



## INDIAN SCHOOL AL WADI AL KABIR

<b>Class: XI</b>	<b>Department: Commerce</b>
<b>Worksheet No:</b>	<b>Topic: DEPRECIATION</b>

### Question 1:

On 1st April, 2009, a Company bought Plant and Machinery costing ₹ 68,000. It is estimated that its working life is 10 years, at the end of which it will fetch ₹ 8,000. Additions are made on 1st April, 2010 to the value of ₹ 40,000 (Residual value ₹ 4,000). More additions are made on Oct. 1, 2011 to the value of ₹ 9,800 (Break up value ₹ 800). The working life of both the additional Plant and machinery is 20 years. Show the Plant and Machinery account for the first four years, if depreciation is written off according to Straight Line Method. The accounts are closed on 31st March every year.

### ANSWER:

#### Plant & Machinery Account

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2009			2010		
Apr. 01	Bank A/c (P1)	68,000	Mar. 31	Depreciation A/c P1	6,000
			Mar. 31	Balance c/d	62,000
		<b>68,000</b>			<b>68,000</b>
2010			2011		
Apr. 01	Balance b/d (P1)	62,000	Mar. 31	Depreciation A/c	
Apr. 01	Bank A/c (P2)	40,000		P1	6,000
				P2	1,800
			Mar. 31	Balance c/d	7,800
				P1	56,000
				P2	38,200
		<b>1,02,000</b>			<b>94,200</b>
2011			2012		
Apr. 01	Balance b/d		Mar. 31	Depreciation A/c	
	P1	56,000		P1	6,000
	P2	38,200		P2	1,800
		94,200		P3 (for 6 months)	225
Oct. 01	Bank A/c (P3)	9,800			8,025

2012 Apr. 01			Mar. 31	Balance c/d		
				P1	50,000	
				P2	36,400	
				P3	9,575	95,975
						<b>1,04,000</b>
						<b>1,04,000</b>
	Balance b/d		2013 Mar. 31	Depreciation A/c		
	P1	50,000		P1	6,000	
	P2	36,400		P2	1,800	
	P3	9,575		P3	450	8,250
			Mar. 31	Balance c/d		
				P1	44,000	
				P2	34,600	
				P3	9,125	87,725
						<b>95,975</b>
						<b>95,975</b>

**Working Note: Calculation of Depreciation**

$$\text{Annual Depreciation} = \frac{\text{Cost of Asset} - \text{Scrap Value}}{\text{Estimated Useful Life of Asset}}$$

P1	P2	P3
= $\frac{68,000 - 8,000}{10}$	= $\frac{40,000 - 4,000}{20}$	= $\frac{9,800 - 800}{20}$
= Rs 6,000	= Rs 1,800	= Rs 450

**Question 2:**

On 1st January, 2006, A Ltd. Purchased a machine for ₹ 2,40,000 and spent ₹ 10,000 on its erection. On 1st July, 2006 an additional machinery costing ₹ 1,00,000 was purchased. On 1st July, 2008 the machine purchased on 1st January, 2006 was sold for ₹ 1,43,000 and on the same date, a new machine was purchased at a cost of ₹ 2,00,000.

Show the Machinery Account for the first three calendar years after charging depreciation at 5% by the Straight Line Method.

**ANSWER:**

**Machinery Account**

<b>Dr.</b>			<b>Cr.</b>		
<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>
2006 Jan. 01	Bank A/c (M1) (2,40,000 + 10,000)	2,50,000	2006 Dec. 31	Depreciation A/c	
July 01	Bank A/c (M2)	1,00,000		M1                   12,500	
				M2 (for 6 months)           2,500	15,000
				Balance c/d	
				M1                   2,37,500	
				M2                   97,500	3,35,000
		<b>3,50,000</b>			<b>3,50,000</b>
2007 Jan. 01	Balance b/d		2007 Dec. 31	DepA/c	
	M1           2,37,500			M1                   12,500	
	M2           97,500	3,35,000		M2                   5,000	17,500
				Balance c/d	
				M1                   2,25,000	
				M2                   92,500	3,17,500
		<b>3,35,000</b>			<b>3,35,000</b>
2008 Jan. 01	Balanc e b/d		2008 July 01	Dep M1	6,250
	M1           2,25,000			Bank A/c	1,43,000
	M2           92,500	3,17,500		P/L (L)	75,750
July 01	Bank A/c (M3)	2,00,000	Dec. 31	Dep A/C	
				M2                   5,000	
				M3 (6M)           5,000	10,000
				Balance c/d	
				M2                   87,500	
				M3                   1,95,000	2,82,500
		<b>5,17,500</b>			<b>5,17,500</b>

