DEPRECIATION
[Assignment-2]

Ques 1. A firm purchased on 1st April 2004 a Machine for ₹ 40,000 on which Freight ₹ 6,000 and installation of ₹ 4,000 were incurred. On 1st October in the same year an additional plant was purchased costing ₹ 20,000. Depreciation is to be provided at 10 % p.a. on straight line basis on every 31st March. Show Depreciation and remaining balance of Plant and machine for 3 years ending 31st March every year.

1.4.04	1.10.04	31.3.05	31.3.06	31.3.07
+ 40,000 +6,000 [Freight] +4,000 [Installation etc.]		-5,000 45,000	-5,000 40,000	-5,000 35,000
	+ 20,000	-1,000 19,000	-2,000 17,000	-2,000 15,000

Ques 2. A firm purchased on 1st April 2004 a Machine for ₹ 45,000 on which Freight ₹ 6,000 and installation of ₹ 4,000 were incurred. On 1st October, in the same year an additional plant was purchased costing ₹ 22,000. Estimated life of the machines is 10 years and after that they could be sold at a scrap value of ₹ 5,000 and ₹ 2,000 respectively. Show Depreciation and remaining balance of Plant and Machine for 3 years ending 31st March every year.

1.4.04	1.10.04	31.3.05	31.3.06	31.3.07
+ 45,000 + 6,000 [Freight] + 4,000 [Installation etc.]		-5,000 50,000	-5,000 45,000	-5,000 40,000
	+ 22,000	-1,000 21,000	-2,000 19,000	-2,000 17,000

Working: - Annual Depreciation = $\dfrac{\text{Purchase Price + Freight \& Installation - Scrap Value}}{\text{Estimated Life in Years}}$

First machine = $\dfrac{45{,}000 + 6{,}000 + 4{,}000 - 5{,}000}{10} = 5{,}000$

Second machine = $\dfrac{22{,}000 - 2{,}000}{10} = 2{,}000$

Ques 3. A firm purchased on 1st April 2004 a Machine for ₹ 50,000. On 1st October, in the same year an additional plant was purchased costing ₹ 20,000. Depreciation is to be provided at 10% p.a. on diminishing balance basis on every 31st March. Prepare Plant and Machine for 3 years ending 31st March every year.

1.4.04	1.10.04	31.3.05	31.3.06	31.3.07
+ 50,000		-5,000 45,000	-4,500 40,500	-4,050 36,450
	+ 20,000	-1,000 19,000	-1,900 17,100	-1,710 15,390

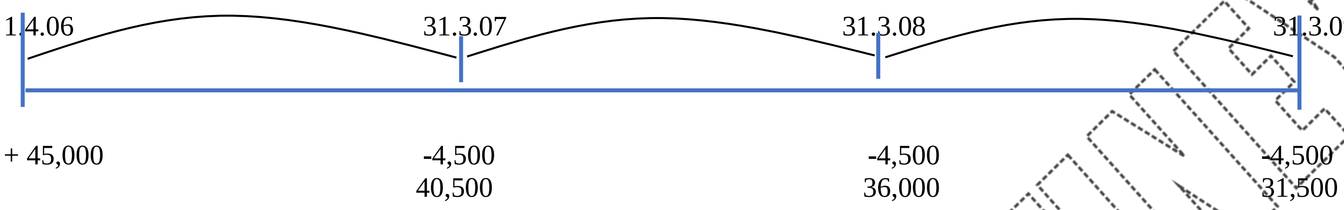
<u>When a machine is purchased on instalments: -</u>**

Ques 4. A firm purchased a machine on 1.4.06 for which payment was made as follows:

1.4.06	15,000
1.1.07	18,000 (Including interest ₹ 3,000)
1.7.08	16,000 (Including interest ₹ 1,000)

Rate of Depreciation - 10% p.a. SLM

Sol: - While calculating total cost of the machine amount of interest is not included, so total cost
= 15,000 + 18,000 + 16,000 - 3,000 – 1,000 = 45,000



