Depreciation-PYQs, RTP and MTP

Special class

Sudhir Sachdeva • Nov 9, 2022

(b) On 1^{st} January, 2019 Kohinoor Transport Company purchased a Bus for ₹ 8,00,000. On 1^{st} July, 2020 this bus was damaged due to fire and was completely destroyed and ₹ 6,00,000 were received by a cheque from the Insurance Company in full settlement on 1^{st} October, 2020. On 1^{st} July, 2020 another Bus was purchased by the company for ₹ 10,00,000.

The Company charges Depreciation @ 20% per annum under the WDV Method. Calculate the amount of depreciation for the year ended 31^{st} March, 2021 and gain or loss on the destroyed Bus. **(5 Marks)**

(b) Calculation of Gain/Loss on Bus damaged by Fire

Particulars	₹
Original cost as on 1.1.2019	8,00,000
Less: Depreciation for 2018-19 (3 months)	(40,000)
WDV as on 31st March,2019	7,60,000
Less: Depreciation for 2019-20	(1,52,000)
WDV as on 31st March,2020	6,08,000
Less: Depreciation for 2020-21 (3 months)	(30,400)
WDV as on 1st July,2020	5,77,600
Less: Amount received from Insurance company	(6,00,000)
Gain on Bus damaged by Fire	22,400

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

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

Total depreciation **₹ 1,80,400**

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(b) M/s. Dayal Transport Company purchased 10 trucks @ ₹ 50,00,000 each on 1st July 2017. On 1st October, 2019, one of the trucks is involved in an accident and is 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. **(10 Marks)**

(b)

Truck A/c

Date	Particulars	Amount	Date	Particulars	Amount
2019			2019		
Jan-01	To balance b/d	35,000,000	Oct-01	By bank A/c	35,00,000
	To Profit & Loss A/c				
Oct-01	Profit on settlement of Truck (W.Note 1)	7,50,000	Oct-01	By Depreciation on lost assets	7,50,000
Oct-01	To Bank A/c	60,00,000	Dec-31	By Depreciation A/c (W Note 3)	93,00,000
			Dec-31	By balance c/d	2,82,00,000
		4,17,50,000			4,17,50,000

Date	Particulars	Amount	Date	Particulars	Amount
2020			2020		
Jan-01	To balance b/d	2,82,00,000	Dec-31	By Depreciation A/c (W Note 3)	1,02,00,000
			Dec-31	By balance c/d	1,80,00,000
		2,82,00,000			2,82,00,000

Working Note:

1. Profit on settlement of truck

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 x 9 x 20%)	90,00,000
On new truck (₹ 60,00,000 x 1 x 20% x 3/12)	3,00,000
	93,00,000
Depreciation for 2019	
On 9 tucks (₹ 50,00,000 x 9 x 20%)	
On new truck (Rs 60,00,000 x 1 x 20%)	90,00,000
	12,00,000
	1,02,00,000

(c) The balance of Machinery Account of a firm on 1st April, 2020 was ₹28,54;000. Out of this, a plant having book value of ₹2,16,000 as on 1st April, 2020 was sold on 1st July, 2020 for ₹82,000. On the same date a new plant was purchased for ₹4,58,000 and ₹22,000 was spent on its erection. On 1st November, 2020 a new machine was purchased for ₹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. **(4 Marks)**

(c) Calculation of depreciation for the year ended 31.3.21

	Machine I (28,54,000 - 2,16,000) ₹	Machine II Purchased on 1st July ₹	Machine III Purchased on 1st Nov ₹	Depreciation on sold machine IV ₹
Book value as on 1st April, 2020	26,38,000	4,80,000	5,60,000	2,16,000
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

(b) A Firm purchased an old Machinery for ₹ 37,000 on 1st January, 2015 and spent ₹ 3,000 on its overhauling. On 1st July 2016, another machine was purchased for ₹ 10,000. On 1st July 2017, the machinery which was purchased on 1st January 2015, was sold for ₹ 28,000 and the same day a new machinery costing ₹ 25,000 was purchased. On 1st July, 2018, the machine which was purchased on 1st July, 2016 was sold for ₹ 2,000.

