



additions were made to the amount of ₹ 20,000. Depreciation was provided at 10% p.a. on the Diminishing Balance Method.

Show the Machinery Accounts for three years from 2011-2013. (year ended 31st December)

Solution:

Statement of Depreciation

Date	Particulars	Machines – I Cost = ₹ 80,000		Machines – II Cost = ₹ 40,000		Machines – III Cost = ₹ 20,000	Total Depreciation
		₹	₹	₹	₹	₹	₹
01.01.2011	Book Value	48,000	32,000				
31.12.2011	Depreciation	4,800	3,200				8,000
01.01.2012	W.D.V.	43,200	28,800				
01.07.2012	Purchase			28,000	12,000		
31.12.2012	Depreciation	4,320	2,880	1,400	600		9,200
01.01.2013	W.D.V.	38,880	25,920	26,600	11,400		
31.03.2013	Depreciation				285		285
	W.D.V.				11,115		
	Sold For				11,000		
	Loss on sale				115		
30.06.2013	Depreciation		1,296				1,296
	W.D.V.		24,624				
	Sold For		26,700				
	Profit on Sale		2,076				
01.10.2013	Purchase					20,000	
31.12.2013	Depreciation	3,888		2,660		500	7,048
01.01.2014	W.D.V.	34,992		23,940		19,500	

Dr.

Machinery Account

Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
01.01.11	To, Bank A/c	80,000	31.12.11	By, Depreciation A/c	8,000
				„ Balance c/d	72,000
		80,000			80,000
01.01.12	To, Balance b/d	72,000	31.12.12	By, Depreciation A/c	9,200
01.07.12	„ Bank A/c	40,000		„ Balance c/d	1,02,800
		1,12,000			1,12,000
01.01.13	To, Balance b/d	1,02,800	31.3.13	By, Bank (Sale) A/c	11,000
30.06.13	„ P & L A/c (Profit on Sale)	2,076		„ Depreciation A/c	285
	„ Bank A/c	20,000	30.6.13	„ P & L A/c (Loss on Sale)	115
				„ Bank A/c (Sale)	26,700
			31.12.13	„ Depreciation A/c	1,296
				„ Depreciation A/c	7,048
				„ Balance c/d	78,432
		1,24,876			1,24,876