Ques 5. A firm purchased on 1st April 2006 a Machine for ₹ 60,000 on which Freight ₹ 9,000 and installation of ₹ 6,000 were incurred. On 1st October in the same year an additional plant was purchased costing ₹ 30,000. Depreciation is to be provided at 10% p.a. on straight line basis on every 31st March. Show Depreciation and remaining balance of Plant and Machine for 3 years ending 31st March every year. [*Balance of Machine ₹ 75,000*]

Ques 6. A firm purchased on 1st April 2006 a Machine for ₹ 67,500 on which Freight ₹ 9,000 and installation of ₹ 6,000 were incurred. On 1st October in the same year an additional plant was purchased costing ₹ 33,000. Estimated life of the machines is 10 years and after that they could be sold at a scrap value of 7,500 and ₹ 3,000 respectively. Show Depreciation using SLM and remaining balance of Plant and Machine for 3 years ending 31st March every year.

[*Balance of Machine ₹ 85,500*]

Ques 7. A firm purchased on 1st April 2006 a Machine for ₹ 75,000. On 1st October in the same year an additional plant was purchased costing ₹ 30,000. Depreciation is to be provided at 10% p.a. on diminishing basis on every 31st March Show Depreciation and remaining balance of Plant and Machine for 3 years ending 31st March every year.
[*Balance of Machine ₹ 77,760*]

Ques 8. A firm purchased on 1st April 2008 a Machine for ₹ 45,000 on which Freight ₹ 9,000 and installation of ₹ 6,000 were incurred. On 1st October 2010 the machine was sold for ₹ 38,000. Depreciation is to be provided at 10% p.a. on straight line basis on every 31st March. Prepare Machine A/c for 3 years. [*Loss on sale of Machine ₹ 7,000*]

Ques 9. A firm purchased on 1st April 2010 a Machine for ₹ 35,000 on which Freight and installation of ₹ 5,000 were incurred. On 1st February, 2013 the machine was sold for ₹ 32,000. Depreciation is to be provided at 10% p.a. on written down value method on every 31st March. Prepare Machine A/c for 3 years.
[*Profit on sale of Machine ₹ 2,300*]

Ques 10. On 1st April, 2007 a company purchased a machine for ₹ 80,000 on which freight is ₹ 12,000 and Installation charges ₹ 8,000 were incurred. On 1 July in the same year it purchased another machine of ₹ 60,000. On 1st October, 2009 the company sold first machine for ₹ 72,000 and on the same date it purchased a new machine for ₹ 50,000. Depreciation is charged @ 10% p.a. on every 31st March using SLM. Prepare Machine A/c for 3 years.
[*Loss on sale of I machine ₹ 3,000 Balance in Machine A/C ₹ 91,000*]

Ques 11. On 1st April, 2008 a company purchased Furniture for ₹ 40,000. On 1st October, 2009 it purchased another Furniture of ₹ 30,000. On 1st July, 2010 the company sold first furniture for ₹ 35,000 and on the same date it purchased new furniture for ₹ 20,000. Depreciation is charged @ 10% p.a. on every 31st March using WDV. Prepare Furniture A/c for 3 years. [*Profit on sale of Furniture ₹ 3,410; Balance in Furniture A/c ₹ 44,150*]

Ques 12. A firm purchased oh 1st April 1996 a small plant for ₹ 10,000. On 1st October, in the same year an additional plant was purchased costing ₹ 5,000. On 1st October, 1997 the plant purchased on 1st April 1996 having become obsolete, is sold off for ₹ 4,000. Depreciation is to be provided at 10% p.a. on diminishing balance basis. Show Plant and Machinery Account for 2 years.
[*Loss on sale ₹ 4,550 Balance ₹ 4,275*]

Ques 13. A second-hand machinery was purchased on 1-4-90 for ₹ 30,000 and repair charges amounted to ₹ 6,000. It was installed at a cost of ₹ 4,000. On 1st October, 1990 another machine was purchased for ₹ 26,000. On 1st October 1992 the first purchased machine was sold for ₹ 30,000. On the same day one more machine was bought for ₹ 25,000. On 31-4-92 the machine bought on 1st October, 1990 was sold for ₹ 23,000. Accounts are closed every year on 31st March. Depreciation is written off at 15% p.a. Diminishing Balance method. Prepare the Machinery account for 3 year's ending 31-3-1993.

