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Sampurna 2.0 June 2024

Accounting

Depreciation

DPP 01

Q1 B Ltd bought a computer for Rs 50,000 on 1/04/22. B ltd will depreciate this computer on Straight line method. Scrap value is 10,000 after 10 years of computer's useful life. How much depreciation will be charged per year.

Q2 B Ltd bought a computer for Rs 50,000 on 1/04/22. B ltd will depreciate this computer on WDV method @ 20%. How much depreciation will be charged for first 3 years.

Q3 A Ltd buys a motor vehicle for it's business for Rs 1,00,000 on 1st april 2022. It's estimated useful life is 10 years. Estimated scrap value at the end of useful life will be Rs 20,000. Prepare Motor vehicle A/c for year 2022-23.

Q4 A ltd purchased an asset for Rs 4,00,000 on 1-4-21. Prepare asset a/c for 2021-22 and 2022-23 if company wants to charge depreciation @ 10% on WDV basis.

Q5 Amrit ltd purchased on 1st April, 2018 a second-hand machinery for Rs 36,000 and spent Rs 4,000 on its installation.
On 1st October in the same year, another machinery costing Rs 20,000 was purchased, On 1st October, 2020, machinery bought on 1st April, 2018 was sold for ` 12,000 and a new machine was purchased for Rs 64,000 on the same date. Depreciation is provided annually on 31st March @ 10% p.a. on the Written Down Value Method.
Show Machinery Account for 3 years ending on 31st March, 2021.

Q6 Mahesh Enterprises purchased a machinery for Rs 2,00,000 (including a boiler for Rs 20,000) on 1st April, 2018 from Rajan & Brothers. It was agreed to pay consideration in four annual instalments of Rs 55,000 each starting from 31st March, 2019.
The Machinery Account had been credited for depreciation on the Written Down Value Method for the past four years @ 10%. On 1st April, 2022, the boiler became obsolete and was sold for Rs 4,000. Prepare the Machinery A/c.

Q7 The Machinery Account of a factory showed a balance of Rs.95,00,000 on 1 st April,2020. The Books of Accounts Depreciation is written off of the Factory are closed on 31st March every year and @ 10% per annum under the Diminishing Balance Method. On 1 st September,2020 a new machine was acquired at a cost of Rs.14,00,000 and Rs.44,600 was incurred on the same day as installation charges for erecting the machine.
On 1 st September,2020 a machine which had cost Rs.21,87,000 on 1st April,2018 was sold for Rs.3,75,000. Another machine which had cost Rs.21,85,000 on 1st April,2019 was scrapped on 1st September,2020 and it realized nothing.
Prepare Machinery Account for the year ended 31st March,2021. Allow the same rate of depreciation as in the past and calculate depreciation to the nearest multiple of a rupee. Also show all the necessary working notes.

Q8 The balance of Machinery Account of a firm on 1 st April, 2020 was Rs.28,54,000. Out of this, a plant having book value of Rs.2,16,090 as on 1 st April, 2020 was sold on 1 st July, 2020 for Rs.82000 . On the same date a new plant was purchased for Rs.4,58,000 and Rs.22,000 was spent on its erection. On 1 st November, 2020 a new machine was purchased for Rs.5,60,000 .
Depreciation is written off @ 15% per annum under the diminishing balance method. Calculate the depreciation for the year ended 31st March, 2021.

Q9 On 1st April, 2020, Tata co. purchased machinery for Rs 1,20,000 and on 30th September, 2021, it acquired additional machinery at a cost of Rs 20,000 On 30th June, 2022, one of the original machines which had cost ` 5,000 was found to have become obsolete and was sold as scrap for Rs 500 . It

was replaced on that date by a new machine costing Rs 8,000. Depreciation is to be provided @ 15% p.a. on the Written Down Value. Accounts are closed on 31st March every year. Show Machinery Account for the first three years.

Q10 On 1st January, 2019 Kohinoor Transport Company purchased a Bus for Rs.8,00,000. On 1 st July, 2020 this bus was damaged due to fire and was completely destroyed and Rs.6,00,000 were received by a cheque from the Insurance Company in full settlement on 1 st October, 2020. On 1st July, 2020 another Bus was purchased by the company for Rs.10,00,000.
The Company charges Depreciation @ 20% per annum under the WDV Method. Calculate the amount of depreciation for the year ended 31st March, 2021 and gain or loss on the destroyed Bus.

