## **VIDYA BHAWAN BALIKA VIDYA PITH**

# शक्तिउत्थानआश्रमलखीसरायबिहार

## Class 11 commerce Sub. ACT Date 25.02.2021 Teacher name – Ajay Kumar Sharma Depreciation, Provisions and Reserves

#### Question 4:

Berlia Ltd. Purchased a second hand machine for Rs 56,000 on July 01, 2015 and spent Rs 24,000 on its repair and installation and Rs 5,000 for its carriage. On September 01, 2016, it purchased another machine for Rs 2,50,000 and spent Rs 10,000 on its installation.
(a) Depreciation is provided on machinery @10% p.a on original cost method annually on December 31. Prepare machinery account and depreciation account from the year 2015 to 2018.

(b) Prepare machinery account and depreciation account from the year 2015 to 20018, if depreciation is provided on machinery @10% p.a. on written down value method annually on December 31.

#### ANSWER:

Books of Berlia Ltd.

Dr.							Cr.
			Amount				Amount
Date	Particulars	J.F.	Rs	Date	Particulars	J.F.	Rs
2015				2015			
Jul.01	Bank (i)		85,000	Dec.31	Depreciation		4,250
	(5,600 + 24,000 +						
	5,000)			Dec.31	Balance c/d		80,750
			85,000				85,000
2016				2016			
Jan.01	Balance b/d (i)		80,750	Dec.31	Depreciation		
Sep.01	Bank (ii)		2,60,000		(i) 8,500, (ii) 8,667		17,167
	(2,50,000 + 10,000)			Dec.31	Balance c/d		3,23,583
					(i) 72,250, (ii) 2,51,333		
			3,40,750				3,40,750
2017				2017			
Jan.01	Balance b/d		3,23,583	Dec.31	Depreciation		

(a)

	(i) 72,250, (ii) 2,51,333			Dec.31	(i) 8,500, (ii) 26,000 Balance c/d	34,500
					(i) 63,750, (ii) 2,25,333	2,89,083
		3,23	,583			3,23,583
2018	Balance b/d			2018		
Jan.01	(i) 63,750, (ii) 2,25,333	2,89	,083	Dec.31	Depreciation	
					(i) 8,500, (ii) 26,000	34,500
				Dec.31	Balance c/d	
					(i) 55,250, (ii) 1,99,333	2,54,583
		2,89	,083			2,89,083

## **Depreciation Account**

Dr.			-				Cr.
			Amount				Amount
Date	Particulars	J.F.	Rs	Date	Particulars	J.F.	Rs
2015				2015			
Dec.31	Machinery		4,250	Dec.31	Profit and Loss		4,250
			4,250				4,250
2016 Dec.31	Machinery (i) 8,500 (ii) 8,667		17,167	2016 Dec.31	Profit and Loss		17,167
2017 Dec.31	Machinery (i) 8,500 (ii) 26,000		17,167 34,500 34,500	2017 Dec.31	Profit and Loss		17,167 34,500 34,500
2018 Dec.31	Machinery (i) 8,500 (ii) 26,000		34,500 34,500	2018 Dec.31	Profit and Loss		34,500 34,500

## Working notes: Calculation of annual depreciation

(i) Depreciation (p.a.) on Machinery Purchased on July 01, 2015

$$= (56,000 + 24,000 + 10) 5,000) \times 100 = Rs 8,500 per annum$$

(ii) Depreciation (p.a.) on Machinery purchased on September 01, 2016.

