

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 Apr 01	To Bank A/c		40,000	2013 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 Apr 01	To Balance b/d		41,000	2014 Mar 31	By Depreciation A/c		4,000
			41,000		By Balance c/d		37,000
2014 Apr 01	To Balance b/d		37,000	2014 Mar 31	By Depreciation A/c		4,000
			37,000	Mar 31	By Balance c/d		33,000
							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 Apr 01	To Bank A/c		55,000	2012 Mar 31	By Depreciation A/c Furniture 1		5,000
				Mar 31	By Balance c/d Furniture 1		50,000
			55,000				55,000
2012 Apr 01	To Balance b/d Furniture 1		50,000	2013 Mar 31	By Depreciation A/c Furniture 1	5,000	
Apr 01	To Bank A/c Furniture 2		9,500		Furniture 2	900	5,900
				Mar 31	By Balance c/d Furniture 1	45,000	
					Furniture 2	8,600	53,600
			59,500				59,500
2013 Apr 01	To Balance b/d Furniture 1	45,000		2014 Mar 31	By Depreciation A/c 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	
			53,600		Furniture 2	7,700	47,700
							53,600
2014 Apr 01	To Balance b/d Furniture 1	40,000		2015 Mar 31	By Depreciation A/c 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 :

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

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

$$\text{Depreciation on F3} = \frac{8,400 - 400 \text{ (Scrap Value)}}{10 \text{ Years}} = 800 \text{ p.a.}$$

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

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

Working Notes:

1. Calculation of Depreciation

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

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

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

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**

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

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:

- The Depreciation expense for the year ended 31st March, 2010.
- The net book value of the asset on 31st March, 2014.
- 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 Apr 01	To Bank A/c		10,500	2010 Mar 31	By Depreciation A/c		1,000
				Mar 31	By Balance c/d		9,500
			10,500				10,500
2010 Apr 01	To Balance b/d		9,500	2011 Mar 31	By Depreciation A/c		1,000
				Mar 31	By Balance c/d		8,500
			9,500				9,500
2011 Apr 01	To Balance b/d		8,500	2012 Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		7,500
			8,500				8,500
2012 Apr 01	To Balance b/d		7,500	2013 Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		6,500
			7,500				7,500
2013 Apr 01	To Balance b/d		6,500	2014 Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		5,500
			6,500				6,500
2014 Apr 01	To Balance b/d		5,500	2015 Mar 31	By Depreciation A/c		1000
				Mar 31	By Balance c/d		6,500
			5,500				5,500
2015 Apr 01	To Balance b/d		4,500	2016 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

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

Question 6.

Modern Ltd. purchased machinery on 1st July Rs.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 July 01	To Bank A/c Machinery 1		60,000	2004 Mar 31	By Depreciation A/c Machinery 1 (for 8 months)		8,000
				Mar 31	Balance c/d		52,000
			60,000				60,000
2004 Apr 01	To Balance b/d		52,000	2004 Mar 31	By Depreciation A/c Machinery 1	12,000	
Oct 1	To Bank A/c Machinery 2		20,000		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 Apr 01	To Balance b/d			2005 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 Machinery 2		4,000
				Mar 31	By Balance c/d		14,000
June 01	To Profit and Loss A/c (profit)		1,500				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 July 01	To Bank A/c Plant I		60,000	2011 Mar 31	By Depreciation A/c Plant I for 9 months Plant II for 3 months		4,500 1,000
2011 Jan 01	To Bank A/c Plant II		40,000	Mar 31	By Balance c/d Plant I Plant II	55,500 39,000	94,500
			1,00,000				1,00,000
2011 Apr 01	To Balance b/d Plant I Plant II	55,500 39,000	94,500	2012 Mar 31	By Depreciation A/c Plant I Plant II Plant III	6,000 4,000 1,000	11,000
Oct 01	To Bank A/c Plant III		20,000	Mar 31	By Balance c/d Plant I Plant II Plant III	49,500 35,000 19,000	1,03,500
			1,14,500				1,14,500
2011 Apr 01	To Balance b/d Plant I Plant II Plant III	49,500 35,000 19,000	1,03,500	2012 Apr 01	By Bank A/c		6,000
				Apr 01	By Profit and Loss A/c (loss)		10,500
				2013 Mar 31	By Depreciation A/c Plant I Plant II Plant III	4,000 4,000 2,000	10,000
				Mar 31	By Balance c/d Plant I Plant II Plant III	29,000 31,000 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 Apr 01	To Bank A/c Van I		65,000	2011 Mar 31	By Depreciation A/c Van I		6,500
			65,000	Mar 31	By Balance Van I		58,500
2011							65,000
Apr 01	To Balance b/d Van I		58,500	2012			
Oct 01	To Bank A/c Van II		70,000	Mar 31	By Depreciation A/c Van I	6,500	
					Van II (for 6 month)	3,500	10,000
				Mar 31	By Balance c/d Van I	52,000	
			1,28,500		Van II	66,500	1,18,500
2012							1,28,500
Apr 01	To Balance b/d Van I		1,18,500	2012			
	Van II	52,000		Apr 01	By Bank A/c Van I		45,000
		66,500		Apr 01	By Profit and Loss A/c (Loss on sale)		7,000
Apr 01	To Bank A/c Van III		1,70,000	2013			
				Mar 31	By Depreciation A/c Van II	7,000	
			2,88,500		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