Q11 M/s. Seven Seas purchased a second-hand machine on 1st April, 2017 for Rs.1,60,000. Overhauling and erection charges amounted to Rs.40,000.
Another machine was purchased for Rs.80,000 on 1st Oct, 2017.
On 1st Oct, 2019, the machine installed on 1st April, 2017 was sold for Rs.1,00,000.
Another machine for Rs.30,000 was purchased and was installed on 31 st December, 2019.
Under the existing practice the company provides depreciation @ 10% p.a. on original cost. However, from 1 st April,2020 it decided to adopt the WDV method and to charge depreciation @ 15% p.a. You are required to prepare a Machinery account for the years 2017 to 2021.

Q12 A Firm purchased an old Machinery for Rs.37,000 on 1st January,2019 and spent Rs.3,000 on its overhauling. On 1st July 2020, another machine was purchased for Rs.10,000. On 1 st July 2021, the machinery which was purchased on 1st January 2019, was sold for Rs.28,000 and the same day a new piece of machinery costing Rs.25,000 was purchased. On 1 st July,2022, the machine which was purchased on 1st July,2020 was sold for Rs.2,000
Depreciation is charged @ 10% per annum on a straight line method. The firm changed the method and adopted a diminishing balance method with effect from 1st January,2020 and the rate was increased to 15% per annum. The books are closed on 31st December every year.
Prepare Machinery account for four years from 1 st January,2019 .

Q13 Cost of computer = Rs 400000
Scrap value = Rs 40000
Estimated life = 5 years
calculate depreciation of 5 years on sum of years of digit method.

Q14 Cost of Plant = Rs 1200000
Scrap value = Rs 60000
Estimated life = 5 years
calculate depreciation of 5 years on sum of years of digit method.

Q15 A plant was installed for Rs 100,00,000 having an estimated total working of 90,000 The scrap value is expected to be Rs 10,00,000 and anticipated pattern of distribution of effective hours is as follows :
Year
1 – 3 40,000 hours per year
4 - 6 30,000 hours per year
7 - 10 20,000 hours per year Required
Determine Annual Depreciation under Machine Hour Rate Method.

Q16 A plant is installed for Rs 100,00,000. Its estimated useful life is 10 years with a residual value of 10,00,000. The machine is expected to produce 7.5 lakh units during its life time. Expected distribution pattern of production is as follows:
Year Production
1-3 100,000 units per year
4-7 75,000 units per year
8-10 50,000 units per year Required
Determine the value of depreciation for each year using production units method.

Q17 A machine was purchased for 2,00,000 having an estimated total working of 4,000 The scrap value is expected to be 10,000 and anticipated

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pattern of distribution of effective hours is as follows :
Year
1 – 3 700 hours per year
4 - 6 500 hours per year
7 - 10 100 hours per year Required
Determine Annual Depreciation under Machine Hour Rate Method.

Q18 Kunal Ltd purchased machinery for Rs 4,00,000 on 1/4/22. The machinery is depreciated @10% p.a on cost. On 1/10/24, the machinery was sold for Rs 2,40,000. Show the machinery account and provision for depreciation account.

Q19 Following balances are in the books of Kashish and sons on 1/4/20:
Machinery A/c
1600000
Provision for depreciation A/c
640000
On 1/4/20, a machine was sold for Rs 400000 which was purchased on 1/4/17 for 600000. Prepare machinery a/c and provision for depreciation a/c on 31/3/21. (Charge depreciation @ 10% on SLM basis)

Q20 On 1/4/22, a business purchased a plant for Rs 2400000. On 1/10/24 a part of the plant purchased on 1/4/22 for 160000 was sold for 90000 and a new machinery at a cost of Rs 316000 was purchased and installed on the same date. Depreciation @ 10% p.a was provided following WDV method. Show necessary ledger accounts if provision for dep a/c is prepared.

