

TS Grewal

Class 11

Accountancy Solutions



CHAPTER-11 - Depreciation

Q1

Solution:

Please find below the calculation of depreciation:

Depreciation: Cost of Machine – Scrap Value/Estimated Life of Asset

Original Cost: 96,000 + 24,000 = ₹1,20,000

Scrap Value: ₹72,000

Estimated Life: 4 years

Therefore, Depreciation = $1,20,000 - 72,000/4$
= ₹12,000

Rate of Depreciation = Amount of Depreciation/Total Cost of Asset
x 100

= $12,000/1,20,000 \times 100$

= $0.1 \times 100 = 10\%$ per annum.

Q2

Solution:

Please find below the transactions under machinery account:

Machinery A/c of Company A

| Dr. | | | | | | | Cr. |
|----------------------|--|-----|----------|-----------------------|---------------------------|-----|----------|
| Date | Particulars | J.F | ₹ | Date | Particulars | J.F | ₹ |
| 2015 1st April | To Bank A/c (purchase of asset) | | 4,00,000 | 2016 31st March | By Depreciation A/c | | 40,000 |
| | To Bank A/c (expense) | | 50,000 | | By Balance c/d | | 4,10,000 |
| | | | 4,50,000 | | | | 4,50,000 |
| 2016 1st April | To Balance b/d | | 4,10,000 | 2017 31st March | By Depreciation A/c | | 40,000 |
| | | | | | By Balance c/d | | 3,70,000 |
| | | | 4,10,000 | | | | 4,10,000 |

| | | | | | | | |
|-------------------------------|-------------------|--|-----------------|--------------------------------|---------------------------|--|-----------------|
| 2017 1st April | To Balance b/d | | 3,70,000 | 2018 31st March | By Depreciation A/c | | 40,000 |
| | | | | | By Balance c/d | | 3,30,000 |
| | | | 3,70,000 | | | | 3,70,000 |
| 2018 1st April | To Balance b/d | | 3,30,000 | | | | |

Depreciation = Cost of Asset – Scrap Value/Estimated Life of Asset

$$= 4,50,000 - 50,000/10$$

$$= ₹40,000 \text{ per annum}$$

Q3

Solution:

Please find below the transactions under machinery account:

Machinery A/c

| Date | Particulars | J. F | ₹ | Date | Particulars | J. F | ₹ |
|---------------------------------|---|------|------------------|----------------------------------|---|------|---------------|
| 2017 1st April | To Bank A/c (purchase of machinery 1) To Bank (expenses) | | 40,000 10,000 | 2018 31st March | By Depreciation A/c Machinery 1 - 5,000 Machinery 2 - 2,000 | | 7,000 |
| 30th September | To Bank A/c (purchase of machinery 2) | | 20,000 | 31st March | By Balance c/d Machinery 1 - 45,000 Machinery 2 - 18,000 | | 63,000 |
| | | | 70,000 | | | | 70,000 |

Q4

Solution:

Please find below the transactions under machinery account:

Machinery A/c of Rahul & Brothers

| Date | Particulars | J.F | ₹ | Date | Particulars | J.F | ₹ |
|----------------------|-------------------|-----|------------------|-----------------------|--------------------------------------|-----|------------------|
| 2016 1st April | To Balance b/d | | 20,00,000 | 2016 1st April | By Provision for Depreciation A/c | | 2,25,000 |
| | | | | 1st April | By Bank (sale of asset) A/c | | 5,00,000 |
| | | | | 1st April | By Profit & Loss A/c (loss) | | 25,000 |
| | | | | 2017 31st March | By Balance c/d | | 12,50,000 |
| | | | 20,00,000 | | | | 20,00,000 |

Please find below the transactions under provision for depreciation account:

| Provision for Depreciation A/c | | | | | | | |
|--------------------------------|------------------------|-----|-----------------|-----------------------|---------------------------|-----|-----------------|
| Date | Particulars | J.F | ₹ | Date | Particulars | J.F | ₹ |
| 2016 1st April | To Machinery A/c | | 2,25,000 | 2016 1st April | By Balance b/d | | 8,00,000 |
| 2017 31st March | To Balance c/d | | 7,00,000 | 2017 31st March | By Depreciation A/c | | 1,25,000 |
| | | | 9,25,000 | | | | 9,25,000 |

Working Notes:

Calculation of Loss:

