

1. X Ltd. writes off depreciation @10% per annum on the diminishing balance. On April 1, 2017, the Machinery Account showed a balance of Rs.2,98,000. It was discovered in the year 2017-2018 that:
- Heavy repairs effected to Plant and Machinery (completed on September 30, 2015) were debited to the Machinery Account. The amount was Rs.30,000; and
 - A machine costing Rs.12,000 was entered in the Purchases Book on 1st January, 2016. The expenses on installation, Rs.800, were debited to General Expenses Account.
- Necessary corrections were made in the year 2017-2018. On September 30, 2017 a machine which had cost Rs.40,000 on April 1, 2015 was disposed of for Rs.29,000 and a new machine costing Rs.58,000 was installed on the same date, the expenses on installing the machine being Rs.3,000.
- Required: Show the Machinery Account for the year ended March 31, 2018.
2. On April 1, 2015, X Ltd. purchased a machinery for Rs.12,00,000. On Oct 1, 2017, a part of the machinery purchased on April 1, 2015 for Rs. 80,000 was sold for Rs.45,000 and a new machinery at a cost of Rs.1,58,000 was purchased and installed on the same date. The company has adopted the method of providing 10% p.a. depreciation on the original cost of the machinery. Books are closed on 31st March.
- Required: Show the necessary ledger accounts assuming that
- 'Provision for Depreciation Account' is not maintained.
 - 'Provision for Depreciation Account' is maintained.
3. Green Channel Co. purchased a second-hand machine on 1st January, 2015 for Rs.1,60,000. Overhauling and erection charges amounted to Rs.40,000. Another machine was purchased for Rs.80,000 on 1st July, 2015.
- On 1st July, 2017, the machine installed on 1st January, 2015 was sold for Rs. 1,00,000. On the same date another machine was purchased for Rs.30,000 and was installed on 30th September, 2017.
- Under the existing practice the company provides depreciation @ 10% p.a. on original cost. However, from the year 2018 it decided to adopt WDV method and to charge depreciation @ 15% p.a. Prepare Machinery Account in the book of Green Channel Co. for the year 2015 to 2018. Accounting year ends on 31st Dec.
4. ABC Ltd. purchased on 1st Jan., 2015 second hand plant for Rs. 30,000 and immediately spent Rs.20,000 in overhauling it. On 1st July, 2015 additional machinery of a cost of Rs.25,000 was purchased. On 1st July 2017, the plant purchased on 1st Jan., 2015 became obsolete and was sold for Rs. 10,000. On that date new machinery was purchased at cost of Rs.60,000.
- Depreciation was provided at 10% per annum on the original cost of the asset. In 2018 the company changed this method of providing depreciation to 15% per annum on W. D. V.
- Required: Show Plant and Machinery A/c, Provision for Depreciation A/c and Machine Disposal Account for the years 2015-2018. Accounting year ends on 31st Dec.
5. M/s. S.S. Traders commenced business on 1st January, 2015, when they purchased machinery of Rs.7,00,000. They adopted a policy of (i) charging depreciation at 15% per annum on diminishing balance basis, and (ii) charging full year's depreciation on additions made during the year. Over the years, the purchases of Machinery have been:
- | Date | |
|------------|----------|
| 01.08.2016 | 1,50,000 |
| 30.09.2018 | 2,00,000 |
- On 1st January, 2018, it was decided to change the method of depreciation and rate of depreciation to 10% on straight line basis.
- Required: Prepare Machinery Account and Provision for Depreciation Account for the year 2018.

6. Date of purchasing and installing new machine = 1-1-2011.

Cost of machine = Rs.3,20,000.

Estimated residual value = Rs.20,000

Estimated useful life = 5 years

Method = SLM

At the beginning of 4th year, the machine was revalued at Rs.2,00,000 and RV was revised at Rs.30,000. Compute the Dep. of 4th year.

7. Date of purchasing and installing new machine = 1-1-2015

Cost of machine = Rs.2,00,000

Estimated RV = Rs.20,000

Estimated useful life = 9 years.

Method = SLM

At the beginning of 6th year, it was reestimated that the machine will be used from that date for next 9 years. compute dep. of 7th year.

8. Cost of machine = Rs.4,20,000

Estimated RV = Rs.20,000

Estimated Useful life = 10 years.

The machine will be used during its useful life as follows :-

Year	Production Units per year
1 - 3	1,000 Units
4 - 6	1,500 Units
7 - 10	625 Units

Compute depreciation charged each year by Production units method.

9. What are the differences between SLM and WDV Method?

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A COMMERCE ACADEMY

All The Best