Q21 M/s. Dayal Transport Company purchased 10 trucks @ 50,00,000 each on 1st July 2017. On 1st October, 2019, one of the trucks was involved in an accident and was completely destroyed and 35,00,000 is received from the insurance in full settlement. On the same date, another truck is purchased by the company for the sum of 60,00,000.
The company writes off 20% of the original cost per annum. The company observes the calendar year as its financial year .
Give the motor truck account for two years ending 31st December, 2020 .

Q22 Kamal purchased on 1st January, 2022 certain machinery for 97,000 and spent 3,000 on it. 1st July, 2022 additional machinery costing 50,000 was purchased. On Ist July, 2024 the machinery purchased on 1st January, 2022 having become obsolete was sold for Rs 50,000 and on the same date new machinery was purchased at a cost of 75,000. Depreciation was provided for annually on 31st December at the rate of 10% per annum on the original cost of the machinery. No depreciation needs be provided when a machinery is sold, for that part of the year, in which it is sold. But for the above, depreciation shall be provided on time basis. In 2025, however, Kamal changed this method of providing depreciation and adopted the method of writing off 15% p.a. on the written down value on the balance as appeared in machinery account on 1-1-2025.
Show the machinery account for the calendar years 2022 to 2025.

Q23 A machine is acquired for Rs 100000 on 1.4.21. It is expected that the scrap value at the end of lifespan of 5 years will be 20000. On the 3rd year end the company decided to change the method of charging deprerciation to WDV @10% p.a. Calculate depreciation for 5 years.

Q24 B Ltd acquired a plant on 1.4.21 for Rs 500000, B Ltd decided to charge depreciation on SLM Method. Expected life of the asset is 5 years with no salvage value. After charging depreciation for 2 years B Ltd realized that the plant will operate for 5 more years. calculate depreciation for each year.

Q25 B Ltd acquired a plant on 1.4.21 for Rs 500000, B Ltd decided to charge depreciation on SLM Method. Expected life of the asset is 5 years with no salvage value. After charging depreciation for 2 years B Ltd realized that the salvage value at the end of useful life will be Rs 30000. calculate depreciation for each year.

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Answer Key

Q1 Computer value = 50,000
Depreciable amount = 50,000-10,000 = 40,000
Depreciation = Depreciable amount / estimated useful life
= Rs 40,000/10 = Rs 4,000

Q2 Computer Value on 1/4/22 = 50,000
WDV rate = 20%
So, 1st year's depreciation will be = 50000 * 20 % = 10,000
Computer value on 1/4/23 = 50,000-10,000 = 40,000
So, 2nd year's depreciation will be = 40,000 * 20 % = 8,000
Computer Value on 1/4/24 = 40,000 - 8,000 = 32,000
So, 3rd year's depreciation will be = 32,000 * 20 % = 6,400

Q3

Motor vehicle A/c

Date	Particulars	Amount	Date	Particulars	Amount
1/04/22	To Bank	1,00,000	31/03/23 31/03/23	By depreciation a/c By balance c/d	8,000 (W.N) 92,000
		1,00,000			1,00,000

Working Note:-
Calculation of amount of depreciation:-
Depreciable amount = Rs 1,00,000 - Rs 20,000 = Rs 80,000
Depreciation = Rs 80,000/10 = 8,000

Q4

Asset A/c

Date	Particulars	Amount	Date	Particulars	Amount
1/04/21	To Bank	4,00,000	31/03/22 31/03/22	By depreciation a/c By balance c/d	40,000 (WN1) 3,60,000
		4,00,000			4,00,000
1/04/22	To balance b/d	3,60,000	31/03/23 31/03/23	By depreciation By balance c/d	36,000 (WN2) 3,24,000
		3,60,000			3,60,000

Working Note 1
Depreciation for 2021-22 = Rs 4,00,000 * 10 % = Rs 40,000
Working Note 2
Depreciation for 2022-23 = Rs 3,60,000 * 10% = Rs 36,000