Cost of Machinery = ₹7,50,000

(-) Depreciation at 10% for 3 years

(7,50,000 x 10% x 3) = (2,25,000)

= 5,25,000

(-) Selling Price of Machinery = (5,00,000)

Therefore, Loss = 25,000

Q5

Solution:

Please find below the transactions under printing machine account:

Printing Machine A/c

| Date | Particulars | J.F | ₹ | Date | Particulars | J.F | ₹ |
|---|---|-----|------------------|---|--|-----|-----------------|
| 1st Year 1st January | To Bank A/c (purchase of asset) To Bank A/c (expenses: 2000+1000+7000) | | 10,000 10,000 | 1st Year 31st December | By Depreciation A/c By Balance c/d | | 2,000 18,000 |
| | | | 20,000 | | | | 20,000 |
| 2nd Year 1st January | To Balance b/d | | 18,000 | 2nd Year 31st December | By Depreciation A/c By Balance c/d | | 1,800 16,200 |
| | | | 18,000 | | | | 18,000 |

| | | | | | | | |
|-------------------------------------|----------------|--|---------------|---------------------------------------|---------------------------|--|---------------|
| 3rd Year 1st January | To Balance b/d | | 16,200 | 3rd Year 31st December | By Depreciation A/c | | 1,620 |
| | | | | | By Balance c/d | | 14,580 |
| | | | 16,200 | | | | 16,200 |

Q6

Solution:

Please find below the transactions under machinery account:

Machinery A/c of Babita

| Date | Particulars | J.F | ₹ | Date | Particulars | J.F | ₹ |
|---------------------------|---|-----|--------|---------------------------------|--------------------------------|-----|--------|
| 2016 1st April | To Bank A/c (purchase of machinery 1) | | 6,000 | 2017 31st March | By Depreciation A/c | | 850 |
| 1st October | To Bank A/c (purchase of machinery 2) | | 5,000 | | Machinery 1 - 600 | | |
| | | | | | Machinery 2 (6months) - 250 | | |
| | | | | | By Balance c/d | | 10,150 |
| | | | | | Machinery 1 – 5,400 | | |
| | | | | | Machinery 2 – 4,750 | | |
| | | | 11,000 | | | | 11,000 |
| 2017 1st April | To Balance b/d | | | 2017 1st October | By Depreciation A/c | | 270 |
| | Machinery 1 – 5,400 | | 10,150 | | Machinery 1 – 270 (6months) | | 4,000 |
| | Machinery 2 – 4,750 | | | | | | 1,130 |

| | | | | | | | |
|--|--|--|---------------|--------------------------------|-----------------------------------|--|---------------|
| | | | | | By Bank A/c (sale of machinery 1) | | |
| | | | | | By Profit & Loss A/c | | |
| | | | | 2018 31st March | By Depreciation A/c Machinery 2 | | 475 |
| | | | | | By Balance c/d Machinery 2 | | 4,275 |
| | | | 10,150 | | | | 10,150 |

Working Note:

Calculation of Loss:

| Particulars | ₹ |
|---|---------|
| Cost of Machinery as on 1st April, 2017 (6,000 – 600) = | 5,400 |
| (-) Depreciation (6months) | (270) |
| Book Value of Machinery 1st October, 2017 | = 5,130 |
| (-) Sale | (4,000) |
| Loss | = 1,130 |

Q7

Solution:

Please find below the transactions under machinery account:

Machinery A/c of Komal Traders

| Dr. | | | | | | | Cr. |
|---|---------------------------------------|------------|---------------|--|---------------------------|------------|---------------|
| Date | Particulars | J.F | ₹ | Date | Particulars | J.F | ₹ |
| 2015 1st April | To Bank A/c (purchase of asset) | | 23,000 | 2016 31st March | By Depreciation A/c | | 5,000 |
| | To Bank A/c (expenses) | | 2,000 | | By Balance c/d | | 20,000 |
| | | | 25,000 | | | | 25,000 |
| 2016 1st April | To Balance b/d | | 20,000 | 2017 31st March | By Depreciation A/c | | 4,000 |
| | | | | | By Balance c/d | | 16,000 |
| | | | 20,000 | | | | 20,000 |
| 2017 1st April | To Balance b/d | | 16,000 | 2018 31st March | By Depreciation A/c | | 3,200 |
| | | | | | By Balance c/d | | 10,800 |
| | | | | | By Profit & Loss A/c | | 2,000 |
| | | | 16,000 | | | | 16,000 |