

**Solution:**

In the books of Rise Ltd. Machinery Account					
Dr.					Cr.
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
01.01.10	To, Bank A/c	1,00,000	31.12.10	By, Depreciation A/c	10,000
				By, Balance c/d	90,000
		1,00,000			1,00,000
01.01.11	To, Balance b/d	90,000	31.12.11	By, Depreciation A/c	10,000
				By, Balance c/d	80,000
		90,000			90,000
01.01.12	To, Balance b/d	80,000	31.12.12	By, Depreciation A/c	10,000
				By, Balance c/d	70,000
		80,000			80,000
			31.12.13	By, Depreciation A/c	7,000
				- 10% on ₹ 70,000	
01.01.13	To, Balance b/d	70,000		By, Balance c/d	63,000
		70,000			70,000

**Illustration 12.**

A second hand machine was purchased on 1.1.2009 for ₹ 4,00,000, overhauling and installation expenses for the same machine amounted to ₹ 1,00,000. Another machine was purchased for ₹ 2,00,000 on 1.7.2009.

On 1.7.2011, the machine installed on 1.1.2009 was sold for ₹ 2,50,000. Dismantling charges for the machine sold on 1.7.2011 was ₹10,000. On the same date, another machine was purchased for ₹ 8,00,000 and was commissioned on 30.9.2011. The company had adopted calendar year as its financial year. Under the existing practice, the company provides depreciation @ 10% p.a. on original cost. In 2012, it has been decided that depreciation will be charged on the overhauling balance @ 15% p.a.. The change is not to be made with retrospective effect.

Show Plant Account for 2009-2013.

**Solution:****Statement of Depreciation**

Date	Particulars	Machine-I (₹)	Machine-II (₹)	Machine-III (₹)	Total Depreciation (₹)
1.1.2009	Bank (including expenses)	5,00,000			
1.7.2009	Bank		2,00,000		
31.12.2009	Depreciation @10%	50,000	10,000		60,000
1.1.2010	WDV	4,50,000	1,90,000		
31.12.2010	Dep. @ 10%	50,000	20,000		70,000
1.1.2011	W.D.V.	4,00,000	1,70,000	8,00,000	
1.7.2011	Dep.@10%	25,000			
		3,75,000			
	Add : Dismantling Charges	10,000			
		3,85,000			
	Sold for	2,50,000			
	Loss on sale	1,35,000			
31.12.2011	Dep. @ 10%		20,000	40,000	85,000
1.1.2012	WDV		1,50,000	7,60,000	(20,000 + 40,000 + 25,000)
31.12.2012	Dep. @ 15%		22,500	1,14,000	1,36,500
1.1.2013	WDV		1,27,500	6,46,000	
31.12.2013	Dep. @15%		19,125	96,900	1,16,025
1.1.2014	WDV		1,08,375	5,49,100	