Q5

MACHINERY ACCOUNT

Date	Particulars	Amount	Date	Particulars	Amount
1/4/18 1/10/18	To bank a/c (36000+4000) To bank a/c	40000 20000	31/3/19	By depreciation (Mach 1) 4000 (Mach 2) 1000 By balance c/d Mach 1 36000 Mach 2 19000	 5000 55000
		60000			60000
1/4/19	To balance b/d (36000+19000)	55000	31/3/20 31/3/20	By depreciation Mach 1 3600 Mach 2 1900 By balance c/d Mach 1 Mach 2	 5500 32400 17100
1/4/20 1/10	To balance b/d Mach 1 Mach 2 To bank (mach 3)	 32400 17100 64000		By bank By depreciation By loss on sale By depreciation:- Mach 2 1710 Mach 3 3200 By balance c/d:- Mach 2 Mach 3	12000 1620 18780 4910 15390 60800

Q6

MACHINERY ACCOUNT

Date	Particulars	Amount	Date	Particulars	Amount
1/4/18	To kapil (WN1)	2,00,000	31/03/19 31/03/19	By depreciation a/c By balance c/d	20,000 1,80,000
		2,00,000			2,00,000
1/4/19	To balance b/d	1,80,000	31/03/20 31/03/20	By depreciation a/c By balance c/d	18,000 162000
		180000			180000
1/4/20	To balance b/d	162000	31/3/21 31/3/21	By depreciation a/c By balance c/d	16200 145800
		162000			162000
1/4/21	To balance b/d	145800	31/3/22 31/3/22	By depreciation a/c By balance c/d	14580 131220
		145800			145800

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1/4/22	To balance b/d	131220	01/4/22 01/4/22 31/03/23 31/03/23	by bank a/c (sale) by P/L A/c (loss on sale) by depreciation a/c by balance c/d	4000 9122 11810 106228
		131220			131220

Working Notes:

1. **Amount payable to Rajan & Brothers is Rs 2,20,000 (i.e., Rs 55,000 × 4) but Rs 2,00,000 will be capitalised being its cost. The extra payment of Rs 20,000 is interest. It being revenue expenditure will be debited to Profit & Loss Account of the relevant accounting years.**

2. Calculation of Loss on Sale of Boiler:	`
Cost of Boiler	**20,000**
Less: Depreciation for 4 years (` 2,000 + ` 1,800 + ` 1,620 + ` 1,458)	**6,878**
Book value in the beginning of 5 th year	**13,122**
Less: Sale Proceeds	**4,000**
Loss on Sale of Boiler	**9,122**
3. Calculation of Depreciation for 5th year:	

Balance of remaining machinery in the beginning of 5th year = Rs 1,31,220 – Rs 13,122 = Rs 1,18,098

Hence, depreciation for the 5th year @ 10% = ` 11,810 (to the nearest rupee).

Q7 **Machinery Account**

Date	Particulars	Amount	Date	Particulars	Amount
2020 1 april 1 sep	To balance b/d To bank a/c (1400000+446000)	9500000 1444600		By Bank A/c (Sales) By Depreciation (on sold machine) By Loss on sale By Loss on scrapping the machine By Depreciation (on Scrapped machinery) By Depreciation (Note iii) By Balance c/d	375000 73811 1322659 1884562 81938 660471 6546159
		10944600			10944600

Working Note:

(i) Calculation of loss on sale of machine on 01-09-2020	
Cost on 1-4-18	2187000
Less depreciation 10%	(218700)
WDV on 31-3-19	1968300
Less depreciation 10%	(196830)
WDV on 31-3-20	1771470
Less depreciation @10% for 5 months	(73811)
Less sale proceeds on 1-9-20	1697659
Loss	(375000)
	1322659
ii) Calculation of loss on scraped machine	
Cost on 1-4-19	2185000
Less - depreciation @10%	(218500)
WDV	1966500
Less- Depreciation @ 10%	(81938)
Loss	1884562

(iii) Depreciation	95,00,000
Balance of machinery account on 1-4-2020	(17,71,470)
Less: W.D.V of machinery sold	(19,66,500)
W.D.V. of machinery scrapped	57,62,030
Balance of other machinery after sale and scrap on 1-4-2020	5,76,203
Depreciation @ 10% on 57,62,030 for 12 months	84,268
Depreciation @ 10% on 14,44,600 for 7 months	6,60,471

Note: The figures are rounded off to the nearest rupee.

