	50,000
		6,00,000			**6,00,000**

Thus, the amount of Depreciation to be provided for the year ended March, 31,2015 is Rs.50,000
Working Notes:

Calculation of depreciation for the year March 31, 2015

Original cost of Fixed Assets = 10,00,000

Depreciation Rate = 5% on SLM

$$\text{Amount of Depreciation} = 10,00,000 \times \frac{5}{100} = 50,000$$

Question 32.

The following balances appear in the books of M/s. Amrit:

1st April	Machinery A/c	₹60,000
	Provision for Depreciation Account	₹36,000

On 1st April, 2012, they decided to dispose off a machinery fort ₹8,400 which was purchased on 1st April, 2008 for ₹16,000.
You are required to prepare the Machinery A/c, Provision for Depreciation A/c and Machinery Disposal A/c for 2012-13. Depreciation was charged at 10% on Original Method.

Solution:

Books of M/s. Amrti
Machinery Account

Dr. | Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2012 Apr 01	To Balance b/d (44,000 + 16,000)		60,000	2012 Apr 01	By Machinery Disposal A/c		16,000
				2013 Mar 31	By Balance c/d		44,000
			60,000				**60,000**

Provision for Depreciation Account

Dr. | Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2012 Apr 01	To Machinery Disposal A/c (4 years)		6,400	2012 Apr 01	By Balance b/d		36,000
2013 Mar 13	To Balance c/d		34,000	2013 Mar 31	By Depreciation A/c (on Machine costing Rs.44,000)		4,400
			40,400				**40,400**

Machinery Disposal Account

Dr. | Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2012 Apr 01	To Machinery A/c		16,000	2012 Apr 01	By Provision for Depreciation A/c		6,400
				2013 Mar 31	By Bank A/c (Sale)		8,400
					By Profit and Loss A/c (Loss)		1,200
			16,000				**16,000**

Working Note:

1. Calculation of profit and loss on Machine Sold:

Particulars	₹
Original Cost of Machine on Apr 01, 2008	16,000
Less: Accumulated Depreciation on Machine Sold (1,600 × 4)	(6,400)
Book Value of Machine I on Mar 01, 2012	9,600
Less: Sale Value	(8,400)
Loss on Sale	1,200

Question 33.

On 1st October, 2011, X Ltd. purchased a machinery for Rs.2,50,000. A part of machinery which was purchased for Rs.20,000 on 1st October, 2011 became obsolete and was disposed off on 1st January, 2014 (having a book value Rs.17,100 on 1st April, 2013) for Rs.2,000. Depreciation is charged @10% annually on written down value. Prepare machinery disposal account and also show your workings. The books being closed on 31st March of every year.

Solution:

Machinery Account

Dr. Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2011					2012				
Oct 01	To Bank A/c				Mar 31	By Depreciation A/c			
	Machinery I (part 1)	2,30,000				Machinery I (part 1) (for 6 months)	11,500		
	Machinery I (part 2)	20,000		2,50,000		Machinery I (part 2) (for 6 months)	1,000		12,500
					Mar 31	By Balance c/d			
						Machinery I (part 1)	2,18,500		
						Machinery I (part 2)	19,000		2,37,500
				2,50,000					**2,50,000**
2012					2013				
Apr 01	To Balance b/d				Mar 31	By Depreciation A/c			
	Machinery I (part 1)	2,18,500				Machinery I (part 1)	21,850		
	Machinery I (part 2)	19,000		2,37,500		Machinery I (part 2)	1,900		23,750
					Mar 31	By Balance c/d			
						Machinery I (part 1)	1,96,650		
						Machinery I (part 2)	17,100		2,13,750
				2,37,500					**2,37,500**
2013					2014				
Apr 01	To Balance b/d				Jan 01	By Depreciation A/c			
	Machinery I (part 1)	1,96,650				Machinery I (part 2) (for 9 months)			1,283
	Machinery I (part 2)	17,100		2,13,750	Jan 01	By Bank A/c Machinery I (part 2)			2,000
					Jan 01	By Profit and Loss A/c (Loss)			13,817
					Mar 31	By Depreciation A/c			
						Machinery I (part 1)			19,665
					Mar 31	By Balance c/d			1,76,985
				2,13,750					**2,13,750**

Question 34.

Sharma and Co. whose books are closed on 31st March, purchased machinery for Rs.1, 50,000 on 1st April, 2005, Additional machinery was acquired for Rs.50,000 on 1st October, 2005. Certain machinery which was purchased for Rs.50,000 on 1st October, 2005 was sold for Rs.40,000 on 30th September, 2007.

Prepare the Machinery Account and Accumulated Depredation Account for all the yeas up to the year ended 31st March, 2008. Depreciation is charged @ 10% p.a. on Straight Line Method. Also, show the Machinery Disposal Account.

Solution:

Books of Sharma and Co.
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2005				2006			
Apr 01	To Bank A/c Machinery I		1,50,000	Mar 31	By Balance c/d		2,00,000
Oct 01	To Bank A/c Machinery II		50,000				
			2,00,000				**2,00,000**
2007				2007			
Apr 01	To Balance b/d		2,00,000	Sep 30	By Machinery Disposal Machinery II		50,000
				Mar 31, 08	By Balance c/d		1,50,000
			2,00,000				**2,00,000**

Accumulate Deprecation Account

Dr. | | | | | | | Cr.

