

V. M. C. C.
(The Pioneer Institute for C. B. S. E. Classes)

ACCOUNTANCY

CLASS – 11th

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Assignment – 1

DEPRECIATION

General Instructions: Use of calculator strictly prohibited.

- Q-1.** On 1st January 2012 Atul Glass Limited purchased a Machine for ₹ 52,000 and spent ₹ 3,000 on its carriage and ₹ 1,000 on its erection. On the date of purchase, it was estimated that the effective life of the machine will be 10 years and after 10 years its scrap value will be ₹ 6,000.
Prepare Machine A/c and Depreciation A/c for 4 years after providing depreciation on Fixed Installment Method. Accounts are closed on 31st December each year.
[Balance in Machinery- ₹ 36,000]
- Q-2.** On 1st January, 2010, X Ltd. purchased a Plant and Machinery for ₹ 43,000. It was estimated that the effective life of the Plant and Machinery will be 10 years and after 10 years its scrap value will be ₹ 3,000.
On 1st January, 2011, the Company purchased additional machine for ₹ 25,000, of which the effective life will be 15 years and scrap value ₹ 2,500.
On 1st July, 2012, a new machine was purchased for ₹ 12,000, of which the scrap value will be ₹ 2,000 and effective life 20 years.
Show the Plant and Machinery A/c from 2010 to 2013, if depreciation is provided on Straight Line Method. The accounts are closed on 31st December every year.
[Balance in Machinery-(1) ₹ 27,000, (2) ₹ 20,500, (3) ₹ 11,250]
- Q-3.** On 1st January, 2010, Ashoka Ltd. purchased furniture costing ₹ 50,000. On April 1, 2013, the furniture was sold for ₹ 20,000. Prepare furniture account calculating depreciation @ 10 p.a. on Original Cost Method. Accounts are closed on 31st December each year.
[Loss on Sale of Furniture- ₹ 13,750]
- Q-4.** On 1st January, 2010, a Company purchased a plant for ₹ 60,000. On 1st July in the same year, it purchased additional plant worth ₹ 18,000 and spends ₹ 2,000 on its erection. On 1st July, 2012, the plant purchased on 1st Jan., 2010 having become obsolete, is sold off for ₹ 27,000. On 1st October, 2013, fresh plant was purchased for ₹ 64,000 and on the same date the plant purchased on 1st July, 2010 was sold for ₹ 10,000.
Depreciation is provided at 10% per annum on Original cost on 31st Dec. every year.
Show the Plant Account from 2010 to 2013.
[Loss on Sale of Plant-(1) ₹ 18,000, (2) ₹ 3,500, Balance in Plant- ₹ 62,400]
- Q-5.** Birla Cotton Mills purchased machinery on 1st May, 2011 for ₹ 90,000. On 1st July, 2012 it purchased another machine for ₹ 40,000.
On 31st March, 2013 it sold off the first machine purchased-in 2011 for ₹ 58,000 and on the same date purchased a new machinery for ₹ 1,00,000. Depreciation is provided at 20% p.a. on the original cost each year. Accounts are closed each year on 31st December.
Show the Machinery Account for three years.
[Profit on Sale of Machinery- ₹ 2,500, Balance in Machinery- ₹ 1,13,000]
- Q-6.** A company whose accounting year is the calendar year, purchased on 1st April, 2010, machinery costing ₹ 30,000. It purchased further machinery on 1st October, 2010, costing ₹ 20,000 and on 1st July, 2011, costing ₹ 10,000.
On 1st January, 2012, one-third of the machinery which was installed on 1st April, 2010 became obsolete and was sold for ₹ 3,000.
Show how the machinery account would appear in the books of the company, it being given that machinery was depreciated by Fixed Installment at 10 per cent p.a.
[Loss on Sale of Machinery- ₹ 5,250, Balance in Machinery- ₹ 38,500]