Q8 Calculation of depreciation for the year ended 31.3.21 :

	Machine 1 (28,54,000 - 2,16,000)	Machine 2 Purchased on 1st July	Machine 3 Purchased on 1st Nov	Depreciation on sold Machine 4
Book value as on 1st April,2020	26,38,000	4,80,000	5,60,000	2,16,090
Depreciation @15%	3,95,700 (for full year)	54,000 (for 9 months)	35,000 (for 5 months)	8,100 (for 3 months)

Total depreciation (I + II + III + IV) = 4,92,800

Q9 **Dr. MACHINERY ACCOUNT Cr.**

Date	**Particulars**	**`**	**Date**	**Particulars**	**`**
1/4/20	**To bank a/c**	**120000**	**31/3/21**	**By Depreciation A/c**	**18000**

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			March 31	By balance c/d	102000
		120000			120000
1/4/21	To balance b/d	102000	31/3/22	by depreciation	16800
30/9/21	To bank a/c	20000	31/3/22	by balance c/d	105200
		122000			122000
1/4/22	To balance b/d	105200	30/6/22	by bank a/c	500
30/6/22	To bank a/c	8000	30/6/22	by depreciation	135
			30/6/22	by loss on sale of machinery a/c	2977
			31/3/23	by depreciation a/c	16138
			31/3/23	by balance c/d	93450
			113200		113200
2023 April 1	To Balance b/d	93,450			

Working Notes:

1. Calculation of Loss on Sale of Machinery:	
Cost of Machinery sold (1st April, 2020)	5,000
Less: Depreciation for 2020-21 (` 5,000 × 15/100)	750
Book Value of Machinery (1st April, 2021)	4,250
Less: Depreciation for 2021-22 (4,250 × 15/100)	638
Book Value of Machinery (1st April, 2022)	3,612
Less: Depreciation up to 30th June, 2022 (` 3,612 × 15/100 × 3/12)	135
Book Value of Machinery sold (30th June, 2022)	3,477
Less: Sale Proceeds	500
Loss on Sale of Machinery	2,977

2. Calculation of Depreciation after Sale of Machinery:	
Book Value of Machinery (1st April, 2022)	1,05,200
Less: Book Value of Machinery sold (1st April, 2022) (WN 1)	3,612
Remaining Machinery	1,01,588
Depreciation on remaining Machinery (1,01,588 × 15/100)	15,238
Add: Depreciation on Machinery Purchased during	
2022-23(` 8,000 × 15/100 × 9/12)	900
	16,138

Q10

Calculation of Gain/Loss on Bus damaged by Fire

	Amount
	8,00,000
	(40,000)
	7,60,000
	(1,52,000)
	6,08,000
Original cost as on 1.1.2019	(30,400)
Less: Depreciation for 2018-19 (3 months)	5,77,600
	(6,00,000)
WDV as on 31st March,2019	22,400
Less: Depreciation for 2019-20	
WDV as on 31st March,2020	
Less: Depreciation for 2020-21 (3 months)	

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WDV as on 1st July,2020 Less: Amount received from Insurance company Gain on Bus damaged by Fire	

Calculation of depreciation for the year ended 31st March,2021

	Machine 1 damaged on 1st July,2020 (8,00,000**)**	**Machine 2 Purchased on 1st July,2020 (** 10,00,000**) .**
Book value as on 1st April,2020 Purchased on 1st July,2020 Depreciation @20% Machines	6,08,000 30,400 (for 3 months)	10,00,000 1,50,000 (for 9 months)