**Question 3:**

A company purchased on 1st April, 2009, a machinery for ₹ 80,000. On 1st October, 2010, it purchased another machine for ₹ 50,000 and on 1st October, 2011, it sold off the first machine purchased in 2009 for ₹ 23,000. Depreciation was provided on the machinery at the rate of 20% p.a. on the original cost annually.

Give the Machinery Account for four years commencing from 1st April, 2009.

Accounts are closed on 31st March every year.

ANSWER:

**Machinery Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2009 Apr. 01	Bank A/c (M1)	80,000	2010 Mar. 31	Depreciation A/c	16,000
			Mar. 31	Balance c/d	64,000
		<b>80,000</b>			<b>80,000</b>
2010 Apr. 01	Balance b/d	64,000	2011 Mar. 31	Depreciation A/c	
Oct. 01	Bank A/c (M2)	50,000	M1	16,000	
			M2	5,000	21,000
			Mar. 31	Balance c/d	
			M1	48,000	
			M2	45,000	93,000
		<b>1,14,000</b>			<b>1,14,000</b>
2011 Apr. 01	Balance b/d		2011 Oct. 01	Dep A/c (M1)	8,000
	M1	48,000		Bank A/c	23,000
	M2	45,000		Profit and Loss A/c (L)	17,000
		93,000	2012 Mar. 31	Depr A/C M2	10,000
				Balance c/d	35,000
		<b>93,000</b>			<b>93,000</b>
2012 Apr. 01	Balance b/d	35,000	2013 Mar. 31	Dep A/c M2	10,000
			Mar. 31	Balance c/d	25,000
		<b>35,000</b>			<b>35,000</b>

**Question 4:**

On 1st October, 2009, Raj & Co. purchased machinery worth ₹ 40,000. On 1st October, 2011, it buys additional machinery worth ₹ 10,000. On 30th September, 2012, half of the machinery purchased on 1st Oct., 2009, is sold for ₹ 8,200. The company writes off 10 per cent p.a. on the original cost. The accounts are closed every year on 31st March. Show the Machinery Account for four years.

**ANSWER:**

**Machinery Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2009 Oct. 01	Bank A/c		2010 Mar. 31	Depreciation A/c	
	M1           20,000			M1 (for 6 months)   1,000	
	M2           20,000	40,000		M2 (for 6 months)   1,000	2,000
				Balance c/d	
				M1           19,000	
				M2           19,000	38,000
		<b>40,000</b>			<b>40,000</b>
2010 Apr. 01	Balance b/d		2011 Mar. 31	Depreciation A/c	
	M1           19,000			M1           2,000	
	M2           19,000	38,000		M2           2,000	4,000
				Balance c/d	
				M1           17,000	
				M2           17,000	34,000
		<b>38,000</b>			<b>38,000</b>
2011 Apr. 01	Balance b/d		2012 Mar. 31	Depreciation A/c	
	M1           17,000			M1           2,000	
	M2           17,000	34,000		M2           2,000	
				M3 (for 6 months)   500	4,500
Oct. 01	Bank A/c (M3)	10,000	Mar. 31	Balance c/d	
				M1           15,000	
				M2           15,000	
				M3           9,500	39,500