[*Profit on sale on* October *1, 1992 ₹ 3,267; Profit on sale on March 31, 1992 ₹ 2,557; Balance in Machinery A/c on March 31, 1992 ₹ 23,125*]

Ques 14. On 1st April 1990 a firm purchased 5 machines each costing ₹ 1 lakh. A sum of ₹ 5,000 was spent on freight and insurance in transporting them and total installation charges came to ₹ 5,000. On 1st July, 1991, one of the machines was sold for ₹ 90,000 and was replaced by another machine at a total cost of ₹ 80,000. It was decided not to write off depreciation on the item sold in the year of sale. The firm closes its books on 31st March. It writes off depreciation at 15% p.a. on the diminishing balance method.
Prepare the Machinery Account for 2 years.

Ques 15. On July, 1 1989 Gopal Ltd. Purchased second-hand machinery for ₹ 40 000 and spent ₹ 6,000 on re-conditioning and installing it. On April 1, 1990 the firm purchased new machinery worth ₹ 24,000. On June 30, 1991 the machine purchased on 1st April, 1990 was sold for ₹ 16,000. On July 1, 1991 fresh machinery was purchased on installment basis, payment for this machinery was to be made as follows:

July 1, 1991	₹ 10,000
June 30, 1992	₹ 12,000
June 30, 1993	₹ 11,000

Payments in 1992 and 1993 to include interest ₹ 2,000 and ₹ 1,000 respectively the company writes off depreciation @ 10% p.a. on original cost. The accounts are closed every year on 31st March. Show the Machinery Account for three years ending 31st March, 1992.

Ques 16. Naresh commenced business in March 2000. He acquired some Machines for ₹ 2,00,000 on April 1, 2000. He acquired another machine for ₹ 50,000 on March 1, 2002. He sold machines, original cost of which on 1.4.00 was ₹ 60,000 for ₹ 35,000 on January, 31, 2001, assuming depreciation @ 15% under WDV basis, compute the depreciation for the year ended March 31, 2001 and March 31, 2002
Depreciation to be calculated to the nearest rupee.

Ques 17. A company had bought machinery for ₹ 2,00,000 including a boiler worth ₹ 20,000. The Machinery account had been credited for depreciation on the reducing Instalment system for the past four years at the rate of 10%. Beginning of the fifth year i.e., the present year, the boiler became useless on account of damage to Some of its vital parts. The damaged boiler is sold for ₹ 4,000. Write up the Machinery account

[*Loss on sale of boiler ₹ 9,122; Balance ₹ 1,06,288*]

Ques 18. In a business there was a machine of ₹ 90,000 on 1st April, 1996. On 30th June, 1996 an additional machine was purchased for ₹ 10,000. On 31st March 1996 part of the machine was sold for ₹ 2,100 which had a cost price of ₹ 2,000 on 1st April, 1996. Prepare machine account after providing depreciation at 10% p.a. in fixed installment basis.

Ques 19. In 1-4-1989, Machinery was purchased for ₹ 80,000. On 1-4-1990 additions were made to the tune of ₹ 40,000. On 31-3-1991 a machinery purchased on 1-4-1989 costing ₹ 12,000 was sold for ₹ 11,000 and on 30-6-1991 a machinery purchased on 1-4-1990 costing ₹ 32,000 was sold for ₹ 26,000. On 1-10-1991 additions were to the tune of its ₹ 20,000. Depreciation was charged at 10% p.a. under the Diminishing Balance Method. Show the Machinery Account for the year ended 31st March 1990, 1991 and 1992.