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. 01, 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 1st 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 Apr 01	To Bank A/c Machinery I		30,000	2004 Mar 31	By Depreciation A/c Machinery I (for 9 months)	2,250	
2004 Jan 1	To Bank A/c Machinery II		20,000	Mar 31	Machinery II	500	2,750
			50,000	Mar 31	By Balance c/d		
					Machinery I	27,750	
2004 Apr 01	To Balance b/d Machinery I				Machinery II	19,500	47,250
	Machinery II		19,500				50,000
			47,250	2005 Mar 31	By Depreciation A/c		
Oct 01	To Bank A/c Machinery III		10,000		Machinery I	3,000	
			57,250		Machinery II	2,000	
					Machinery III	500	5,500
2005 Apr 01	To Balance b/d			Mar 31	By Balance c/d		
	Machinery I		24,750		Machinery I	24,750	
	Machinery II		17,500		Machinery II	17,500	
	Machinery III		9,500		Machinery III	9,500	51,750
			51,750				57,250
				2005 Apr 01	By Bank A/c Machinery I (1/3 rd portion)		3,000
				Apr 01	By Profit and Loss A/c (Loss on Sale)		5,250
				2006 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

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

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

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

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

Calculation of profit or loss a sale of 1/3rd 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 July 01	To Bank A/c Machinery I (20,000+3,000)		23,000	2012 Mar 31	By Depreciation A/c Machinery I (for 9 months) 1,725 Machinery II (for 3 months) 300		2,025
2012 Jan 01	To Bank A/c Machinery II		12,000	Mar 31	By Balance A/c Machinery I 21,275 Machinery II 11,700		32,975
			35,000				35,000
2012 Apr 01	To Balance b/d Machinery I 21,275 Machinery II 11,700		32,975	2013 Mar 31	By Depreciation A/c I Machinery I 2,300 Machinery II 1,200		3,500
			32,975	Mar 31	By Balance A/c Machinery I 18,975 Machinery II 10,500		29,475
2013 Apr 01	To Balance c/d Machinery I 18,975 Machinery II 10,500		29,475				32,975
			44,475	2013 June 30	By Bank A/c Machinery II		8,000
July 01	To Bank A/c Machinery III		5,000	June 30	By Depreciation A/c Machinery II (for 3 months)		300
July 01	To Creditors for Machinery A/c (Machinery III)		10,000	June 30 2014	By Profit and Loss A/c (Loss)		2,200
			44,475	Mar 31	By Depreciation A/c 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