Depreciation is charged @ 10% per annum on straight line method. The firm changed the method and adopted diminishing balance method with effect from 1st January, 2016 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 1st January, 2015. **(10 + 10 = 20 Marks)**

Machinery Account

		₹			₹
1.1.2015	To Bank A/c	37,000	31.12.2015	By Depreciation A/c	4,000
	To Bank A/c (overhauling charges)	3,000	31.12.2015	By Balance c/d	36,000
		40,000			40,000
1.1.2016	To Balance b/d	36,000	31.12.2016	By Depreciation A/c (₹ 5,400 + ₹ 750)	6,150
1.7.2016	To Bank A/c	10,000	31.12.2016	By Balance c/d (₹ 30,600 + ₹ 9,250)	39,850
		46,000			46,000

1.1.2017	To Balance b/d	39,850	1.7.2017	By Bank A/c(sale)	28,000
1.7.2017	To Bank A/c	25,000	1.7.2017	By Profit and Loss A/c (Loss on Sale – W.N. 1)	305
			31.12.2017	By Depreciation A/c (₹ 2,295 + ₹ 1,388 + ₹ 1,875)	5,558
				By Balance c/d (₹ 7,862 + ₹ 23,125)	30,987
		64,850			64,850

1.1.2018	To Balance b/d	30,987	1.7.2018	By Bank A/c (sale)	2,000
			1.7.2018	By Profit and Loss A/c (Loss on Sale – W.N. 1)	5,272
			31.12.2018	By Depreciation A/c (₹ 590 + ₹ 3,469)	4,059
			31.12.2018	By Balance c/d	19,656
		30,987			30,987

Book Value of machines

	Machine I ₹	Machine II ₹	Machine III ₹
Cost of all machinery	40,000	10,000	25,000
(Machinery cost for 2015)			
Depreciation for 2015	4,000		
Written down value as on 31.12.2015	36,000		
Purchase 1.7.2016 (6 months)		10,000	
Depreciation for 2016	5,400	750	
Written down value as on 31.12.2016	30,600	9,250	
Depreciation for 6 months (2017)	2,295		
Written down value as on 1.7.2017	28,305		
Sale proceeds	28,000		
Loss on sale	**305**		
Purchase 1.7.2017			25,000
Depreciation for 2017 (6 months)		1,388	1,875
Written down value as on 31.12.2017		7,862	23,125
Depreciation for 6 months in 2018		590	
Written down value as on 1.7.2018		7,272	
Sale proceeds		2,000	
Loss on sale		**5,272**	
Depreciation for 2018			3,469
Written down value as on 31.12.2018			**19,656**

Question 2

(a) *The Machinery Account of a Factory showed a balance of ₹ 95 Lakhs on 1st 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 1st September,2020 a new machine was acquired at a cost of ₹ 14 Lakhs and ₹ 44,600 was incurred on the same day as installation charges for erecting the machine. On 1st September,2020 a machine which had cost ₹ 21,87,000 on 1st April,2018 was sold for ₹ 3,75,000. Another machine which had cost ₹ 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. **(10 Marks)**

(a) **Plant and Machinery Account for the year ended 31st March,2021**

		₹			₹
01-04-20	To Balance b/d	95,00,000	01-09-20	By Bank (Sales)	3,75,000
01-09-20	To Bank (14,00,000 + 44,600)	14,44,600		By Depreciation (on sold machine)	73,811
				By Loss on sale	13,22,659
				By Loss on scrapping the machine	18,84,562
				By Depreciation (on Scrapped machinery)	81,938
				By Depreciation (Note iii)	6,60,471
				By Balance c/d	65,46,159
		109,44,600			109,44,600

Working Note:

