SBOA SCHOOL AND JUNIOR COLLEGE -CHENNAI - 600 101

STD – XI

DEPRECIATION

1. M/s Lokesh Fabrics purchased a Textile Machine on April 01, 2001 for Rs. 1,00,000. On July 01, 2002 another machine costing Rs. 2,50,000 was purchased . The machine purchased on April 01, 2001 was sold for Rs. 25,000 on October 01, 2005. The company charges depreciation @15% p.a. on straight line method. Prepare machinery account and machinery disposal account for the year ended March 31, 2006. (Ans. Loss on sale of Machine account Rs.7,500. Balance of machine account as on 1.04.05 Rs.1,09,375).
2. The following balances appear in the books of Crystal Ltd, on Jan 01, 2005 Rs. Machinery account on 15,00,000 Provision for depreciation account 5,50,000 On April 01, 2005 a machinery which was purchased on January 01, 2002 for Rs. 2,00,000 was sold for Rs. 75,000. A new machine was purchased on July 01, 2005 for Rs. 6,00,000. Depreciation is provided on machinery at 20% p.a. on Straight line method and books are closed on December 31 every year. Prepare the machinery account and provision for depreciation account for the year ending December 31, 2005. (Ans. Profit on sale of Machine Rs. 5,000. Balance of machine account as on 31.03.05 Rs. 19,00,000. Balance of Provision for depreciation account as on 31.03.05 Rs. 4,80,000)
3. On July 01, 2000, Ashok Ltd. Purchased a Machine for Rs. 1,08,000 and spent Rs. 12,000 on its installation. At the time of purchase it was estimated that the effective commercial life of the machine will be 12 years and after 12 years its salvage value will be Rs. 12,000. Prepare machine account and depreciation Account in the books of Ashok Ltd. For first three years, if depreciation is written off according to straight line method. The account are closed on December 31st, every year. (Ans: Balance of Machine account as on 1.01.2003 Rs.97,500).

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