Working Notes

1. Calculation of Depreciation

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

$$\text{Machine (II)} = 12,000 \times \frac{10}{100} = 1,200 \text{ p.a.}$$

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

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	1,28,000			Machinery I (6 Moths)		
	Machinery II	68,000	1,96,000	Oct 1	By Bank A/c		1,04,000
Oct 01	To Bank A/c			Oct 1	By Profit and Loss (Loss)		16,000
	Machinery III		2,00,000	2014			
				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.	₹	Date	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 purchased 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 Apr 01	To Balance b/d (64,000 + 16,000)		80,000	2014 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 Apr 01	To Machinery A/c (Accumulated dep. On Machine Sold)		6,400	2014 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 Apr 01	To Balance b/d		20,00,000	2012 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 Apr 01	To Machinery A/c		2,25,000	2012 Apr 01	By Balance b/d		8,00,000
2013 Mar 31			9,25,000	2013 Mar 31	By Depreciation A/c (for the year)		1,25,000
							9,25,000

Question 14.

Following balances appear in the books 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 Apr 01	To Balance b/d (4,00,000 + 1,00,000)		5,00,000	2001 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
			7,00,000	2002 Mar 31	By Balance c/d		6,00,000
							7,00,000

Provision for Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2001 Oct 02	To Machinery A/c		32,500	2001 Apr 01	By Balance b/d		2,25,000
2002 Mar 31	To Balance c/d		2,47,500	2013 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 Depreciation 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, from 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, 60,000 @ 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 Dec 31	By Depreciation A/c By Balance c/d		200 3,800
			4,000				4,000
II year Jan 01	To Balance b/d		3,800	II Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		200 3,600
			3,800				3,800
III year Jan 01	To Balance b/d		3,600	III Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		200 3,400
			3,600				3,600
IV Year Jan 01	To Balance b/d		3,400	IV Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		200 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 Dec 31	By Depreciation A/c By Balance c/d		200 3,800
			4,000				4,000
II year Jan 01	To Balance b/d		3,800	II Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		190 3,610
			3,800				3,800
II year Jan 01	To Balance b/d		3,610	III Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		181 3,429
			3,610				3,610
IV year Jan 01	To Balance b/d		3,429	IV Year Dec. 31 Dec. 31	By Depreciation A/c By Balance c/d		171 3,258
			3,429				3,429

Note : Depreciation p.a. = 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 Dec 31	By Depreciation A/c By Balance c/d		2,000 18,000
			20,000				20,000
II year Jan 01	To Balance b/d		18,000	II Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		1,800 16,200
			18,000				18,000
II year Jan 01	To Balance b/d		16,200	III Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		1,620 14,580
			16,200				16,200

Question 18.