(i)	Calculation of loss on sale of machine on 01-09-2020		
			₹
	Cost on 1-4-2018		21,87,000
	Less: Depreciation @ 10% on ₹ 21,87,000		(2,18,700)
	W.D.V. on 31-03-2019		19,68,300
	Less: Depreciation @ 10% on ₹ 19,68,300		(1,96,830)
	W.D.V. on 31-03-2020		17,71,470
	Less: Depreciation @ 10% on ₹ 17,71,470 for 5 months		(73,811)
			16,97,659
	Less: Sale proceeds on 01-09-2020		(3,75,000)
	Loss		13,22,659

(ii)	Calculation of loss on scrapped machine		
	Cost on 1-4-2019		21,85,000
	Less: Depreciation @ 10% on ₹ 21,85,000		(2,18,500)
	W.D.V. on 31-3-2020		19,66,500
	Less: Depreciation @ 10% on ₹19,66,500 for 5 months		(81,938)
	Loss		18,84,562
(iii)	Depreciation		
	Balance of machinery account on 1-4-2020		95,00,000
	Less: W.D.V of machinery sold	17,71,470	
	W.D.V. of machinery scrapped	19,66,500	(37,37,970)
	Balance of other machinery after sale and scrap on 1-4-2020		57,62,030
	Depreciation @ 10% on ₹ 57,62,030 for 12 months		5,76,203
	Depreciation @ 10% on ₹ 14,44,600 for 7 months		84,268
			6,60,471

(c) A Plant & Machinery costing ₹ 10,00,000 is depreciated on straight line assuming 10 year working life and zero residual value, for four years. At the end of the fourth year, the machinery was revalued upwards by ₹ 40,000. The remaining useful life was reassessed at 8 year. Calculate Depreciation for the fifth year. **(4 Marks)**

(c) **Calculation of depreciation for 5th year**

(a) Depreciation per year charged for four years = ₹ 10,00,000 / 10 = ₹ 1,00,000

(b) WDV of the machine at the end of fourth year = ₹ 10,00,000 – ₹ 1,00,000 × 4 = ₹ 6,00,000.

(c) Depreciable amount after revaluation = ₹ 6,00,000 + ₹ 40,000 = ₹ 6,40,000

(d) Remaining useful life as per previous estimate = 6 years

(e) Remaining useful life as per revised estimate = 8 years

(f) Depreciation for the fifth year and onwards = ₹ 6,40,000 / 8 = ₹ 80,000.

(c) X purchased a machinery on 1st January 2017 for ₹ 4,80,000 and spent ₹ 20,000 on its installation. On July 1, 2017 another machinery costing ₹ 2,00,000 was purchased. On 1st July, 2018 the machinery purchased on 1st January, 2017 having become scrapped and was sold for ₹ 2,90,000 and on the same date fresh machinery was purchased for ₹ 5,00,000. Depreciation is provided annually on 31st December at the rate of 10% p.a. on written down value. Prepare Machinery account for the years 2017 and 2018.

(4 Marks)

(c)

Machinery Account

Dr. 2017		₹	2017		Cr. ₹
Jan. 1	To Bank A/c	4,80,000	Dec. 31	By Depreciation A/c	60,000
Jan. 1	To Bank A/c – erection charges	20,000		By Balance c/d	6,40,000
July 1	To Bank A/c	2,00,000			
		7,00,000			7,00,000
2018			2018		
Jan. 1	To Balance b/d	6,40,000	July 1	By Depreciation on sold machine	22,500
July 1	To Bank A/c	5,00,000		By Bank A/c	2,90,000
				By Profit and Loss A/c	1,37,500
			Dec. 31	By Depreciation A/c	44,000
				By Balance c/d	6,46,000
		11,40,000			11,40,000

Book Value of Machines

	Machine I ₹	Machine II ₹	Machine III ₹
Cost	5,00,000	2,00,000	5,00,000
Depreciation for 2017	50,000	10,000	
Written down value	4,50,000	1,90,000	
Depreciation for 2018	22,500	19,000	25,000
Written down value	4,27,500	1,71,000	4,75,000
Sale Proceeds	2,90,000		
Loss on Sale	1,37,500		

Concept and Accounting of Depreciation

7. M/s Roxy purchased a brand new machinery on 1st January 2017 for ₹ 3,20,000 and also incurred ₹ 80,000 on its installation. Another machinery was purchased on 1st July 2017 for ₹ 1,60,000. On 1st July 2019, the machinery purchased on 1st January 2017 was sold for ₹ 2,50,000. Another machinery was purchased and installed on 30th September 2019 for ₹ 60,000.

