

VAISHALI EDUCATION POINT

{QUALITY EDUCATION PROVIDER}

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DEPRECIATION

Class :- XI

Subject :- Accountancy

QNo.

Questions

- 1 Modern Ltd. purchased a machinery on 1st May, 2003 for Rs. 60,000. On 1st July, 04 it purchased another machine for Rs. 20,000. On 31st March 2005, it sold the first machine purchased in 2003 for Rs. 38,500. Depreciation is provided at 20% p.a. on the original cost each year. Accounts are closed on 31st Dec. every year. Prepare Machinery A/c for three years.
- 2 Bhushan & Company purchased a Machinery on 1st January, 1990, for Rs. 54,000 and spent Rs. 6,000 on its installation. On 1st September, 1991, it purchased another machine for Rs. 30,000.
On 31st March, 1992, the first machine purchased on 1st January, 1990, is sold for Rs. 36,000 and on the same date it purchased a new machinery for Rs. 80,000. On September 1, 1993, the second machine (purchased on September 1, 1991) was also sold off for Rs. 26,000.
Depreciation was provided on machinery @ 10% p.a. on Original Cost Method annually on 31st December, Give the machinery account from 1990 to 1993.
- 3 From the following transactions of a concern, prepare Machinery Account for the year ending 31st December, 1983:-

1983	
January 1	: Purchased a second-hand machinery for Rs. 40,000.
January 1	: Spent Rs. 10,000 on repairs for making it serviceable.
June 30	: purchased additional new machinery for Rs. 20,000.
Sept. 30	: Repairs and renewals of machinery Rs. 2,000.
Dec. 31	: Depreciate the machinery at 10% p.a.
- 4 On 1st April, 1990, Geeta Paper Limited purchased a Plant for Rs. 1,50,000 and paid Rs. 10,000 as freight on its carriage. Depreciation was provided at 10% p.a. on the Written Down Value Method on this plant. On 1st July, 1993, this plant was sold for Rs. 80,000.
Prepare Plant A/c from 1990 to 1993, assuming that the books are closed on 31st December every year.
- 5 A firm purchased on 1st Jan., 1989, a second-hand Machinery for Rs. 36,000 and spent Rs. 4,000 on its installation. On 1st July in the same year another Machinery costing Rs. 20,000 was purchased. On 1st July, 1991, the Machinery bought on 1st Jan., 1989 was sold off for Rs. 12,000 and on the same date a fresh Machine was purchased for Rs. 64,000. Depreciation is provide annually on 31st Dec., @ 10% p.a. on the Written Down Value Method. Show the Machinery A/c from 1989 to 1992.

- 6 (a) Stat four main causes of providing depreciation.
 (b) A Company purchased a machinery for Rs. 50,000 on 1st July 1988. Another machinery costing Rs. 10,000 was purchased on 1st Sept. 1989. On 31st Dec., 1990, the machinery purchased in 1988 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 on 31st Dec. every year. Prepare Machinery account for 3 years.
- 7 Raja Textiles Co. which closes its books on 31st December, purchased a machine on 1-1-1988 for Rs. 50,000. On 1-7-1989, it purchased an additional machine for Rs. 30,000. The part of the machine which was purchase on 1-1-1988 costing Rs. 10,000 was sold for Rs. 3,600 on 30th June, 1991. Prepare the Machine Account for four years, if the depreciation is provided at the rate of 10% p.a. on Diminishing Balance Method.
- 8 A Company, whose accounting year is the calendar year, purchased on 1st April, 1988, machinery costing Rs. 30,000. It purchased further machinery on 1st October, 1988, costing Rs. 20,000 and on 1st July, 1989, costing Rs. 10,000. On 1st January, 1990, one-third of the machinery installed on 1st April, 1988, became absolute and was sold for Rs. 3,000.
 Show how the machinery account would appear in the books of the Company, it being given that machinery was depreciated by Diminishing Balance Method at 10% per annum. What would be the balance of Machinery Account on 1st Jan., 1991?
- 9 On 1st January 1998, a Company purchased 6 machines for Rs. 50,000 each. Depreciation at the rate of 10% p.a. is charged on Straight Line Method. The accounting year of the Company ends on 31st December and the depreciation is credited to a separate 'Provision for depreciation Account.'
 On 1st July, 2000, one machine was sold for Rs. 30,000 and on 1st January, 2001 a second machine was sold for Rs. 24,000.
 You are required to prepare Machine Account and Provision for Depreciation Account for the years 1998 to 2001.
- 10 A company purchased second-hand machinery on 1st February 1998 for Rs. 5,85,000 and immediately spent Rs. 15,000 on its erection. On 1st July 1999, it purchased another machine for Rs. 4,00,000. On 30th April 2000, it sold off the first machine for Rs. 2,50,000 and bought another for Rs. 4,20,000. On 1st August 2001. the second machine was also sold off for Rs. 3,00,000. Depreciation was provided on the machinery @ 15% p.a. on Equal Instalment Method.
 Show the Machinery Account, Depreciation Account and Provision for Depreciation Account assuming that the books are closed on 31st December every year.
- 11 Binny Textiles Ltd. Which depreciates its machinery at 20% p.a. on diminishing balance method, purchased a machine for Rs. 6,00,000 on 1st July 1998. It closes its books on 31st December every year. On 1st October 1999, It purchased another machine for Rs. 1,50,000. On 1st September 2000, one-third of the machinery purchased on 1st July 1998 was sold for Rs. 80,000.
 You are required to prepare Machinery A/c and Provision for Depreciation A/c for the relevant years.

12 The following balances appear in the books of Y Ltd.:

	Rs.
Machinery A/c as on 1-4-2001	8,00,000
Provision for Depreciation A/c as on 1-4-2001	3,10,000

On 1-7-2001, a machinery which was purchased on 1-4-1998 for Rs. 1,20,000 was sold for Rs. 50,000 and on the same date another machinery was purchased for Rs. 3,20,000.

The firm has been charging depreciation at 15% p.a. on Original Cost Method and closes its books on 31st March every year. Prepare the Machinery A/c and Provision for Depreciation A/c for the year ending 31st March 2002.

13 On 1st April 1999, X Ltd. purchased a machinery for 15,00,000. Depreciation is provided @ 20% p.a. on the original cost of the machinery and books are closed on 31st December each year. On 28th February 2001, a part of this machine purchased on 1st April 1999 for Rs. 3,60,000 was sold for Rs. 2,40,000 and on the same date new machinery was purchased for Rs. 4,20,000. You are required to prepare (a) Machinery Account, (b) Provision for Depreciation Account, and (c) Machinery Disposal Account.

14 On 1st March 1999, Kedarnath Bros. Purchased a machinery for Rs. 27,00,000. Depreciations is provided @ 10% p.a. diminishing balance method and the books are closed on 31st Dec. each year. On 1st July 2001, a part of the machinery purchased on 1st March 1999 for Rs. 6,00,000 was sold for Rs. 3,50,000 and on the same date another machinery was purchased for Rs. 8,00,000. You are required to show (i) Machinery A/c, (ii) Provision for Dep. A/c, and (iii) Machinery Disposal A/c.