Babu purchased on 1st April, 2006, a machine for 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 Apr 01 Oct 01	To Bank A/c To Bank A/c		6,000 5,000	2007 Mar 31	By Depreciation A/c Machinery I Machinery II (for 6 months) By Balance c/d Machinery I Machinery II		600 250 850 5,400 4,750
			11,000				11,000
2007 Apr 01	To Balance b/d Machinery I Machinery II		5,400 4,750	2007 Oct 01 Oct 01 Oct 01 2008 Mar 31 Mar 31	By Depreciation A/c Machinery I (for 6 months) By Bank A/c By Profit and Loss A/c (Loss) By Depreciation A/c Machinery II By Balance c/d		270 4,000 1,130 475 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 Apr 01	To Bank A/c (23,000 +2,000)		25,000	2007 Mar 31 Mar 31	By Depreciation A/c (25,000 × 20%) By Balance c/d		5,000 20,000
			25,000				25,000
2007 Apr 01	To Balance b/d		20,000	2008 Mar 31	By Depreciation A/c (20,000 ×20%) By Balance c/d		4,000 16,000
			20,000				20,000
2008 Apr 01	To Balance b/d		16,000	2009 Mar 31 Mar 31 Mar 31	By Depreciation A/c (16,000 ×20%) By Bank A/c By Profit and Loss A/c (Loss)		3,200 10,800 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 Jan 01	To Bank A/c (25,000 + 5,000 + 1,000 + 3,500 + 500)		35,000	I Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		3,500 31,500
			35,000				35,000
II Year Jan 01	To Balance b/d		31,500	II Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		3,150 28,350
			31,500				31,500
III Year Jan 01	To Balance b/d		28,350	III Year Dec 31 Dec 31	By Depreciation A/c By Balance c/d		2,835 25,515
			28,350				28,350
IV Year Jan 01 Dec 31	To Balance b/d To Profit and Loss (Profit)		25,515 4,485	IV Year Jan 01	By Bank A/c (30,500 - 500 brokerage)		30,000
			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 Oct 01	To Bank A/c Machinery I		50,000	2009 Mar 31 Mar 31	By Depreciation A/c (for 6 Months) By Balance c/d		3,750 46,250
			50,000				50,000
2009 Mar 31	To Balance b/d Machinery I		46,250	2010 Mar 31	By Depreciation A/c Machinery I Machinery II	6,938 500	7,438
Dec 01	To Bank A/c Machinery II		10,000	Mar 31	By Balance c/d Machinery I Machinery II	39,312 9,500	48,812
			56,250				56,250
2010 Apr 01	To Balance b/d Machinery I Machinery II	39,312 9,500	48,812	2010 Mar 31	By Depreciation A/c Machinery I Machinery II	5,897 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
			48,812	Mar 31	By Balance c/d Machinery II		8,075
							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	2,300
	Machinery 2	Oct. 01, 2006	10,000	6	500	
2007-08	Machinery 1	April 01, 2005	16,200 (18,000 - 1,800)	12	1,620	3,070
	Machinery 2	Oct. 01, 2006	9,500	12	950	
	Machinery 3	Apr. 01 2007	5,000	12	500	

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 Oct 01	To Bank A/c b/d (M1) To Bank A/c Machinery 2		18,000 10,000	2006 Mar 31	By Depreciation A/c Machinery 1 $\left(10,000 \times \frac{10}{100} \times \frac{6}{12}\right)$ Machinery 2 By Balance c/d Machinery 1 Machinery 2	1,800 500 16,200 9,500	 2300 25,700
			28,000				28,000
2007 Apr 01	To Balance b/d Machinery 1 Machinery 2		16,200 9,500	2008 Mar 31	By Depreciation A/c Machinery 1 Machinery 2 Machinery 3 By Balance c/d Machinery 1 Machinery 2 Machinery 3	1,620 950 500 14,580 8,550 4,500	 3,070 27,630
Apr 01	To Bank A/c (Machinery 3)		5,000	Mar 31			
			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 July 01	To Bank A/c Machinery I (3/4) Machinery I (1/4)			2011-12 Mar 31	By Depreciation A/c Machinery I (3/4) for(9 months) Machinery I (1/4) for(9 months)		
	1,35,000 45,000		1,80,000		10,125 3,375		13,500
				Mar 31	By Balance c/d Machinery I (3/4) Machinery I (1/4)		
					1,24,875 41,625		1,66,500
			1,80,000				1,80,000
2012-13 Apr 01	To Balance b/d Machinery I (3/4) Machinery I (1/4)			2013-14 Mar 31	By Depreciation A/c Machinery I (3/4) Machinery I (1/4)		
	1,24,875 41,625		1,66,500		12,488 4,162		16,650
				Mar 31	By Balance c/d Machinery I (3/4) Machinery I (1/4)		
					1,12,387 37,463		1,49,850
			1,66,500				1,66,500
Apr 01	To Balance b/d Machinery I (3/4) Machinery I (1/4)			2013-14 Oct 01	By Depreciation A/c I (1/4)		1,873
	1,12,387 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			
July 01	To Balance b/d Machinery I (1,80,000+ 20,000)		2,00,000	Mar. 31	By Depreciation A/c (for 9 months) Machinery I		15,000
			2,00,000	Mar. 31	By Balance c/d		1,85,000
							2,00,000
2012-13				2012-13			
Apr 01	To Balance b/d Machinery I		1,85,000	Mar 31	By Depreciation A/c Machinery I	18,500	
Apr 01	To Bank A/c Machinery II		2,40,000		Machinery II	24,000	42,500
				Mar 31	By Balance c/d		
					Machinery I	1,66,500	
			4,25,000		Machinery II	2,16,000	
							3,82,500
2013-14				2013-14			
Apr 01	To Balance b/d Machinery I		1,66,500	Oct 01	By Depreciation A/c Machinery I (for 6 months)		8,325
				Oct 1	By Bank A/c Machinery I		1,45,000
	Machinery II		2,16,000		By Profit and Loss A/c (Loss)		13,175
			3,82,500	Mar 31	By Depreciation A/c Machinery II	21,600	
Jan 01	To Bank A/c 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	
			7,82,500				5,84,400
							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

