Solution

MACHINERY ACCOUNT

Dr.   **Cr.**

Date	Particulars	Rs.	Date	Particulars	Rs.
01-01-2015	To Balance b/d		01-04-2015	By Machinery Disposal A/c	2,00,000
	(13,00,000 + 2,00,000)	15,00,000			
01-07-2015	To Bank A/c	6,00,000	31-12-2015	By Balance c/d	19,00,000
		21,00,000			21,00,000

PROVISION FOR DEPRECIATION ACCOUNT

Dr.   **Cr.**

Date	Particulars	Rs.	Date	Particulars		Rs.
01-04-2015	To Machinery Disposal A/c	1,30,000	01-01-2015	By Balance b/d		5,50,000
			01-04-2015	By Depreciation A/c		10,000
31-12-2015	To Balance c/d	7,50,000	31-12-2015	By Depreciation A/c		
				M1 =	2,60,000	
				M2 =	60,000	3,20,000
		8,80,000				8,80,000

MACHINERY DISPOSAL ACCOUNT

Dr.   **Cr.**

Date	Particulars	Rs.	Date	Particulars	Rs.
01-04-2015	To Machinery A/c	2,00,000	01-04-2015	By Provision for Depreciation A/c	1,30,000
01-04-2015	To Profit & Loss A/c (Profit on Sale of Machine)	5,000	01-04-2015	By Bank A/c	75,000
		2,05,000			2,05,000

Working Notes:

Depreciation charged on Rs. 2,00,000 of machinery in past three years:

2012 @ 20%	=	40,000
2013 @ 20%	=	40,000
2014 @ 20%	=	40,000
2015 @ 20%	=	10,000 (for three months)
Total Depreciation Charged	=	Rs. 1,30,000
Cost of Machine on 01-04-2015	=	(2,00,000 − 1,30,000) = Rs. 70,000
Profit on Sale of Machine	=	75,000 − 70,000 = Rs. 5,000