2012 Apr. 01	Balance b/d		<b>44,000</b>	2012 Sept. 30	Depreciation A/c (M1)	1,000	<b>44,000</b>
	M1	15,000			Bank A/c (Sale of M1)	8,200	
	M2	15,000			Profit and Loss A/c (Loss on Sale of M1)	5,800	
	M3	9,500	39,500	2013 Mar.31	Depreciation A/c M2	2,000	
					M3	1,000	3,000
					Balance c/d		
					M2	13,000	
					M3	8,500	21,500
			<b>39,500</b>				<b>39,500</b>

**Working Note:** Calculation of Profit or Loss on Sale of M1

Particulars	Amount
Value of Machinery on Apr. 01, 2012	15,000
Less: Depreciation for 6 months	1,000
Value of Machinery Sept. 30, 2012	14,000
Less: Sale Value	8,200
<b>Loss on Sale</b>	<b>5,800</b>

**Note:** In order to make easy calculation machinery purchased on October 01, 2009 has been divided into two parts i.e. M1 and M2

Thus, M1 represents the first part i.e. sold for Rs 8,200

M2 represents the second part, which remains in the business

#### Question 5:

A plant is purchased for ₹ 60,000 on 1st April, 2009. It is estimated that the residual value of this plant at the end of its working life of 10 years will be ₹ 20,920. Depreciation is to be provided at 10% p.a. on diminishing balance method.

You are required to show the Plant Account for 4 years, assuming that the books are closed on 31st March every year.

**ANSWER:****Plant Account**

<b>Dr.</b>			<b>Cr.</b>		
<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>
2009 Apr. 01	Bank A/c	60,000	2010 Mar. 31	Depreciation A/c	6,000
			Mar. 31	Balance c/d	54,000
		<b>60,000</b>			<b>60,000</b>
2010 Apr. 01	Balance b/d	54,000	2011 Mar. 31	Depreciation A/c	5,400
			Mar. 31	Balance c/d	48,600
		<b>54,000</b>			<b>54,000</b>
2011 Apr. 01	Balance b/d	48,600	2012 Mar. 31	Depreciation A/c	4,860
			Mar. 31	Balance c/d	43,740
		<b>48,600</b>			<b>48,600</b>
2012 Apr. 01	Balance b/d	43,740	2013 Mar. 31	Depreciation A/c	4,374
			Mar. 31	Balance c/d	39,366
		<b>43,740</b>			<b>43,740</b>

**Note:** When depreciation is charged as per written down value method, scrap value of asset is ignored.

**Question 6:**

Ashoka Ltd. bought a machine on 1st April, 2010 for ₹ 2,40,000 and spent ₹ 4,000 on its carriage and ₹ 6,000 towards installation cost. On 1st July, 2011 it purchased a second hand machinery for ₹ 75,000 and spent ₹ 25,000 on its overhauling.

On 1st January, 2013 it decided to sell the machinery bought on 1st April, 2010 at a loss of ₹ 20,000. It bought another machine on the same date for ₹ 40,000. Company decided to charge depreciation @ 15% p.a. on written down value method. Prepare machinery account for 3 years. Books are closed each year on 31st March.

ANSWER:

**Machinery Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2010 Apr. 01	Bank A/c (M1) (2,40,000 + 4,000 + 6,000)	2,50,000	2011 Mar. 31	Depreciation A/c	37,500
			Mar. 31	Balance c/d	2,12,500
		<b>2,50,000</b>			<b>2,50,000</b>
2011 Apr. 01	Balance b/d	2,12,500	2012 Mar. 31	Depreciation A/c	
July 01	Bank A/c (M2) (75,000+25,000)	1,00,000		M1                    31,875	
				M2 ( <i>for 9 months</i> )    11,250	43,125
			Mar. 31	Balance c/d	
				M1                    1,80,625	
				M2                    88,750	2,69,375
		<b>3,12,500</b>			<b>3,12,500</b>
2012 Apr. 01	Balance b/d		2013 Jan. 01	Depreciation A/c (M1)	20,320
	M                    1,80,625			Bank A/c ( <i>Sale of M1</i> )	1,40,305
	M                    88,750	2,69,375		Profit and Loss A/c ( <i>Loss on Sale of M1</i> )	20,000
			Mar. 31	Depreciation A/c	
2013 Jan. 01	Bank A/c (M3)	40,000		M2                    13,312	
				M3 ( <i>for 3 months</i> )    1,500	14,813
			Mar. 31	Balance c/d	
				M2                    75,438	
				M3                    38,500	1,13,938
		<b>3,09,375</b>			<b>3,09,375</b>