   Under existing practice, the company provides for depreciation @10% p.a. on Original cost. However, from the year 2020 it decided to adapt WDV method and charge the depreciation @ 15% p.a. You are required to show the Machinery Account for the years 2019 and 2020 considering the books of accounts are closed on 31st December each year.

7. In the books of M/s Roxy

Machinery A/c

Date	Account	(in ₹)	Date	Account	(in ₹)
01.01.2019	To Balance b/d	4,56,000	01.07.2019	By Bank A/c	2,50,000
				By P&L A/c – Loss on Sale	50,000
30.09.2019	To Bank A/c	60,000	31.12.2019	By Depreciation	37,500
				By Balance c/d	1,78,500
		5,16,000			5,16,000
01.01.2020	To Balance b/d	1,78,500	31.12.2020	By Depreciation	26,775
			31.12.2020	By Balance c/d	1,51,725
		1,78,500			1,78,500

Working Note: Calculation of Book Value of Machines under SLM

	Machine 1	Machine 2	Machine 3
	(in ₹)	(in ₹)	(in ₹)
Date of Purchase	01.01.2017	01.07.2017	30.09.2019
Original Cost	4,00,000	1,60,000	60,000
Depreciation for 2017 (SLM)	(40,000)	(8,000)	
WDV on 31.12.2017	3,60,000	1,52,000	
Depreciation for 2018 (SLM)	(40,000)	(16,000)	
WDV on 31.12.2018	3,20,000	1,36,000	
Depreciation for 2019 (SLM)	(20,000)	(16,000)	(1,500)
WDV on 31.12.2019 (30th June for Machine1)	3,00,000	1,20,000	58,500
Sale Proceeds	(2,50,000)		
Loss on Sale	50,000		
Depreciation for 2020 (WDV @ 15%)	-	(18,000)	(8,775)
WDV on 31.12.2020	-	**1,02,000**	**49,725**

7. The M/s Nishant Transport purchased 10 Buses at ₹ 15,00,000 each on 1st April 2017. On October 1st, 2019, one of the Buses is involved in an accident and is completely destroyed and ₹ 7,00,000 is received from the insurance in full settlement. On the same date, another truck is purchased by the company for the sum of ₹ 18,00,000. The company write off 10% on the original cost per annum. The company observe the calendar year as its financial year.

You are required to prepare the buses account for two year ending 31 Dec, 2020.

7. **Buses A/c**

Date	Particulars	Amount	Date	Particulars	Amount
2019			2019		
Jan-01	To balance b/d	1,23,75,000	Oct-01	By bank A/c	7,00,000
Oct-01	To Bank A/c	18,00,000	Oct-01	By Depreciation on lost assets	1,12,500
			Oct-01	By Profit & Loss A/c (Loss on settlement of Bus)	4,25,000
			Dec-31	By Depreciation A/c	13,95,000
			Dec-31	By balance c/d	1,15,42,500
		1,41,75,000			1,41,75,000
2020			2020		
Jan-01	To balance b/d	1,15,42,500	Dec-31	By Depreciation A/c	15,30,000
			Dec-31	By balance c/d	1,00,12,500
		1,15,42,500			1,15,42,500

Working Note:

1. To find out loss/Profit on settlement of Bus

	₹
Original cost as on 1.4.2017	15,00,000
Less: Depreciation for 2017	1,12,500
	13,87,500
Less: Depreciation for 2018	1,50,000
	12,37,500
Less: Depreciation for 2019 (9 months)	1,12,500
	11,25,000
Less: Amount received from Insurance company	7,00,000
Loss on Settlement of Bus	4,25,000

7. A Firm purchased an old Machinery for ₹ 37,000 on 1^{st} January,2019 and spent ₹ 3,000 on its overhauling. On 1^{st} July 2020, another machine was purchased for ₹ 10,000. On 1^{st} July 2021, the machinery which was purchased on 1st January 2019, was sold for ₹ 28,000 and the same day a new machinery costing ₹ 25,000 was purchased. On 1^{st} July,2022, the machine which was purchased on 1^{st} July,2020 was sold for ₹ 2,000.