Ques 20. Kaushal Traders purchased a second-hand machinery on 1st April, 2016 for ₹ 23,000 and spent ₹ 2,000 on its repair. It was decided to depreciate the machinery @ 20% p.a. on 31st March at Diminishing Balance Method.
Prepare the Machinery Account from years ended 31st March, 2017 to 2019 and show Profit or Loss as it was sold on 31st March, 2019 for ₹ 10,800. [Loss on Sale—₹ 2,000.]

Ques 21. A Machinery was purchased for ₹ 1,80,000 on 1st July, 2015. Depreciation was charged @ 10% p.a. on Diminishing Balance Method. 1/4th of this Machinery was sold on 1st October, 2017 for 36,000. Prepare Machinery Account from the year ended 31st March, 2016 to 2018, if the books are closed on 31st March every year.

[Balance of Machinery A/c [31st March, 2018]— ₹ 1,01,148; Gain [Profit] on Sale of Machinery—₹ 411.]

Ques 22. A firm purchased on 1st April, 2015 certain machinery for ₹ 5,82,000 and spent ₹ 18,000 on its installation. On 1st October, 2015, additional machinery costing ₹ 2,00,000 was purchased. On 1st October, 2017, the machinery purchased on 1st April, 2015 was auctioned for ₹ 2,86,000 plus CGST and SGST @ 6% each and a new machinery for ₹ 4,00,000, plus IGST @ 12% was purchased on the same date. Depreciation was provided annually on 31st March at the rate of 10% p.a. on the Written Down Value Method. Prepare the Machinery Account for the three years ended 31st March, 2018.

Ques 23. Shakti Cements purchased on 1st April, 2015 a plant for ₹ 80,000. On 1st July, 2016, it purchased additional plant costing ₹ 48,000. On 1st March, 2017, the plant purchased on 1st April, 2015 was sold for ₹ 42,000 plus IGST @ 12% and on the same date a fresh plant was purchased for ₹ 75,000 plus CGST and SGST @ 6% each. 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).

Self-Assessment Question

Straight Line Method

Ques 24. On 1st April 2016 XYZ Ltd. purchased a plant for ₹ 1,20,000. Depreciation is provided @ 15% per annum on Straight line method on 31st March every year. Prepare Plant Account from March, 2017 to 2021.
[Ans. Balance of Plant account on March, 2021 ₹ 30,000]

Ques 25. On January 1, 2016 a company purchased old Machinery for ₹ 80,000 and spent ₹ 16,000 on its major repair to make it useable. On July 1, 2017 the company purchased another machine for ₹ 60,000 and paid ₹ 2,000 on its minor repair. On July 1, 2018 the machinery purchased on January 1, 2016 was sold for ₹ 50,000 and on the same day a new machine costing ₹ 20,000 was purchased. Prepare Machinery account upto 31st December, 2019 while the depreciation is charged @ 10% per annum on the basis of Fixed installment method. [Ans. Loss on sale: ₹ 22,000: Balance c/d ₹ 70,000]

Ques 26. On 1st April 2017, a company purchased a plant for ₹ 80,000. On 1st October in the same year it purchased additional plant worth ₹ 32,000 and spend ₹ 8,000 on its erection. On 1st October, 2018 the plant purchased on 1st April 2017 having become obsolete and sold off for ₹ 50,000. On 1st January 2020 fresh plant was purchased for ₹ 1,12,000 and on the same time the plant purchased on 1st October, 2017 was sold at ₹ 24,000. Depreciation is provided at 10% per annum on original cost on 31st March every year. Show the plant account from 2017 to 2020.
[Ans. Loss on 1st Machine: ₹ 18,000; Loss on 2nd Machine ₹ 7,000 and Balance c/d ₹ 1,09,200]

