



Solution

MACHINERY ACCOUNT

Dr.			Cr.		
Date	Particulars	Rs.	Date	Particulars	Rs.
01-07-2010	To Bank A/c	1,20,000	31-12-2010	By Depreciation A/c	4,500*
			31-12-2010	By Balance c/d	1,15,500
		1,20,000			1,20,000
01-01-2011	To Balance b/d	1,15,500	31-12-2011	By Depreciation A/c	9,000
			31-12-2011	By Balance c/d	1,06,500
		1,15,500			1,15,500
01-01-2012	To Balance b/d	1,06,500	31-12-2012	By Depreciation A/c	9,000
			31-12-2012	By Balance c/d	97,500
		1,06,500			1,06,500
01-01-2013	To Balance b/d	97,500			



DEPRECIATION ACCOUNT

Dr.			Cr.		
Date	Particulars	Rs.	Date	Particulars	Rs.
31-12-2010	To Machinery A/c	4,500	31-12-2010	By Profit & Loss A/c	4,500
		4,500			4,500
31-12-2011	To Machinery A/c	9,000	31-12-2011	By Profit & Loss A/c	9,000
		9,000			9,000
31-12-2012	To Machinery A/c	9,000	31-12-2012	By Profit & Loss A/c	9,000
		9,000			9,000

Working Note:

$$\text{Computation of Annual amount of Depreciation} = \frac{(1,08,000 + 12,000 - 12,000)}{12} = \text{Rs. } 9,000$$

* For the first year, machine has been used for half year that's why half depreciation has been charged i.e. Rs. 4,500.