= (2,50,000 +	10
10,000) ×	100
= Rs 26,000 per	
annum	

(b)

### Machinery Account (Written Down Value method)

Dr.							Cr.
			Amount				Amount
Date	Particulars	J.F.	Rs	Date	Particulars	J.F.	Rs
2015				2015			
Jul.01	Bank (i)		85,000	Dec.31	Depreciation		4,250
	(5,600 + 24,000 + 5,000)			Dec.31	Balance c/d		80,750
			85,000	=			85,000
2016				2016			
Jan.01	Balance b/d (i)		80,750	Dec.31	Depreciation		
Sep.01			2,60,000		(i) 8,075, (ii) 8,667		16,742
	(2,50,000 + 10,000)			Dec.31			
					(i) 72,675, (ii) 2,51,333		3,24,008
			3,40,750				3,40,750
2017				2017			
Jan.01	Balance b/d		3,24,008	Dec.31	Depreciation		
	(i) 72,675, (ii) 2,51,333		, ,		(i) 7,268, (ii) 25,133		32,401
				Dec.31			
					(i) 65,407, (ii) 2,26,200		2,91,607
			3,24,008				3,24,008
2018	Balance b/d		2 04 667	2018			
Jan.01	(i) 65,407, (ii) 2,26,200		2,91,607	Dec.31			20.4.00
					(i) 6,540, (ii) 22,620		29,160

		Dec.31	Balance c/d	
			(i) 58,867, (ii) 2,03,580	2,62,447
	2,91,607			2,91,607

## **Depreciation Account**

						Cr.
		Amount				Amount
Particulars	J.F.	Rs	Date	Particulars	J.F.	Rs
			2015			
Machinery		4,250	Dec.31	Profit and Loss		4,250
		4,250				4,250
			2016			
Machinery			Dec.31	Profit and Loss		16,742
(i) 8,075, (ii) 8,667		16,742				
		16,742				16,742
			2017			
Machinery			Dec.31	Profit and Loss		32,401
(i) 7,268, (ii) 25,133		32,401				
		32,401				32,401
			2018			
Machinery			Dec.31	Profit and Loss		29,160
(i) 6,540, (ii) 22,620		29,160				
		29,160				29,160
	Machinery (i) 8,075, (ii) 8,667 Machinery (i) 7,268, (ii) 25,133 Machinery	Machinery (i) 8,075, (ii) 8,667 Machinery (i) 7,268, (ii) 25,133 Machinery	Particulars         J.F.         Rs           Machinery         4,250         4,250           Machinery         4,250         4,250           Machinery         16,742         16,742           (i) 8,075, (ii) 8,667         16,742         16,742           Machinery         16,742         16,742           (i) 7,268, (ii) 25,133         32,401         32,401           Machinery         32,401         32,401           (i) 6,540, (ii) 22,620         29,160         29,160	Particulars         J.F.         Rs         Date           Machinery         4,250         2015           Machinery         4,250         4,250           Machinery         16,742         2016           (i) 8,075, (ii) 8,667         16,742         2017           Machinery         16,742         2017           (i) 7,268, (ii) 25,133         32,401         2017           Machinery         32,401         2018           (i) 7,268, (ii) 25,133         32,401         2018           Machinery         2018         2018           Machinery         29,160         2018	ParticularsJ.F.RsDateParticularsMachinery (i) 8,075, (ii) 25,133 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 7,268, (ii) 25,133 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 7,268, (ii) 25,133 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 7,268, (ii) 25,133 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 6,540, (ii) 22,620 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 6,540, (ii) 22,620 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 6,540, (ii) 22,620 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$ Machinery (i) 6,540, (ii) 22,620 $I.F.$ $I.F.$ $I.F.$ $I.F.$ $I.F.$	ParticularsJ.F.RsDateParticularsJ.F.Machinery $4,250$ $4,250$ $2015$ Profit and Loss $4,250$ Machinery $4,250$ $2016$ Profit and Loss $16,742$ Machinery $16,742$ $16,742$ Profit and Loss $16,742$ Machinery $16,742$ $2016$ Profit and Loss $16,742$ Machinery $16,742$ $2017$ Profit and Loss $16,742$ Machinery $32,401$ $2017$ Profit and Loss $16,742$ (i) 7,268, (ii) 25,133 $32,401$ $2018$ Profit and Loss $16,742$ Machinery $29,160$ $20,181$ Profit and Loss $16,742$