

Systematic Studies for Professionals
(Where Your Quest For Quality Education Ends)

ACCOUNTANCY
TIME: 2 Hrs.

CLASS – 11th
TEST PAPER

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Max. Marks - 40

Depreciation

General Instructions: Use of calculator strictly prohibited.

- Q.1** M/s Shobha Pharmaceuticals has imported a machine on 1st July 2012 for ₹ 160,000, paid customs duty and freight ₹ 80,000 and incurred erection charges ₹ 60,000. Another local machinery costing ₹ 1,00,000 was purchased on January 1, 2013. On 1st July 2014, a portion of the imported machinery (value one – third) got out of order and was sold for ₹ 34,800. Another machinery was purchased to replace the same for ₹ 50,000. Depreciation is to be calculated at 20% p.a. on SLM basis. **Show** the machinery account for 2012, 2013 and 2014. (8)
- Q.2** On 1st October, 2013, the Sahara Transport Company purchased a truck for ₹ 4,00,000. On 1st April, 2015, 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 company for ₹ 5,00,000. The company writes off 20% Depreciation per annum on Written down Value Method and closes its books on 31st December every year. Give the Truck Account from 2013 to 2015. (8)
- Q.3** Astha Engineering Works purchased a machine on 1st April, 2011 for ₹ 1,80,000 and spent ₹ 20,000 on its installation. On 1st January, 2012, it purchased another machine for ₹ 2,40,000. On 1st July, 2013, the machine purchased on 1st April, 2011 was sold for ₹ 1, 45,000. On 1st October, 2013 another machine was purchased for ₹ 4,00,000. Prepare Machine Account from 2011 to 2013 after charging Depreciation @ 10% p.a. by Diminishing Balance Method. Accounts are closed on 31st December every year. (8)
- Q.4** On 1st April 2014, ABC Ltd purchases 4 machines for ₹ 80,000 each. The accounting year of the company ends on 31st Dec. every year. Depreciation is provided at the rate of 15% p.a. on Equal Instalments Basis
On 1st January 2016 one machine was sold for ₹ 50,000 and on 1st October 2017 a second machine was sold for ₹ 40,000. Another machine with a higher capacity which cost ₹ 2.00,000 was purchased on 1st October 2017.
You are required to show: (i) Machinery Account, (ii) Depreciation Account, and (iii) Provision for Depreciation Account for the years 2014 to 2017. (8)
- Q.5** A Company writes off depreciation on straight line basis on machinery at 10%. On 31st December, 2014, the position was as under :
- | | |
|----------------------------------|----------|
| Cost of purchases to date | ₹ 52,590 |
| Depreciation written off to date | ₹ 25,670 |
- During 2015, an addition of ₹ 2,480 was made to machinery. A machine bought in 2006 for ₹ 2,800 was sold for ₹ 800 during the year 2015.
No Depreciation is to be provided on assets sold during the year, while full depreciation is to be provided on asset acquired during the year. **You are required to** show the Machinery account for the year 2015. (5)
- Q.6** What do you mean by Secret Reserve ? Give 2 Advantages & 2 Disadvantages of it. (3)