

Depreciation

Q1. On 1st April, 2000, Sonu Ltd. Purchased a machinery for Rs.3,90,000 on which they spent Rs.10,000 for carriage and other charges. On 1st November, 2001, they purchased another machinery for Rs.1,20,000 and on 30th September, 2002, the first machinery was sold at a loss of Rs.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, 2003.

Q2. Bhavanoor Textiles Limited, for whom the accounting year is the financial year, purchased machinery on 1st April 2009 costing Rs. 30,00,000 (excluding installation expenses of Rs. 5,00,000 and transportation expenses of Rs. 1,00,000). It purchased machinery on 1st July, 2009 costing Rs. 10,00,000 (including 5% as installation expenses) and further machinery was purchased on 1st October, 2009 for Rs.5,00,000. On this date, one third of the machinery purchased on 1st April 2009 was sold for Rs. 5,00,000. You are required to prepare the machinery account for the year ended 31st December 2009. Show your workings clearly.

Q4. On 1st January 2007 Ramu purchased furniture for Rs. 500,000. He spends Rs. 25,000 for its implementation. On 1st March 2007 he purchased machinery for Rs. 2, 50,000. On 1st Jan, 2009 he sold a part of machinery purchased on 1st January 2007(costing Rs. 65,000) for Rs 50,000. On 1st April 2009 he purchased machinery for Rs. 1, 00,000. Prepare machinery and provision for depreciation account upto 31st December 2010. The concern follows fixed installment method @10%p.a.

Q3. You are given the following balances as on April 1, 2005:

Machinery A/C	Rs.5,00,000
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Provision for Depreciation A/C	Rs.1,16,000
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Depreciation is charged on Machinery at 20% p.a. by the straight line method. A piece of machinery purchased on 1st April, 2003, for Rs.1,00,000 was sold on October 1, 2005 for Rs.60,000. Prepare Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2006.