Depreciation is charged @ 10% per annum on straight line method. The firm changed the method and adopted diminishing balance method with effect from 1^{st} January,2020 and the rate was increased to 15% per annum. The books are closed on 31^{st} December every year.

Prepare Machinery account for four years from 1^{st} January,2019

(b) A Plant & Machinery costing ₹ 50,00,000 is depreciated on straight line assuming 10 year working life and zero residual value, for four years. At the end of the fourth year, the machinery was revalued upwards by ₹ 2,00,000. The remaining useful life was reassessed at 8th year. Calculate Depreciation for the fifth year. **(15 Marks +5 Marks= 20 Marks)**

(b) Calculation of depreciation for 5th year

Depreciation per year charged for four years = ₹ 50,00,000 / 10 = ₹ 5,00,000

WDV of the machine at the end of fourth year = ₹ 50,00,000 – ₹ 5,00,000 × 4 = ₹ 30,00,000.

Depreciable amount after revaluation = ₹ 30,00,000 + ₹ 2,00,000 = ₹ 32,00,000

Remaining useful life as per previous estimate = 6 years

Remaining useful life as per revised estimate = 8 years

Depreciation for the fifth year and onwards = ₹ 32,00,000 / 8 = ₹ 4,00,000.

(b) Anirudh and Associates purchased an old Machinery for Rs. 74,000 on 1st January, 2017 and spent Rs. 6,000 on its overhauling. On 1st July 2018, another machine was purchased for Rs. 20,000. On 1st July 2019, the machinery which was purchased on 1st January 2017, was sold for Rs. 56,000 and the same day a new machinery costing Rs. 50,000 was purchased. On 1st July, 2020, the machine which was purchased on 1st July, 2018 was sold for Rs. 4,000.

Depreciation is charged @ 10% per annum on straight line method. The firm changed the method and adopted diminishing balance method with effect from 1st January, 2018 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 1st January, 2017. **(10 Marks +10 Marks= 20 Marks)**

(b)

In the books of Anirudh and Associates

Machinery Account

		₹			₹
1.1.2017	To Bank A/c	74,000	31.12.2017	By Depreciation A/c	8,000
	To Bank A/c (overhauling charges)	6,000	31.12.2017	By Balance c/d	72,000
		80,000			80,000
1.1.2018	To Balance b/d	72,000	31.12.2018	By Depreciation A/c (₹ 10,800 + ₹ 1,500)	12,300
1.7.2018	To Bank A/c	20,000	31.12.2018	By Balance c/d (₹. 60,400+₹ 18,500)	79,700
		92,000			92,000

1.1.2019	To	Balance b/d	79,700	1.7.2019	By	Bank A/c(sale)	56,000
1.7.2019	To	Bank A/c	50,000	1.7.2019	By	Profit and Loss A/c- (Loss on Sale – W.N. 1)	610
				31.12.2019	By	Depreciation A/c (₹ 4,590 + ₹ 2,775 + ₹ 3,750)	11,115
					By	Balance c/d (₹ 15,725 +₹46,250)	61,975
			1,29,700				1,29,700
1.1.2020	To	Balance b/d	61,975	1.7.2020	By	Bank A/c (sale)	4,000
				1.7.2020	By	Profit and Loss A/c (Loss on Sale – W.N. 1)	10,545
				31.12.2020	By	Depreciation A/c (₹ 1,180 + Rs. 6,938)	8,118
				31.12.2020	By	Balance c/d	39,312
			61,975				61,975

2006 - Nov [3] (b) M/s ABC Limited of India, purchased a machine from U.S. Company for $15,000, on 1st April, 2003 when $1 = ₹40, the entire amount was payable in 5 annual instalments, payable every 31st March. Company charges depreciation @ 15% on WDV of the machine. After 2 years of purchase, due to exchange fluctuation, the revised rate become $1 = ₹50. Calculate depreciation and the revised liability for the financial year 2005-06.