Ques 27. A plant was purchased on 1st April 2016 for ₹ 1,00,000 and spent ₹ 5,000 on its installation. On 1st October, in the same year another plant costing ₹ 1,50,000 was purchased. On 1st October, 2018 the plant purchased on 1st April 2016 having become useless was sold for ₹ 35,000 and on the same date new plant was purchased at a cost of ₹ 65,000. Depreciation is provided annually on 31st March @10% per annum on original cost of the assets. Prepare plant account from 2016 to 2019.
[Ans. Loss on sale: ₹ 43,750 and Balance c/d ₹ 1,74,250]

Ques 28. Vinod Bros. purchased a machinery for ₹ 60,000 on 1st May 2017. On 1st April 2018 it purchased another machine for ₹ 20,000 On 31st March 2019, it sold off the first machine purchased in 2017 for ₹ 38,500 and on the same date purchased a new machinery for ₹ 50,000. Depreciation is provided at 20% p.a. on the original cost. Accounts are closed each year on 31st December. Show the machinery account for three years. [Ans. ₹ 55,500]

Ques 29. On 1st July 2015 Ram Lal & Sons purchased plant costing ₹ 60,000. Additional plant was purchased on 1st January 2016 for ₹ 40,000 & on 1st October, 2016 for ₹ 20,000. On 1st April 2017 one-third of the plant purchased on 1st July 2015 was found to have become obsolete and was sold for ₹ 36,000.
Prepare Plant account for the first three years in the books of Ram Lal & Sons. Depreciation is charged @ 10 % p.a. by Straight Line Method. Accounts are closed on 31st March each year.

Ques 30. Gupta & Sons purchased a machinery for ₹ 10,000 1st April, 2016. Depreciation was to be charged @ 20% on the original cost. You are required to show machinery account for the first 3 years assuming that accounts are closed on 31st March [Ans. Closing balance = ₹ 4,000]

Ques 31. A company purchased a plant for ₹ 50,000. The useful life of the plant is 10 years and the residual value is ₹ 10,000. Find out rate of depreciation under Straight Line Method. [Ans. Rate of dep. = 8%]

Ques 32. A company purchased a plant for ₹ 50,000. The useful life of the plant is 10 years and the estimated scrap value is ₹ 5,000. Find out rate of depreciation under Straight Line Method. [Ans. 9%]

Ques 33. Good Manufactures Ltd. purchased a small plant for ₹ 10,000 on 1st April, 2017. On 1st October, in the same year additional plant was purchased costing ₹ 5,000. On 1st October, 2018 the plant purchased on 1st April, 2017 having become obsolete is sold off for ₹ 14,000. On 1st October, 2019 new plant was purchased for ₹ 12,000 and the plant purchased on 1st October, 2017 was sold at ₹ 4,200. Depreciation is provided on 31st March at 10% per annum on original cost every year. Prepare Machinery Account

[Ans. Loss on 1st Gain ₹ 4,500; Profit on sale of 2nd Plant ₹ 200; Balance ₹ 11,400]

Ques 34. Govind Ltd. whose accounting year is the financial year, purchased on 1st July, 2017, Machinery costing ₹ 1,50,000. It purchased further machinery on 1st January, 2018, costing ₹ 1,00,000 and on 1st October, 2018 costing ₹ 50,000. On 1st April, 2019 one third of the machinery which was installed on 1st July, 2017 became obsolete and was sold for ₹ 15,000.
Show how the machinery account would appear in the books of the company, it being given that machinery was depreciated by Fixed Installment at 10% p.a. [Ans. Loss on Sale ₹ 26,250]

Ques 35. On 1st January, 2013, Machinery was purchased by Ghanshyam Ltd. for ₹ 1,00,000. On 1st July, 2014 additions were made to the extent of ₹ 20,000. On 1st April, 2015 further additions were made to the extent of ₹ 12,800. On 30th June 2016, Machinery, original value of which was ₹ 16,000 on 1st January, 2013, was sold for ₹ 12,000. Depreciation is charged @ 10 % p.a. on original cost.
Show the Machinery Account for four years from 2013 to 2016 in the books of Ghanshyam Ltd. They close their books on 31st December every year. [Ans. Gain on Sale ₹ 1600; Balance ₹ 75,960]