Dr.				Cr.			
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		Machinery I		60,000
			8,00,000		Machinery II (for 6 months)		10,000
				Mar 31	By Balance c/d		
					Machinery I		5,40,000
					Machinery II		1,90,000
			8,00,000				7,30,000
							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		Machinery II		19,000
			7,30,000	Mar 31	By Balance c/d		
					Machinery I		4,86,000
					Machinery II		1,71,000
			7,30,000				6,57,000
							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	Oct 01	By Profit and Loss A/c(Loss)		1,75,700
			6,57,000	Mar 31	By Depreciation A/c		
Oct 01	To Bank A/c		4,00,000		Machinery II		17,100
	Machinery III				Machinery III		20,000
				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 Oct 01	To Bank A/c Machinery I (3/4) Machinery I(1/4)			2014 Mar 31	By Depreciation A/c Machinery I (3/4) (for 6months) Machinery I (1/4) (for 6 months)		
	30,000 10,000		40,000		1,500 500		2,000
				Mar 31	By Balance c/d Machinery I (3/4) Machinery I (1/4)		
					28,500 9,500		38,000
			40,000				40,000
2014 Apr 01	To Balance b/d Machinery I (3/4) Machinery I(1/4)			2015 Mar 31	By Depreciation A/c Machinery I (3/4) Machinery I (1/4)		
	28,500 9,500		38,000		2,850 9,50		3,800
				Mar 31	By Balance c/d Machinery I (3/4) Machinery I (1/4)		
					25,650 8,550		34,200
			38,000				38,000
2015 Apr 01	To Balance b/d			2016 Jan 31	By Depreciation A/c Machinery I (1/4) (for 10 Months)		713
				Jan 31	By Bank A/c Machinery I (1/4) By Profit and Loss A/c (Loss)		5,600 2,237
	Machinery I (3/4) Machinery I(1/4)		34,200	Mar 31	By Depreciation A/c Machinery I (3/4) Machinery II (for 2 months)		
	25,650 8,550				2,565 250		2,815
			15,000	Mar 31	By Balance c/d Machinery I (3/4) Machinery II		
Jan 31	To Bank A/c				23,085 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 Apr 01	To Bank A/c Plant I		80,000	2014 Mar 31	By Depreciation A/c Plant I		8,000
				Mar 31	By Balance c/d		72,000
			80,000				80,000
2014 Apr 01 July 01	To Balance b/d Plant I To Bank A/c Plant II		72,000 48,000	2015 Mar 31	By Depreciation A/c Plant I Plant II (for 9 months)	7,200 3,600	10,800
				Mar 31	By Balance c/d Plant I Plant II	64,800 44,400	1,09,200
			1,20,000				1,20,000
2015 Apr 01 Apr 01	To Balance b/d Plant I Plant II		64,800 44,400	2015 Dec 01	By Depreciation A/c Plant I (for 8 months)		4,320
			1,09,200	Dec 1	By Bank A/c		42,000
				Dec 1	By Profit and Loss A/c (Loss)		18,480
Dec 01	To Bank A/c Plant III		75,000	2016 Mar 31	By Depreciation A/c Plant II Plant III (for 4 months)	4,440 2,500	6,940
				Mar 31	By Balance c/d Plant II Plant III	39,960 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 01	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 Oct 01	To Bank A/c (25,000 + 5,000 + 1,000+4,000)		35,000	2011 Mar 31 Mar 31	By Depreciation A/c (for 6 months) By Balance c/d		1,750 33,250 35,000
2011 Apr 01	To Balance b/d		33,250	2012 Mar 31 Mar 31	By Depreciation A/c By Balance c/d		3,325 29,925 33,250
2012 Apr 01 2013	To Balance b/d Profit and Loss A/c (Profit on Sale)		29,925 3,068 32,993	2013 Mar 01 Mar 31	By Depreciation A/c By Bank A/c (30,500 - 500)		2,993 30,000 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 Apr 01	To Balance b/d	10,00,000	2015 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 Apr 01	To Balance c/d	5,95,000	2014 Apr 01 2015 Mar 31	By Balance b/d By Depreciation A/c	5,50,000 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 = 5,50,000Value of Machinery on April 01, 2014 = 4,50,000Depreciation Rate = 10% on WDVAmount 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 Apr 01	To Balance b/d	10,00,000	2015 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
		6,00,000	2015 Mar 31	By Depreciation A/c (W/N)	50,000
					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