(6 marks)

▲ 1 • Asked by Annu

Please help me with this doubt

...ments, payable every 31st March. Company charges depreciation @ 15% on WDV of the machine. After 2 years of purchase, due to exchange fluctuation, the revised rate become \$1 = ₹50. Calculate depreciation and the revised liability for the financial year 2005-06.

(6 marks)

Answer:

Revised liability due to exchange fluctuation:

	\$	₹
Original Liability as on 01.04.2003	15,000	6,00,000
Less: Paid on 31.03.2004	3,000	1,20,000
Liability as on 01.04.2004	12,000	4,80,000
Less: Paid on 31.03.2005	3,000	1,20,000
Liability as on 01.04.2005	9,000	3,60,000
Add: Liability increased due to exchange fluctuation \$1 = ₹(50 - 40) = ₹10 per \$	-	90,000
Revised Liability as on 01.04.2005	9,000	4,50,000

liability and deprecia...
on 1st April, 2005 on...

2018 - Nov [1] {...
depreciated on strai...
value, for four year...
revalued upwards b...
8 years. Calculate D...

Answer:

Depreciation per ye...
Depreciation on Su...
= ₹1,00,000 × 4 ye...
Book Value of Mac...
4th year = ₹10,00,0...
= ₹6,00,00...
Depreciable amou...
= 6,00,000 + 40,00...
= ₹6,40,000

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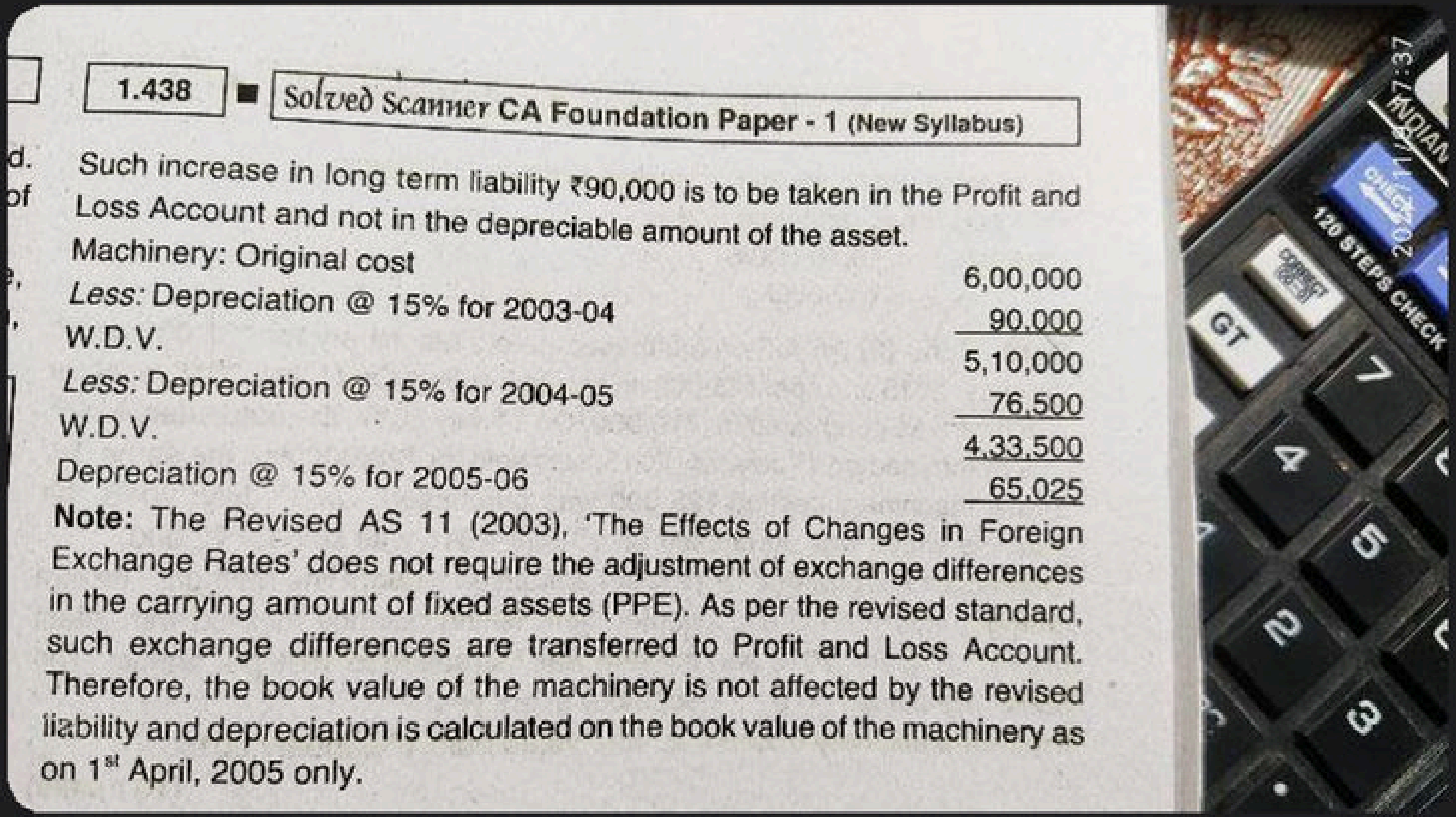
▲ 1 • Asked by Annu

