

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 11 commerce Sub. ACT Date 01.03.2021

Teacher name – Ajay Kumar Sharma

Depreciation, Provisions and Reserves

Question 6:

Azad Ltd. purchased furniture on October 01, 2014 for Rs 4,50,000. On March 01, 2015 it purchased another furniture for Rs 3,00,000. On July 01, 2016 it sold off the first furniture purchased in 2014 for Rs 2,25,000. Depreciation is provided at 15% p.a. on written down value method each year. Accounts are closed each year on March 31. Prepare furniture account, and accumulated depreciation account for the years ended on March 31, 2015, March 31, 2016 and March 31, 2017. Also give the above two accounts if furniture disposal account is opened.

ANSWER:

Books of Azad Ltd. Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2014 Oct.01	Bank (i)		4,50,000	2015 Mar.31	Balance c/d		7,50,000
2015 Mar.01	Bank (ii)		3,00,000				7,50,000
			7,50,000				7,50,000
2015 Apr.01	Balance b/d (i) 4,50,000, (ii) 3,00,000		7,50,000	2016 Mar.31	Balance c/d		7,50,000
			7,50,000				7,50,000
2016 Apr.01	Balance b/d (i) 4,50,000, (ii) 3,50,000		7,50,000	2016 July 01	Furniture Disposal		4,50,000
			7,50,000	2017 Mar.31	Balance c/d		3,00,000
			7,50,000				7,50,000

Accumulated Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2015 Mar.31	Balance c/d		37,500	2015 Mar.31	Depreciation (i) 33,750, (ii) 3,750		37,500
			37,500				37,500
2016 Mar.31	Balance c/d		1,44,376	2015 Apr.01	Balance b/d		37,500
			1,44,376	2016 Mar.31	Depreciation (i) 62,438, (ii) 44,378		1,06,876
			1,44,376				1,44,376
2016 July.01	Furniture Disposal		1,09,456	2016 Apr.01	Balance b/d		1,44,376
2017 Mar.31	Balance c/d		85,960	2017 July.01	Depreciation (i)		13,268
			85,960	2017 Mar.31	Depreciation (ii)		37,772
			1,95,416				1,95,416
			1,95,416				1,95,416

Furniture Disposal Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2016 Jul.01	Furniture		4,50,000	2016 Jul.01	Accumulated Dep.		1,09,456
			4,50,000	2016 Jul.01	Bank		2,25,000
			4,50,000	2016 Jul.01	Profit and Loss (Loss)		1,15,544
			4,50,000				4,50,000
			4,50,000				4,50,000

Working Note:

Furniture (i)

Years	Opening Balance		Depreciation		Closing Balance
2014 – 2015	4,50,000	–	33,750	=	4,16,250
2015 – 2016	4,16,250	–	62,438	=	3,53,812
2016	3,53,812	–	13,268 (3 months)	=	3,40,544
			1,09,456		
Balance on July 01, 2016	3,40,544				
Less: Sale on July 01, 2016	(2,25,000)				
Loss on sale of furniture	1,15,544				

Question 7:

M/s Lokesh Fabrics purchased a Textile Machine on April 01, 2011 for Rs 1,00,000. On July 01, 2012 another machine costing Rs 2,50,000 was purchased. The machine purchased on April 01, 2011 was sold for Rs 25,000 on October 01, 2015. The company charges depreciation @15% p.a. on straight line method. Prepare machinery account and machinery disposal account for the year ended March 31, 2016.

ANSWER:

**Books of M/s. Lokesh Fabrics
Machinery Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2011 Apr.01	Bank (i)		1,00,000	2012 Mar.31	Depreciation		15,000
				Mar.31	Balance c/d		85,000
			1,00,000				1,00,000
2012 Apr.01	Balance b/d		85,000	2013 Mar.31	Depreciation		
July.01	Bank (ii)		2,50,000		(i) 15,000 + 28,125		43,125
				Mar.31	Balance c/d		
					(i) 70,000, (ii) 2,21,875		2,91,875

			3,35,000				3,35,000
2013 Apr.01	Balance b/d (i) 70,000, (ii) 2,21,875		2,91,875	2014 Mar.31	Depreciation (i) 15,000, (ii) 37,500		52,500
				Mar.31	Balance c/d (i) 55,000, (ii) 1,84,375		2,39,375
			2,91,875				2,91,875
2014 Apr.01	Balance b/d (i) 5,500, (ii) 1,84,375		2,39,375	2015 Mar.31	Depreciation (i) 15,000, (ii) 37,500		52,500
				Mar.31	Balance c/d (i) 40,000, (ii) 1,46,875		1,86,875
			2,39,375				2,39,375
2015 Apr.01	Balance b/d (i) 40,000, (ii) 1,46,875		1,86,875	2015 Oct.01	Depreciation		7,500
				Oct.01	Machinery Disposal		32,500
				2016 Mar.31	Depreciation (ii)		37,500
				Mar.31	Balance c/d		1,09,375
			1,86,875				1,86,875

Machinery Disposal Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2015 Oct.01	Machinery		32,500	2015 Oct.01	Bank		25,000
				Oct.01	Profit and Loss		7,500
			32,500				32,500