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- Q-7.** The book value of Plant and Machinery on 1-1-2013 was ₹ 2,00,000. New machinery for ₹ 10,000 was purchased on 1-10-2013 and for ₹ 20,000 on 1-7-2014. On 1-4-2015, machinery whose book value had been ₹ 30,000 on 1-1-2013 was sold for ₹ 16,000 and the entire amount was credited to Plant and Machinery Account. Depreciation had been charged at 10% per annum on straight-line method. Show the Plant and Machinery Account from 1-1-2013 to 31-12-2015.
[Loss on Sale of Plant and Machinery- ₹ 7,250,
Balance in Machinery- (1) ₹ 1,19,000, (2) ₹ 7,750, (3) ₹ 17,000]
- Q-8.** Alpine Traders purchased a machine on January 1, 2010 at a cost of ₹ 8,000 and spent ₹ 2,000 on its installation. The firm writes off depreciation @ 10% p.a. by written down value method. The scrap value of the Plant at the end of its economic life of 4 years is expected to be ₹ 6,561. Show the machine account for 4 years in the books of Alpine Traders. The books are closed on 31 December every year.
[Balance in Machinery- ₹ 6,561]
- Q-9.** Rohini Cement Limited purchased on 1st January, 2011 a plant for ₹ 80,000. On 1st April, 2012, it purchased additional plant costing ₹ 48,000. On 1st September 2013, the plant purchased on 1st January, 2011 was sold off for ₹ 42,000 and on the same date fresh plant was purchased at the cost of ₹ 75,000. Depreciation is provided at 10% per annum on the Diminishing Balance Method every year. Accounts are closed each year on 31st December. Show the Plant account for 3 years.
[Loss on Sale of Machinery- ₹ 18,480, Balance in Machinery- (1) ₹ 39,960, (2) ₹ 72,500]
- Q-10.** On 1st April, 2010, Sonu Ltd. purchased a machinery for ₹ 3,90,000 on which they spent ₹ 5,000 for carriage, ₹ 2,000 for brokerage of the middle-man, ₹ 2,500 for installation and ₹ 500 for an iron pad. On 1st November, 2011, they purchased another machinery for ₹ 1,00,000 and immediately spent ₹ 20,000 on its overhauling. On 30th Sept., 2012, the machinery purchased in 2010 was sold at a loss of ₹ 1,27,800. The company charges depreciation @ 10% p.a. on written down value basis. Accounts are closed on 31st March every year. Prepare Machinery Account upto 31st March, 2013.
[Loss on Sale of Machinery- ₹ 1,27,800, Balance in Machinery- ₹ 1,03,500]
- Q-11.** On 1st October, 2011, the Jaipur Transport Company purchased a Truck for ₹ 4,00,000. On 1st April, 2013, this truck was involved in an accident and was completely destroyed and ₹ 3,00,000 were received from the Insurance Company in full settlement. On the same date another truck was purchased by the Co. for ₹ 5,00,000. The Company writes off 20% depreciation p.a. on Written down Value Method. Give the Truck Account from 2011 to 2013.
[Profit on Sale of Truck- ₹ 11,200, Balance in Truck- ₹ 4,25,000]
- Q-12.** A company had bought Machinery for ₹ 1,00,000 including therein a boiler worth ₹ 10,000. Depreciation was charged on Reducing Balance Method at the rate of 10% p.a. for first five years and Machinery Account was credited accordingly. During the fifth current year, the boiler became useless on account of damages to some of its vital parts. The damaged boiler is sold for ₹ 2,000. Prepare the Machinery Account for five years.
[Loss on Sale of Machinery- ₹ 4,561, Balance in Machinery- ₹ 53,144]
- Q-13.** Laxmi Limited purchased machinery for ₹ 40,000 on 1st July, 2010. Depreciation is provided @ 10% p.a. on the Diminishing Balance Method. On 1st October, 2012, one-fourth of Machinery was found unsuitable and disposed off for ₹ 6,000. On the same date a new machinery at a cost of ₹ 15,000 was purchased. Write up the Machinery A/c from 2010 to 2013. The accounts are closed on 31st December each year.
[Loss on Sale of Machinery- ₹ 1,908.25, Balance in Machinery- ₹ 33,939]
- Q-14.** X Ltd. purchased on January 1, 2008 a second hand plant for ₹ 4,00,000 and immediately spent ₹ 80,000 for its overhauling and ₹ 20,000 for its installation. On July 1, 2011 the plant became obsolete and was sold for ₹ 2,00,000. Depreciation is provided at 10% p.a. on original cost method. Accounts are closed each year on 31st December. Show the necessary Ledger Accounts assuming that :
a) Provision for Depreciation Account' is not maintained, and
b) Provision for Depreciation Account' is maintained.