**Question 7:**

Raja Textiles Co. which closes its books on 31st March, purchased a machine on 1-4-2009 for ₹ 50,000. On 1-10-2010, it purchased an additional machine for ₹ 30,000. The part of the machine which was purchased on 1-4-2009 costing ₹ 10,000 was sold for ₹ 3,600 on 30th Sept., 2012. Prepare the Machine Account for four years, if the depreciation is provided at the rate of 10% p.a. on Diminishing Balance Method.

**ANSWER:**

**Machinery Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2009			2010		
Apr. 01	Bank A/c		Mar. 31	Depreciation A/c	
	M1	10,000		M1	1,000
	M2	40,000		M2	4,000
		50,000			5,000
			Mar. 31	Balance c/d	
				M1	9,000
				M2	36,000
					45,000
					<b>50,000</b>
2010			2011		
Apr. 01	Balance b/d		Mar. 31	Depreciation A/c	
	M1	9,000		M1	900
	M2	36,000		M2	3,600
		45,000		M3 (for 6 months)	1,500
Oct. 01	Bank A/c (M3)	30,000			6,000
			Mar. 31	Balance c/d	
				M1	8,100
				M2	32,400
				M3	28,500
					69,000
					<b>75,000</b>
2011			2012		
Apr. 01	Balance b/d		Mar. 31	Depreciation A/c	
	M1	8,100		M1	810
	M2	32,400		M2	3,240
	M3	28,500		M3	2,850
		69,000			6,900
			Mar. 31	Balance c/d	
				M1	7,290
				M2	29,160
				M3	25,650
					62,100

2012			<b>69,000</b>	2012			<b>69,000</b>
Apr. 01	Balance b/d			Sept. 30	Depreciation A/c (M1)		365
	M1	7,290		Sept. 30	Bank A/c (sale of M1)		3,600
	M2	29,160		Sept. 30	Profit and Loss A/c (Loss on Sale of M1)		3,325
	M3	<u>25,650</u>	62,100	2013			
				Mar. 31	Depreciation A/c		
					M2	2,916	
					M3	<u>2,565</u>	5,481
				Mar. 31	Balance c/d		
					M2	26,244	
					M3	<u>23,085</u>	49,329
			<b>62,100</b>				<b>62,100</b>

**Working Note: Calculation of Profit & Loss Sale of M1**

Particulars	Amount
Value of Machinery on Apr. 01, 2012	7,290
Less: Depreciation for 6 months	365
Value of Machinery on Sept.30, 2012	6,925
Less: Sale Value	3,600
<b>Loss on Sale</b>	<b>3,325</b>

**Note:** In order to make easy calculation, machinery purchased on April 01, 2009 has been divided into two parts i.e. M1 and M2.

Thus, M1: Rs 10,000 (sold for Rs 3,600)

M2: Rs 40,000

#### Question 8:

A Company, which closes its books on 31st March every year, purchased on 1st July, 2010, machinery costing ₹ 30,000. It purchased further machinery on 1st January, 2011, costing ₹ 20,000 and on 1st October, 2011, costing ₹ 10,000. On 1st April, 2012, one-third of the machinery installed on 1st July, 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 Diminishing Balance Method at 10% per annum. What would be the balance of Machinery Account on 1st April, 2013?