Total depreciation 1,80,400

Q11 **Machinery Account in the books of M/s. Seven Seas**

Date	Particulars	Amount	Date	Particulars	Amount
1.4.2017	To Bank A/c	1,60,000	31.03.18	By Depreciation A/c (20000 + 4000)	24,000
1.10.2017	To Bank A/c (Erection charges)	40,000	31.03.18	By Balance c/d (180000 + 76000)	2,56,000
	To Bank A/c	80,000			
		2,80,000			**2,80,000**
1.4.2018	To balance b/d	2,56,000	31.03.19	By Depreciation A/c (20000 + 8000)	28,000
1.1.2020	To Bank A/c	10,000	31.03.19	By Balance c/d (160000 + 68000)	2,28,000
		2,56,000		By Bank A/c	**2,56,000**
1.4.2019	To balance b/d	2,28,000	1.10.2019	By Profit & Loss A/c	1,00,000
31.12.2019	To Bank A/c	30,000	1.10.2019	(Loss on Sale W.N 1)	50,000
			31.03.20	By Depreciation A/c (10,000 + 8000 + 750)	18,750
		2,58,000	31.03.20	By Balance c/d (60000 +29250)	89,250 **2,58,000**
1.4.2020	To balance b/d	89,250	31.03.21	By Depreciation A/c	13,387.5
			31.03.21	(9000 + 4387.5) By Balance c/d	75,862.5

Working Note :

	Machine 1	Machine 2	Machine 3
Cost of all machinery	2,00,000	80,000	30,000
Depreciation for 2017-18	20,000	4,000	
Written down value as on 31.03.2018	1,80,000	76,000	
Depreciation for 2018-19	20,000	8,000	
Written down value as on 31.03.2019	1,60,000	68,000	
Depreciation for 2019-20 (6 months)	10,000	8,000	750
Written down value as on 1.10.2019	1,50,000	60,000	
Written down value as on 31.03.2020			29,250
Sale proceeds	1,00,000		
Loss on sale	50,000		

Q12 **In the books of Firm**

Date	Particulars	Amount	Date	Particulars	Amount
1.1.19	To Bank A/c	37000	31.12.19	By Depreciation A/c	4000
1.1.20	To Bank A/c (Overhauling charges)	3000	31.12.19	By Balance c/d	36000
		40000			**40000**
			31.12.20	By Depreciation A/c (5,400+ 750)	6150
1.1.20	To balance b/d	36000			
1.1.21	To Bank A/c	10000	31.12.20	By Balance c/d (30,600+ 9,250)	39850
		46000			**46000**
1.7.21	To balance b/d	39850	1.7.21	By Bank A/c(Sale)	28000
1.1.22	To Bank A/c	25000	1.7.21	By Profit & Loss A/c (Loss on Sale W.N 1)	305
	To balance b/d	64850	31.12.21	By Depreciation A/c (2,295 + 1,388 + 1,875)	5558
			31.12.21	By Balance c/d (7,862 + 23,125)	30987
1.1.22	To balance b/d	30987	1.7.22	By Bank A/c(Sale)	2000
			1.7.22	By Profit & Loss A/c (Loss on Sale W.N 1)	5272
			31.12.22	By Depreciation A/c (590 + 3469)	4059
			31.12.22	By Balance c/d	19656
		30987			30987

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	Machine 1	Machine 2	Machine 3
Cost of all machinery (Machinery cost for 2019)	40,000		
Depreciation for 2019	4,000		
Written down value as on 31.12.2019	36,000		
Purchase 1.7.2020 (6 months)		10,000	
Depreciation for 2020	5,400		
Written down value as on 31.12.2020	30,600	750	
Depreciation for 6 months (2021)	2,295	9,250	
Written down value as on 1.7.2021	28,305	1388	
Sale proceeds	28,000	7862	
Loss on sale	305	590	
Purchase 1.7.2021			25,000
Depreciation for 2021 (6 months)			1875
Written down value as on 31.12.2021			23,125
Depreciation for 6 months in 2022			
Written down value as on 1.7.2022		7272	
Sale proceeds		2,000	
Loss on sale		5272	
Depreciation for 2022			3469
Written down value as on 31.12.2022			19656

Q13 Depreciation = (depreciable asset * Number of years)/Sum of digit

For 1st year = (400000-40000) * 5/15 = 120000

For 2nd year = 360000 * 4/15 = 96000

For 3rd year = 360000 * 3/15 = 72000

For 4th year = 360000*2/15 = 48000

For 5th year = 360000*1/15 = 24000

Q14 Depreciation = (depreciable asset * Number of years)/Sum of digit

For 1st year = (1200000-60000) * 5/15 = 570000

For 2nd year = 1140000 * 4/15 = 304000

For 3rd year = 1140000*3/15 = 228000

For 4th year = 1140000 * 2/15 = 152000

For 5th year = 1140000*1/15 = 76000

Q15 Statement of Annual Depreciation under Machine Hours Rate Method

Year	Annual Depreciation
1 - 3	40000 / (100,00,000 - 10,00,000) = 40,00,000 × 90,000
4 - 6	25000 × 90,00,000 = 30,00,000 90,000
7 - 10	15000 × 90,00,000 = 20,00,000 90,000