Ques 36. A Computer & Software Company purchases 5 Computers at ₹ 25,000 each on July 1, 2016. The company writes off depreciation @ 20 % per annum on original cost and observes financial year as its accounting year. On January 1, 2019 one of the computers was damaged due to electric fluctuation and was completely destroyed. Damaged Computer was sold to a Mechanic for ₹ 11,250. On the same day the company purchases a Second hand computer for ₹ 15,000. Prepare Computer Account for the three years. [Ans. Loss on sale ₹ 1,250]

Ques 37. On January 01 2015, Golden Eagle Co. purchased five Refrigerators for ₹ 20,000 each. Depreciation has been provided at the rate of 10% p.a. using Straight Line Method. On April 01, 2016, one Refrigerator was sold for ₹₹ 3,750. On October, 01, 2017, another Refrigerator (purchased for ₹ 20,000 on January 01, 2015) was sold for ₹ 4,500. A new Refrigerator costing ₹ 7,500 was purchased on the same day.
You are required to prepare Refrigerators account assuming that the firm closes its accounts in 31st March every year.

[Ans. loss on sale ₹ 13,750; 2nd Loss ₹ 10,000]

Ques 38. A Machinery was purchased on 1st April 2015 for ₹ 60,000 and ₹ 5,000 was spent on its installation. On 1st Oct, 2016 another Machinery was purchased for ₹ 70,000. On 1st April 2017, the first Machinery purchased on 1st April 2015 was sold for ₹ 45,000 and a new Machinery costing ₹ 1,70,000 was purchased on the same date. Show the Machinery account from year 2015 to 2018 on the basis of Straight Line Method, if the rate of Depreciation charged is 10% per annum. Assume that books are closed on 31st March every year. [Ans. Loss on sale ₹ 7,000; Balance ₹ 2,12,500]

Ques 39. Modern Ltd. purchased a machinery on 1st August, 2016 for 60,000. On 1st Oct, 2017 it purchased another machine for ₹ 20,000. On 30th June, 2018 it sold the first machine purchased in 2016 for ₹ 38,500. Depreciation is provided at 20% pa on the original cost each year. Accounts are closed on 31st March every year. Prepare Machinery A/c for three years. [Ans. Gain on sale of machinery- ₹ 1,500]

Ques 40. A company whose accounting year is a financial year, purchased on 1st July, 2016 machinery costing ₹ 30,000. It purchased further machinery on 1st January, 2017 costing ₹ 20,000 and on 1st October, 2017 costing ₹ 10,000. On 1st April, 2018 one-third of the machinery installed on 1st July, 2016 became obsolete and was sold for ₹ 3,000.
Show how Machinery account would appear in the books of the company. It being given that machinery was depreciated by Fixed Instalment Method at 10% p.a. What would be the value of machinery account on 1st April 2019.

[Ans. Loss on sale ₹ 5,250]

Ques 41. On 1st January, 2014, Machinery was purchased by X for ₹ 50,000. On 1st July, 2015 additions were made to the extent of ₹ 10,000. On 1st April, 2016, further additions were made to the extent of ₹ 6,400. On 30th June, 2017 machinery, the original value of which was ₹ 8,000 on 1st January 2014 was sold for ₹ 6,000. Depreciation is charged at 10% p.a., on the original cost. Prepare Machinery A/c, Provision for Depreciation A/c and Machinery Disposal Account in the books of firm on 31st December. [Ans. Gain on sale: ₹ 800]

Ques 42. A company whose accounting year is financial year, purchased on 1st July 2015, Machinery costing ₹ 90,000. It purchased further Machinery on 1st January 2016 costing ₹ 60,000. On 1st April 2018, one-third of Machinery installed on 1st July 2015, became obsolete and was sold for ₹ 9,000.
Depreciation is being written off on Fixed Installment System at 10% per annum. Prepare Machinery account, Machinery Disposal A/c and Provision for Depreciation Account