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:

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

On 1st April, 2012, they decided to dispose off a machinery for ₹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. Amrta
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 Oct 01	To Bank A/c Machinery I (part 1) 2,30,000 Machinery I (part 2) 20,000		2,50,000	2012 Mar 31	By Depreciation A/c Machinery I (part 1) (for 6 months) 11,500 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 Apr 01	To Balance b/d Machinery I (part 1) 2,18,500 Machinery I (part 2) 19,000		2,37,500	2013 Mar 31	By Depreciation A/c Machinery I (part 1) 21,850 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 Apr 01	To Balance b/d Machinery I (part 1) 1,96,650 Machinery I (part 2) 17,100		2,13,750	2014 Jan 01	By Depreciation A/c Machinery I (part 2) (for 9 months)		1,283
				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 Apr 01	To Bank A/c Machinery I		1,50,000	2006 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 Apr 01	To Balance b/d		2,00,000	2007 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 Machinery I Machinery II			2006 Mar 31	By Depreciation A/c Machinery I Machinery II (for 6 months)		
	15,000 2,500		17,500		15,000 2,500		17,500
			17,500				17,500
2007 Mar 31	To Balance c/d Machinery I Machinery II			2006 Mar 31	By Balance b/d Machinery I Machinery II		
	30,000 7,500		37,500		15,000 2,500		17,500
			37,500	2007 Mar 31	By Depreciation A/c Machinery I Machinery II		
					15,000 5,000		20,000
							37,500
2007 Sep 30 Mar 31,08	To Machinery disposal A/c To Balance c/d		10,000 45,000	2007 Apr 01	By Balance b/d Machinery I Machinery II		
					30,000 7,500		37,500
				Sep 30 2008 Mar 31,	By Depreciation A/c Machinery II By Deprecation A/c Machinery I		2,500 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				2011			
Apr 01	To Balance b/d		3,00,000	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 M6	2,40,000 1,00,000	3,40,000
			4,00,000				4,00,000
2012				2012			
Apr 01	To Balance b/d M2 - M5 M6	2,40,000 1,00,000	3,40,000	Apr 2012 Mar 31	By Machinery Disposal A/c (M 2) By Balance c/d M3- M5 M 6	 1,80,000 1,00,000	60,000 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				2012 Mar 31	By Depreciation A/c M2 - M5 M6	24,000 5,000	29,000
	To Balance c/d M2 -M5 M6	48,000 5,000	53,000				59,000
			59,000	2012 Apr 01	By Balance b/d M3- M5 M6	 48,000 5,000	53,000
2012 Apr 01	To Machinery Disposal A/c (M 2) (Accumulated Depreciation on Machinery Costing Rs.60,000)		12,000				
2013 Mar 31	To Balance c/d M3- M5 M6	54,000 15,000	69,000	2013 Mar 31	By Depreciation A/c M3-M5 M6	18,000 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				2012			
Apr 01	To Machinery A/c		60,000	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