Q16 Statement showing Depreciation under Production Units Method

Year	Annual Depreciation
1-3	100, 000 / (100,00,000 - 10,00,000) = 12,00,000 × 7,50, 000
4-7	75,000 × 90,00,000 = 9,00,000 7,50, 000
8-10	50, 000 × 90,00,000 = 6,00,000 7, 50, 000

Q17 Statement of Annual Depreciation under Machine Hours Rate Method

Year	Annual Depreciation
1 - 3	700 × (2,00,000 - 10,000) = 33250 4,000
4 - 6	500 × 190000 = 23750 4,000
7 - 10	100 × 190000 = 4750 4,000

Q18 Machinery Account

Date	Particulars	Rs	Date	Particulars	Rs
1/4/22	To bank a/c	400000	31/3/23	By balance c/d	400000
		400000			400000
1/4/23	To balance c/d	400000	31/3/24	By balance c/d	400000
		400000			400000
1/4/24	To balance b/d	400000	1/10/24	By bank a/c -sale	240000
				By provision for depreciation a/c	100000

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				By loss on sale of machinery a/c	60000
		400000			400000

Provision for depreciation account

Date	Particulars	Rs	Date	Particulars	Rs
31/3/23	To balance c/d	40000	31/3/23	by depreciation a/c	40000
31/3/24	To balance b/d	80000	1/4/23	By balance b/d	40000
			31/3/24	Depreciation a/c	40000
		80000			80000
1/1024	To machinery a/c	100000	1/4/24	By balance b/d	80000
			1/10/24	By depreciation	20000
		100000			100000

Q19

Machinery Account

Date	Particulars	Rs	Date	Particulars	Rs
1/4/20	To balance b/d	1600000	1/4/20	By bank a/c	400000
			1/4/20	By provision for depreciation a/c	180000
			1/4/20	By loss on sale	20000
			31/3/21	By balance c/d	1000000
		1600000			1600000

Provision for depreciation account

Date	Particulars	Rs	Date	Particulars	Rs
1/4/20	To machinery a/c	1800000	1/4/20	by balance b/d	640000
31/3/21	to balance c/d	560000	31/3/21	By depreciation a/c	100000
		740000			740000

W.N Calculation of gain/loss

Original cost of machinery sold

600000

Less Provision for dep (60000*3)

180000

Book value on 1/4/20

420000

Less - sale proceeds

400000

Loss on sale of machinery

20000

Q20

Plant A/c (at cost)

Date	Particulars	Rs	Date	Particulars	Rs
1/4/22	To bank a/c	2400000	31/3/23	by balance c/d	2400000
1/4/23	To balance b/d	2400000	31/3/24	By balance c/d	2400000
1/4/24	To balance b/d	2400000	1/10/24	by bank a/c	90000
1/10/24	To bank a/c	316000	1/10/24	by prov for dep	36880
			1/10/24	loss on sale	33120
			31/3/25	by balance c/d	2556000
		2716000			2716000

Provision for depreciation a/c

Date	Particulars	Rs	Date	Particulars	Rs
31/3/23	To balance c/d	240000	31/3/24	by depreciation a/c	240000
31/3/24	To balance c/d	456000	1/4/23	by balance b/d	240000
			31/3/24	By depreciation	216000
		456000			456000
1/10/24	To machinery a/c(WN1)	36880	1/4/24	by balance b/d	456000
31/3/25	To balance	622840	1/10/24	by depreciation	6480