Date	Particulars		J.F.	Rs.	Date	Particulars		J.F.	Rs.
2006 Mar 31	To Balance c/d				2006 Mar 31	By Depreciation A/c			
	Machinery I	15,000				Machinery I	15,000		
	Machinery II	2,500		17,500		Machinery II (for 6 months)	2,500		17,500
				17,500					**17,500**
2007 Mar 31	To Balance c/d				2006 Mar 31	By Balance b/d			
	Machinery I	30,000				Machinery I	15,000		
	Machinery II	7,500		37,500		Machinery II	2,500		17,500
					2007 Mar 31	By Depreciation A/c			
						Machinery I	15,000		
						Machinery II	5,000		20,000
				37,500					**37,500**
2007 Sep 30	To Machinery disposal A/c			10,000	2007 Apr 01	By Balance b/d			
Mar 31,08	To Balance c/d			45,000		Machinery I	30,000		
						Machinery II	7,500		37,500
					Sep 30	By Depreciation A/c			
						Machinery II			2,500
					2008 Mar 31,	By Deprecation A/c			
						Machinery I			15,000
				55,000					**55,000**

Machinery Disposal Account

Dr. | | | | | | | Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2007 Sep 30	To Machinery A/c		50,000	2007 Sep 30	By Accumulated Depreciation A/c		10,000
				2007 Sep 30	By Bank A/c		40,000
			50,000				**50,000**

Particulars	₹
Original Cost of Machine on Apr. 01, 2008	50,000
Less: Accumulated By Depreciation A/c	(10,000)
Book Value on Sept. 30 ,2007	40,000
Less: Sale Value	(40,000)
Profit/ Loss	NIL

Question 35.

On 1st April, 2010 Amit Kumar purchased five machines for Rs.60,000 each. Depreciation @ 10% p.a. on initial cost has been charged from the Profit and Loss Account and credited to Provision for Depreciation Account.

On 1st April, 2011 one machine was sold for Rs.50,000 and on 1st April, 2012 another machine was sold for Rs.50,000. An improved model costing Rs.1,00,000 was purchased on 1st October, 2011. Amit Kumar closes his books on 31st March each year.

You are required to show:

(i) Machinery Account; (ii) Machinery Disposal Account and (iii) Provision for Depreciation Account for the period of three accounting years ended 31st March, 2013

Solution:

Books of Amit Kumar
Machinery Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2010 Apr 01	To Bank A/c M 1 - M5(5 Machines @ Rs.60,000 each)		3,00,000	2011 Mar 31	By Balance c/d		3,00,000
			3,00,000				**3,00,000**
2011 Apr 01	To Balance b/d		3,00,000	2011 Apr 01	By Machinery Disposal A/c (M 1)		60,000
Oct 01	To Bank A/c (M 6)		1,00,000	2012 Mar 31	By Balance c/d M2- M5 2,40,000 M6 1,00,000		3,40,000
			4,00,000				**4,00,000**
2012 Apr 01	To Balance b/d M2 - M5 2,40,000 M6 1,00,000		3,40,000	2012 Apr	By Machinery Disposal A/c (M 2)		60,000
				2012 Mar 31	By Balance c/d M3- M5 1,80,000 M 6 1,00,000		2,80,000
			3,40,000				**3,40,000**

Provision for Depreciation Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2011 Mar 31	To Balance c/d		30,000	2011 Mar 31	By Depreciation A/c		30,000
			30,000				**30,000**
2011 Apr 01	To Machinery Disposal A/c (M1) (Accumulated Depreciation on Machinery Costing Rs.60,000)		6,000	2011 Apr 01	By Balance b/d		30,000
2012	To Balance c/d M2 -M5 48,000 M6 5,000		53,000	2012 Mar 31	By Depreciation A/c M2 - M5 24,000 M6 5,000		29,000
			59,000				**59,000**
2012 Apr 01	To Machinery Disposal A/c (M 2) (Accumulated Depreciation on Machinery Costing Rs.60,000)		12,000	2012 Apr 01	By Balance b/d M3- M5 48,000 M6 5,000		53,000
2013 Mar 31	To Balance c/d M3- M5 54,000 M6 15,000		69,000	2013 Mar 31	By Depreciation A/c M3-M5 18,000 M6 10,000		28,000
			81,000				**81,000**

Machinery Disposal Account (M1)

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2011 Apr 01	To Machinery A/c		60,000	2011 Apr 01	By Provision for Depreciation A/c		6,000
				Apr 01	By Bank A/c		50,000
				Apr 01	By Profit and Loss A/c(Loss) (Balancing Figure)		4,000
			60,000				60,000

Machinery Disposal Account (M2)

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2012 Apr 01	To Machinery A/c		60,000	2012 Apr 01	By Provision for Depreciation A/c		12,000
Apr 01	To Profit and Loss A/c(Profit) (Balancing Figure)		2,000	Apr 01	By Bank A/c		50,000
			62,000				62,000