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[Loss on Sale of Plant- ₹ 1,25,000]

- Q-15.** On April 1, 2008 a firm purchased a machinery for ₹ 2,00,000. On August 1, 2011 the machinery became obsolete and was auctioned for ₹ 90,000. The firm provides depreciation on its machinery @ 10% per annum on written down value method. The books are closed on 31st March of every year.

Show the necessary Ledger Accounts assuming that:

- a) Provision for Depreciation Account' is not maintained, and
- b) Provision for Depreciation Account' is maintained.

[Loss on Sale of Machinery- ₹ 50,940]

- Q-16.** On 1st January 2009, X Ltd. purchased 5 machines for ₹ 60,000 each. The accounting year of the Company ends on 31st December. Depreciation at the rate of 10% p.a. on initial cost is charged to Profit & Loss Account and Credited to a separate 'provision for depreciation account'. On 1st January 2011, one machine was sold for ₹ 40,000 and on 1st April 2012 a second machine was sold for ₹ 28,000. Another machine with a higher capacity costing ₹ 1,00,000 was purchased on 1st July 2012. You are required to prepare Machinery Account, Depreciation Account and Provision for Depreciation Account.

[Loss on Sale of Machinery- (1) ₹ 8,000, (2) ₹ 12,500,
Balance in Machinery- ₹ 2,80,000, Balance in Provision A/c- ₹ 77,000]

- Q-17.** On April 1, 2009, Z Ltd. purchased a plant for ₹ 5,00,000. On 1st October in the same year, additional plant costing ₹ 2,00,000 was purchased. On 1st October 2010, the plant purchased on 1st April 2009, having become obsolete was sold off for ₹ 2,65,000. On 1st July 2011, new plant was purchased for ₹ 8,00,000 and on the same date plant purchased on 1st October 2009 was sold for ₹ 1,70,000. The firm provides depreciation @ 10% p.a. on original cost on 31st March every year. You are required to show (i) Plant Account, (ii) Depreciation Account, and (iii) Provision for Depreciation Account for three accounting years ending 31st March, 2012.

[Loss on Sale of Machinery- (1) ₹ 1,60,000, Profit On Sale Of Machinery- (2) ₹ 5,000,
Balance in Machinery- ₹ 8,00,000, Balance in Provision A/c- ₹ 60,000]

- Q-18.** On 1st May 2009, Gadore Ltd. purchased a machinery for ₹ 3,00,000. On 1st August, 2010 another machinery was purchased for ₹ 1,80,000. On 1st April 2011, the machine purchased on 1st May, 2009 was sold for ₹ 1,68,000 and on the same date a fresh machinery was purchased for ₹ 2,00,000. Depreciation was provided @ 10% p.a. on the Reducing Balance Method. Books are closed on 31st December every year.

You are required to prepare Machinery Account and Provision for Depreciation Account for the years 2009 to 2011.

[Loss on Sale of Machinery- ₹ 77,700, Balance in Machinery- ₹ 3,80,000
Balance in Provision A/c- ₹ 39,750]

- Q-19.** On 1st March, 2009, S Ltd. purchased a plant for ₹ 9,00,000. On 1st September 2011 a part of the plant purchased on 1st March, 2009 for ₹ 1,50,000 was sold for ₹ 60,000. On 1st October 2011 a new plant was purchased for ₹ 3,00,000. Depreciation is provided @ 10% p.a. on Diminishing Balance Method. The books are closed on 31st Dec. each year. Prepare Plant A/c and Provision for Depreciation A/c for the relevant years.