CA

	c/d			a/c (WN1)	
			31/3/25	by depreciation a/c	197240
		659720			659720

Q21

Truck A/c

Date	Particulars	Amount	Date	Particulars	Amount
2019			2019	By Bank A/c	35,00,000
Jan 1	To Balance b/d	3,50,00,000	Oct 1	By Depreciation on lost assets	7,50,000
Oct 1	To Profit & Loss A/c	7,50,000	Oct 1	By Depreciation A/c (W.Note 3)	93,00,000
Oct 1	Profit on settlement of Truck (W.Note 1)	60,00,000	Dec 31	By balance c/d	2,82,00,000
	To Bank A/c	**4,17,50,000**	Dec 31		**4,17,50,000**
2020			2020		
Jan 1	To Balance b/d	2,82,00,000	Dec 31	By Depreciation A/c (W.Note 3)	1,02,00,000
				By balance c/d	1,80,00,000
			Dec 31		
		2,82,00,000			**2,82,00,000**

Working Note:

- **Profit on settlement of truck :**

	Amount
Original cost as on 1.7.2017	50,00,000
Less: Depreciation for 2017 (6 months)	(5,00,000)
	45,00,000
Less: Depreciation for 2017	(10,00,000)
	35,00,000
Less: Depreciation for 2019 (9 months)	(7,50,000)
	27,50,000
Less: Amount received from Insurance company	(35,00,000)
Profit on settlement of truck	7,50,000

2.

Calculation of WDV of 10 trucks as on 01.01.2018

	Amount
WDV of 1 truck as on 31.12.2017 (Refer W.N 1)	35,00,000
WDV of 10 trucks as on 01.01.2018	3,50,00,000

3. Calculation for Depreciation for 2018 and 2019

	Amount
Depreciation for 2018	
On 9 trucks (50,00,000 9 20%)	90,00,000
On new truck (60,00,000 1 20% 312)	3,00,000
	93,00,000
	90,00,000
Depreciation for 2019	12,00,000
On 9 trucks (50,00,000 9 20%)	1,02,00,000
On new truck (60,00,000 1 20%)	

Q22

Q23 **H & S**

Q24 **H & S**

Q25 **H & S**

CA

Hints & Solutions

Q22 Text Solution:

Machinery Account

Date	Particulars	`	Date	Particulars	`
1.1.2022	To Bank a/c (97000+3000)	1,00,000	31.12.2022	By Depreciation a/c (10000+2500)	12,500
1.7.2022	To Bank a/c	50,000		By Balance c/d	137,500
		150,000			1,50,000
1.1.2023	To Balance b/d	137,500	31.12.2023	By Depreciation a/c (10000+5000)	15,000
				By Balance c/d	122,500
		137500			137500
1.1.2024	To Balance b/d	122,500	1.7.2024	By Cash/Bank a/c	
		75,000		By P&L (loss)	
				By Depreciation a/c (5000+3750)	50,000
				By Balance c/d	30,000
1.7.204	To Bank a/c		1.7.2024	By Depreciation a/c (15% of 217500)	8750
			31.12.2024	By Balance c/d	108750
		197500			197500
1.1.2025	To Balance b/d	108750	31.12.2024		16,312
			31.12.2025		92438
		108750	31.12.2025		108750

Q23 Text Solution:

Depreciation for 2021-22 to 2023-24= (Cost of machinery - Salvage value)/ Estimated life

= (100000-20000)/5 = 16000 per year

Value of asset on on 31.3.24 = 100000 - (16000*3) = 52000

Depreciation (4th year) = 52000 * 10% = 5200

Value of asset as on 31.3.25 = 52000 - 5200 = 46800

Depreciation (5th year) = 46800*10% = 4680

Valle of asset as on 31.3.26 = 46800-4680 = 42120

Q24 Text Solution:

Depreciation for year 21-22 and 22-23 = (500000-0) /5 = 100000 per year

Value of asset on 31.3.23 = 500000 - (100000*2) = 300000

remaining life of the asset = 5 years

so depreciation for remaining years will be = (300000 - 0) * 5 = 60000 per year

Q25 Text Solution:

Depreciation for year 21-22 and 22-23 = (500000-0) /5 = 100000 per year

Value of asset on 31.3.23 = 500000 - (100000*2) = 300000

Remaining useful life is = 3 years

Salvage value = 20000

Depreciation for remaining years will be = (300000 - 30000) / 3 = 90000 per year