Please help me with this doubt



1.438 ■ Solved Scanner CA Foundation Paper - 1 (New Syllabus)

Such increase in long term liability ₹90,000 is to be taken in the Profit and Loss Account and not in the depreciable amount of the asset.

Machinery: Original cost	6,00,000
Less: Depreciation @ 15% for 2003-04	90,000
W.D.V.	5,10,000
Less: Depreciation @ 15% for 2004-05	76,500
W.D.V.	4,33,500
Depreciation @ 15% for 2005-06	65,025

Note: The Revised AS 11 (2003), 'The Effects of Changes in Foreign Exchange Rates' does not require the adjustment of exchange differences in the carrying amount of fixed assets (PPE). As per the revised standard, such exchange differences are transferred to Profit and Loss Account. Therefore, the book value of the machinery is not affected by the revised liability and depreciation is calculated on the book value of the machinery as on 1st April, 2005 only.

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▲ 1 • Asked by Annu

Please help me with this doubt

... was changed on 1st January, 2002. Since, Machinery A existed on the date of change in method of depreciation, therefore, retrospective effect has also been given to it.

Note: As per the Accounting Standard 10 – "Property, Plant and Equipment", retrospective change in the method of depreciation is not possible. Therefore, such a question is not likely to come in the exam anymore. However, if such a question comes, students are advised to follow the solution which is given above.

2006 - Nov [3] (b) M/s ABC Limited of India, purchased a machine from U.S. Company for $15,000, on 1st April, 2003 when $1 = ₹40, the entire amount was payable in 5 annual instalments, payable every 31st March. Company charges depreciation @ 15% on WDV of the machine. After 2 years of purchase, due to exchange fluctuation, the revised rate become $1 = ₹50. Calculate depreciation and the revised liability for the financial year 2005-06.

(6 marks)

Answer:

Revised liability due to exchange fluctuation:

	$	₹
Original Liability as on 01.04.2003	15,000	6,00,000
Less: Paid on 31.03.2004	3,000	1,20,000

SHAYRIMAN 4:21 PM

Inka Teaching Style hai bada DUMDAAR,
IRSHAAD IRSHAAD,
Inka Teaching Style hai bada DUMDAAR,
Inke paas hai Accounting Or Law ke gyaan ka BHARMAAR,
Apne gyaan se students ko banaate hai HOSHIYAAR,
Students ko dete hai Motivation ka BHANDAAR,
So Ladies & Gents please hands together for SUDHIR SACHDEVA SIR with lots of PYAAR