[Ans. Loss on sale ₹ 12,750]

Ques 43. A company purchased second hand machine on 1st April 2017 for ₹ 37,000 and immediately spent ₹ 3,000 on its erection. On 1st October, 2018 it purchased another machine for ₹ 10,000 and on 1st October, 2019, it sold off the first machine for ₹ 28,000 and bought another for ₹ 25,000. On 1st January 2020 the second machine was also sold off for ₹ 7,750. Prepare Machinery A/c, Machinery Disposal A/c and Provision for Depreciation Account assuming Depreciation charged on machinery on 31st March at the rate of 10% per annum on the original cost method.

[Ans. Loss on 1st Machine ₹ 2,000; Loss on 2nd Machine ₹ 1,000]

DIMINISHING BALANCE METHOD

Ques 44. A manufacturing concern purchased machinery for ₹ 21,000 on 1st October, 2017. Additional machinery was purchased for ₹ 9000, on 1st January 2018 and for ₹ 15000, on 1st July, 2018. Machinery purchased on 1st Oct, 2017 was sold for ₹ 12,000 on 31st March, 2019. Give the machinery account for 3 years after writing off depreciation at 10% p.a. on the written down value method. The books are closed on 31st March every year.

[Ans. Loss ₹ 5,955]

Ques 45. A Joint Stock company had bought machinery for ₹ 1,00,000 including a boiler worth 10,000. The machinery account was for the first 4 years credited for depreciation, on the Reducing Balance System @ 10% p.a. At the end of fifth year i.e., the current year, the boiler became useless on account of damage to some of its vital parts. The damaged boiler is sold for ₹ 2,000 and amount is credited to machinery account. Prepare the machinery account.

[Ans. Balance of machinery account ₹ 53,144]

Ques 46. On 1st July 2015, Nivea and Namita purchased a second-hand machine for ₹ 18000 and spent ₹ 2000 on its installation. On 30th June 2018 the machinery was disposed off for a sum of ₹ 12,000. Assuming the books are closed on 31st December each year and assuming that the rate of depreciation is 10% per annum on the Diminishing Balance, show the machinery account [Ans. Loss ₹ 2,620]

Ques 47. On 1st April, 2014, a firm first purchased machinery worth ₹ 50,000. On 1st Oct, 2014, it buys additional machinery worth ₹ 9,000 & spends ₹ 1,000 on its installation. The accounts are closed each year on 31st March. Assuming the annual depreciation to be fixed @10 % show the machinery account for 5 years under Reducing Balance Method.

[Ans. Balance ₹ 35,756]

Ques 48. A company purchased a machinery for ₹ 50,000 on 1st October, 2016. Another machinery costing ₹ 10,000 was purchased on 1st July 2017. On 31st December, 2018 the machinery purchased in 2016 was sold at a loss of ₹ 5,000. The company charges depreciation at the rate of 15% p.a., on Diminishing Balance Method Accounts are closed on 31st March every year. Prepare Machinery account for 3 years. [Ans. Sale ₹ 29,889]

Ques 49. The Sameer Transport Co. purchased 10 trucks at ₹ 90,000 each on 1st July 2017. On 1st October 2018, one of the trucks was involved in an accident and was completely destroyed. ₹ 56,200 was received from the Insurance company in full settlement. On the same date another truck was purchased by the company for the sum of ₹ 1,00,000. The company writes off 20% per annum on the Diminishing Balance Method for four years ending 31st March.

[Ans. Loss ₹ 12,650]

Ques 50. A company purchased a machinery for ₹ 1,00,000 on 1st July, 2012. Another machinery costing ₹ 20,000 was purchased on 1st September, 2013. On 31st December, 2014 the machinery purchased in 2012 was sold at a loss of ₹ 10,000. The company charges depreciation at the rate of 15% on Diminishing Balance Method. Accounts are closed on 31st December every year. Prepare the machinery account for 3 years.

[Ans. Balance c/d ₹ 16,150; Sale ₹ 56,831]