**ANSWER:**

**Machinery Account**

<b>Dr.</b>			<b>Cr.</b>		
<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>
2010 July 01	Bank A/c		2011 Mar. 31	Depreciation A/c	
	M1           10,000			M1 (for 9 months)       750	
	M2           20,000	30,000		M2 (for 9 months)       1,500	
2011				M3 (for 3 months)       500	2,750
Jan. 01	Bank A/c (M3)	20,000	Mar. 31	Balance c/d	
				M1           9,250	
				M2           18,500	
				M3           19,500	47,250
		<b>50,000</b>			<b>50,000</b>
2011 Apr. 01	Balance b/d		2012 Mar. 31	Depreciation A/c	
	M1           9,250			M1           925	
	M2           18,500			M2           1,850	
	M3           19,500	47,250		M3           1,950	
Oct. 01	Bank A/c (M4)	10,000		M4 (for 6 months)       500	5,225
			Mar. 31	Balance c/d	
				M1           8,325	
				M2           16,650	
				M3           17,550	
				M4           9,500	52,025
		<b>57,250</b>			<b>57,250</b>
2012 Apr. 01	Balance b/d		2012 Apr. 01	Bank A/c (Sale of M1)	3,000
	M1           8,325			Profit and Loss A/c (Loss on Sale of M1)	5,325
	M2           16,650		2013 Mar. 31	Depreciation A/c	
	M3           17,550			M2           1,665	
	M4           9,500	52,025		M3           1,755	
				M4           950	4,370

			Mar. 31	Balance c/d		
				M2	14,985	
				M3	15,795	
				M4	8,550	39,330
		<b>52,025</b>				<b>52,025</b>

**Working Note:** Calculation of Profit & Loss on Sale of M1

Particulars	Amount
Value of Machinery on Apr. 01, 2012	8,325
Less: Sale Value	3,000
<b>Loss on Sale</b>	<b>5,325</b>

**Note:** In order to make easy calculation, machinery purchased on July 01, 2010 has been divided into two parts i.e. M1 and M2.

Thus, M1: 1/3rd value i.e Rs 10,000 (sold for Rs 3,000)

M2: 2/3rd value i.e. Rs Rs 40,000 (remained in the business)

### Question 9:

On July 1, 2005 Pushpak Ltd. purchased a machinery for ₹ 5,70,000 and paid ₹ 30,000 for its overhauling and installation. Depreciation is provided @ 20% p.a. on Original Cost Method and the books are closed on 31st March every year. The machine was sold on 31st January 2008 for a sum of ₹ 1,60,000. You are required to show the Machinery Account and Provision for Depreciation Account for three years.

**ANSWER:**

### Machinery Account

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2005 July 01	Bank A/c (5,70,000 + 30,000)	6,00,000	2006 Mar. 31	Balance c/d	6,00,000
		<b>6,00,000</b>			<b>6,00,000</b>
2006 Apr. 01	Balance b/d	6,00,000	2007 Mar. 31	Balance c/d	6,00,000
		<b>6,00,000</b>			<b>6,00,000</b>
2007			2008		

Apr. 01	Balance b/d	6,00,000	Jan. 31	Provision for Depreciation A/c	3,10,000
				Bank A/c ( <i>Sale</i> )	1,60,000
				Profit and Loss A/c ( <i>Loss on Sale</i> )	1,30,000
		<b>6,00,000</b>			<b>6,00,000</b>

### Provision for Depreciation Account

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2006 Mar. 31	Balance c/d	90,000	2006 Mar. 31	Depreciation A/c (for 9 months)	90,000
		<b>90,000</b>			<b>90,000</b>
2007 Mar. 31	Balance c/d	2,10,000	2006 Apr. 01	Balance b/d	90,000
			2007 Mar. 31	Depreciation A/c	1,20,000
		<b>2,10,000</b>			<b>2,10,000</b>
2008 Jan. 31	Machinery A/c	3,10,000	2007 Apr. 01	Balance b/d	2,10,000
			2008 Jan. 31	Depreciation A/c (for 10 months)	1,00,000
		<b>3,10,000</b>			<b>3,10,000</b>

### **Working Note: Calculation of Profit & Loss on Sale**

Particulars	Amount
Value of Machinery on July 01, 2005	6,00,000
Less: Depreciation for 9 Months	90,000
Value of Machinery on Apr. 01, 2006	5,10,000
Less: Depreciation	1,20,000
Value of Machinery on Apr. 01, 2007	3,90,000
Less: Depreciation for 10 Months	1,00,000
Value of Machinery on Jan. 31, 2008	2,90,000
Less: Sale Value	1,60,000
<b>Loss on Sale</b>	<b>1,30,000</b>

**Question 10:**

A machine as purchased on 1st October 2012 at a cost of ₹ 3,00,000 and ₹ 20,000 were spent on its installation. The depreciation is written off at 10% p.a. on the Diminishing Value Method. The books are closed on 31st March every year. The machine was sold for ₹ 1,30,000 on 1st July 2015. Show the Machinery Account and Provision for Depreciation Account for all the years.

