



Solution:

S & Co. Machinery Account					
Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
1.1.2011	To, Bank A/c	1,00,000	31.12.2011	By, Balance c/d	1,00,000
		1,00,000			1,00,000
1.1.2012	To, Balance b/d	1,00,000			
1.7.2012	To, Bank A/c	1,50,000	31.12.2012	By, Balance c/d	2,50,000
		2,50,000			2,50,000
1.1.2013	To, Balance b/d	2,50,000	31.12.2013	By, Machinery Disposal A/c	1,00,000
		2,50,000	31.12.2013	By, Balance c/d	1,50,000
					2,50,000
1.1.2014	To, Balance b/d	1,50,000			

Provision for Depreciation Account					
Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
31.12.2011	To, Balance c/d	15,000	31.12.2011	By, Depreciation A/c	15,000
		15,000			15,000
31.12.2012	To, Balance c/d	41,250	1.1.2012	By, Balance b/d	15,000
		41,250	31.12.2012	By, Depreciation A/c (₹ 15,000 + ₹ 11,250)	26,250
					41,250
31.12.2013	To, Machinery Disposal A/c	30,000	1.1.2013	By, Balance b/d	41,250
31.12.2013	To, Balance c/d	33,750	31.12.2013	By, Depreciation A/c	22,500
		63,750			63,750
			1.1.2014	By, Balance b/d	33,750

Machinery Disposal Account					
Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
31.12.2013	To, Machinery A/c	1,00,000	31.12.2013	By, Provision for Depreciation A/c	30,000
				By, Depreciation A/c	15,000
				By, Bank A/c	50,000
				By, Profit & Loss A/c (Loss on Sale)	5,000
		1,00,000			1,00,000

Working Notes

- Depreciation for the machine purchased on 1.7.2012
 For the year 2012 (used for 6 months) = ₹ 1,50,000 × 15% × 6/12 = ₹ 11,250
 For the year 2013 (used for full year) = ₹ 1,50,000 × 15% = ₹ 22,500
- Depreciation for the machine purchased on 1.1.2011
 Depreciation = ₹ 1,00,000 × 15% = ₹ 15,000
 So, Depreciation for 2 years = ₹ 15,000 × 2 = ₹ 30,000