[Loss on Sale of Plant- ₹ 55,500, Balance in Plant- ₹ 10,50,000
Balance in Provision A/c- ₹ 2,00,625]

- Q-20.** The following balances appear in the books of X Ltd. as on 1st April 2011 :

Machinery Account	₹5,00,000
Provision for Depreciation Account	₹2,25,000

The machinery was depreciated at 10% p.a. on the Fixed Installment Method and the accounting year being April-March.

On 1st October 2011, a machinery which was purchased on 1st July 2008 for ₹ 1,00,000 was sold for ₹ 42,000 and on the same date a fresh machinery was purchased for ₹ 2,00,000.

Prepare the Machinery Account and Provision for Depreciation Account for the year 2011-12.

[Loss on Sale of Machinery- ₹ 25,500, Balance in Machinery- ₹ 6,00,000
Balance in Provision A/c- ₹ 2,47,500]

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- Q-21.** The following balances appear in the books of Gopi Chand & Sons :
- | | |
|---|------------|
| Machinery A/c as on 1-1-2011 | ₹ 8,00,000 |
| Provision for Depreciation as on 1-1-2011 | ₹ 3,18,000 |
- On 1-1-2011 they decided to sell a machine for ₹ 34,500. This machine was purchased for ₹ 1,20,000 on 1-1-2007.
Show the Machinery A/c and Provision for Depreciation A/c for the year 2011 assuming the firm has been charging depreciation at 10% p.a. on the Written Down value method.
[Loss on Sale of Machinery- ₹ 44,232, Balance in Machinery- ₹ 6,80,000
Balance in Provision A/c- ₹ 3,17,059]
- Q-22.** On 1st January, 2009, Hind Oil Ltd. purchased a machinery for ₹ 8,00,000. On 1st October, 2011, a part of this machine purchased on 1st Jan. 2009 for ₹ 1,00,000 was sold for ₹ 44,000 and on the same date a new machine was purchased for Rs, 1,20,000. Depreciation was provided @ 10% p.a. on Original Cost of the machinery.
Show the Machinery Account and Machinery Disposal Account assuming that:
a) Provision for Depreciation Account' is not maintained, and
b) Provision for Depreciation Account' is maintained.
[Loss on Sale of Machinery- ₹ 28,500, Balance in Machinery- ₹ 8,20,000
Balance in Provision A/c- ₹ 2,13,000]
- Q-23.** On 1st July 2010, X Ltd. purchased machinery for ₹ 6, 00,000. On 28th Feb. 2012, a part of the machinery purchased on 1st July, 2010 for ₹ 80,000 was sold for ₹ 30,000. On the same date, fresh machinery was purchased for ₹ 1,50,000. Depreciation is provided at 20% per annum on the written down value method and the books are closed on 31st Dec. each year. You are required to prepare (a) Machinery Account, (b) Provision for Depreciation Account, and (c) Machinery Disposal Account.
[Loss on Sale of Machinery- ₹ 25,680, Balance in Machinery- ₹ 6,70,000
Balance in Provision A/c- ₹ 2,45,480]
- Q-24.** Chetak Ltd. which depreciates its machines @ 10% p.a. on the written down value method, provides you the following information's:
- | | |
|--|------------|
| Machinery A/c as on 1 -1 -2010 | ₹ 5,00,000 |
| Provision for Depreciation A/c as on 1-1- 2010 | ₹ 1,35,500 |
- No depreciation is charged in the year of sale of machinery but full charge is being made for the years during which the machinery is purchased.
On 1-7-2011, new machinery was purchased for ₹ 80,000 and old machinery purchased on 1-7-2008 for ₹ 60,000 was discarded but could not be sold immediately. However, it was expected to realised ₹ 10,000. Prepare (i) Machinery Account, (ii) Provision for Depreciation Account, and (iii) Machinery Disposal Account for the years 2010 and 2011.
[Loss on Sale of Machinery- ₹ 33,740 Balance in Machinery- ₹ 5,20,000
Balance in Provision A/c- ₹ 1,92,121]

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