**ANSWER:**

**Machinery Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2012 Oct. 01	Bank A/c (3,00,000 + 20,000)	3,20,000	2013 Mar. 31	Balance c/d	3,20,000
		<b>3,20,000</b>			<b>3,20,000</b>
2013 Apr. 01	Balance b/d	3,20,000	2014 Mar. 31	Balance c/d	3,20,000
		<b>3,20,000</b>			<b>3,20,000</b>
2014 Apr. 01	Balance b/d	3,20,000	2015 Mar. 31	Balance c/d	3,20,000
		<b>3,20,000</b>			<b>3,20,000</b>
2015 Apr. 01	Balance b/d	3,20,000	2015 July 01	Provision for Depreciation A/c	79,916
				Bank A/c (Sale )	1,30,000
				Profit and Loss A/c (Loss on Sale)	1,10,084
		<b>3,20,000</b>			<b>3,20,000</b>

**Provision for Depreciation Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2013 Mar. 31	Balance c/d	16,000	2013 Mar. 31	Depreciation A/c (for 6 months)	16,000
		<b>16,000</b>			<b>16,000</b>
2014 Mar. 31	Balance c/d	46,400	2013 Apr. 01	Balance b/d	16,000
			2014 Mar. 31	Depreciation A/c	30,400
		<b>46,400</b>			<b>46,400</b>

2015 Mar. 31	Balance c/d	73,760	2014 Apr. 01	Balance b/d	46,400
			2015 Mar. 31	Depreciation A/c	27,360
		<b>73,760</b>			<b>73,760</b>
2015 July 01	Machinery A/c	79,916	2015 Apr. 01	Balance b/d	73,760
			July 01	Depreciation A/c (for 3 months)	6,156
		<b>79,916</b>			<b>79,916</b>

**Working Note: Calculation of Profit & Loss on Sale**

Particulars	Amount
Value of Machinery on Oct. 01, 2012	3,20,000
Less: Depreciation for 6 Months	16,000
Value of Machinery on Apr. 01, 2013	3,04,000
Less: Depreciation	30,400
Value of Machinery on Apr. 01, 2014	2,73,600
Less: Depreciation	27,360
Value of Machinery on Apr. 01, 2015	2,46,240
Less: Depreciation for 3 Months	6,156
Value of Machinery on July 01, 2015	2,40,084
Less: Sale Value	1,30,000
<b>Loss on Sale</b>	<b>1,10,084</b>

**Question 11:**

On 1st April 2008, a Company purchased 6 machines for ₹ 50,000 each. Depreciation at the rate of 10% p.a. is charged on Straight Line Method. The accounting year of the Company ends on 31st March and the depreciation is credited to a separate 'Provision for Depreciation Account'.

On 1st October, 2010, one machine was sold for ₹ 30,000 and on 1st April, 2011 a second machine was sold for ₹ 24,000.

You are required to prepare Machinery Account and Provision for Depreciation Account for four years ending 31st March, 2012.

ANSWER:

**Machinery Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2008 Apr. 01	Bank A/c		2009 Mar. 31	Balance c/d	
	M1           50,000			M1           50,000	
	M2           50,000			M2           50,000	
	M3           2,00,000	3,00,000		M3           2,00,000	3,00,000
		<b>3,00,000</b>			<b>3,00,000</b>
2009 Apr. 01	Balance b/d		2010 Mar. 31	Balance c/d	
	M1           50,000			M1           50,000	
	M2           50,000			M2           50,000	
	M3           2,00,000	3,00,000		M3           2,00,000	3,00,000
		<b>3,00,000</b>			<b>3,00,000</b>
2010 Apr. 01	Balance b/d		2010 Oct. 01	Provision for Depreciation A/c	12,500
	M1           50,000			Bank A/c ( <i>Sale of M1</i> )	30,000
	M2           50,000			Profit and Loss A/c ( <i>Loss on Sale of M1</i> )	7,500
	M3           2,00,000	3,00,000	2011 Mar. 31	Balance c/d	
		<b>3,00,000</b>		M2           50,000	
				M3           2,00,000	2,50,000
				<b>3,00,000</b>	<b>3,00,000</b>
2011 Apr. 01	Balance b/d		2011 Apr. 01	Provision for Depreciation A/c	15,000
	M2           50,000			Bank A/c ( <i>Sale of M2</i> )	24,000
	M3           2,00,000	2,50,000		Profit and Loss A/c ( <i>Loss on Sale of M2</i> )	11,000
		<b>2,50,000</b>	2012 Mar. 31	Balance c/d (M3)	2,00,000
				<b>2,50,000</b>	<b>2,50,000</b>



**Provision for Depreciation Account**

<b>Dr.</b>			<b>Cr.</b>		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2009 Mar. 31	Balance c/d	30,000	2009 Mar. 31	Depreciation A/c M1                   5,000 M2                   5,000 M3                   20,000	30,000
		<b>30,000</b>			<b>30,000</b>
2010 Mar. 31	Balance c/d	60,000	2009 Apr. 01	Balance b/d	30,000
			2010 Mar. 31	Depreciation A/c M1                   5,000 M2                   5,000 M3                   20,000	30,000
		<b>60,000</b>			<b>60,000</b>
2010 Oct. 01	Machinery A/c (M1) (5,000 + 5,000 + 2,500)	12,500	2010 Apr. 01	Balance b/d	60,000
2011 Mar. 31	Balance c/d	75,000	Oct. 01 2011	Depreciation A/c (M1)	2,500
			Mar. 31	Depreciation A/c M2                   5,000 M3                   20,000	25,000
		<b>87,500</b>			<b>87,500</b>
2011 Apr. 01	Machinery A/c (M2) (5,000 + 5,000 + 5,000)	15,000	2011 Apr. 01	Balance b/d	75,000
2012 Mar. 31	Balance c/d	80,000	2012 Mar. 31	Depreciation A/c (M3)	20,000
		<b>95,000</b>			<b>95,000</b>

**Working Notes:**

**WN1: Calculation of Profit & Loss on Sale of M1**

<b>Particulars</b>	<b>Amount</b>
Value of Machinery on Apr. 01, 2008	50,000
Less: Depreciation	5,000
Value of Machinery on Apr. 01, 2009	45,000
Less: Depreciation	5,000
Value of Machinery on Apr. 01, 2010	40,000
Less: Depreciation for 6 months	2,500
Value of Machinery on Oct. 01, 2010	37,500
Less: Sale Value	30,000
<b>Loss on Sale</b>	<b>7,500</b>

**WN2: Calculation of Profit & Loss on Sale of M2**

<b>Particulars</b>	<b>Amount</b>
Value of Machinery on Apr. 01, 2008	50,000
Less: Depreciation	5,000
Value of Machinery on Apr. 01, 2009	45,000
Less: Depreciation	5,000
Value of Machinery on Apr. 01, 2010	40,000
Less: Depreciation	5,000
Value of Machinery on Apr. 01, 2011	35,000
Less: Sale Value	24,000
<b>Loss on Sale</b>	<b>11,000</b>

**Note:** For making calculation easy, Machinery purchased on April 01, 2008 has been divided into three i.e. M1, M2 and M3.

Thus, M1: Rs 50,000 (sold for Rs 30,000 on Oct. 01, 2010)

M2: Rs 50,000 (sold for Rs 24,000 on Apr. 01, 2011)

M3: Rs 2,00,000 (includes the cost of 4 machines)