



Solution

MACHINERY ACCOUNT

Dr.			Cr.		
Date	Particulars	Rs.	Date	Particulars	Rs.
01-01-2011	To Bank A/c M1(8,00,000 + 2,00,000)	10,00,000	31-12-2011	By Balance c/d	10,00,000
		10,00,000			10,00,000
01-01-2012	To Balance b/d (M1)	10,00,000	31-12-2012	By Balance c/d	25,00,000
01-05-2012	To Bank A/c (M2)	15,00,000			
		25,00,000			25,00,000
01-01-2013	To Balance b/d	25,00,000	31-12-2013	By Balance c/d	25,00,000
		25,00,000			25,00,000



Dr.

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
01-01-2014	To Balance b/d	25,00,000	30-04-2014	By Machinery Disposal A/c	75,000
01-07-2014	To Bank A/c (M3)	12,00,000	31-12-2014	By Balance c/d	
				M1= (10,00,000-2,00,000)	
				M2= 15,00,000	
				M3= 12,00,000	35,00,000
		37,00,000			37,00,000
01-01-2015	To Balance b/d		31-12-2015	By Balance c/d	
	M1= 8,00,000			M1= 8,00,000	
	M1= 15,00,000	35,00,000		M2= 15,00,000	
	M1= 12,00,000			M3= 12,00,000	35,00,000
		35,00,000			35,00,000



PROVISION FOR DEPRECIATION ACCOUNT

Dr.

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
31-12-2011	To Balance c/d	1,00,000	31-12-2011	By Depreciation A/c	1,00,000
		1,00,000			1,00,000
31-12-2012	To Balance c/d	3,00,000	01-01-2012	By Balance b/d	1,00,000
			31-12-2012	By Depreciation A/c	
				M1 = 1,00,000	
				M2 = 1,00,000	2,00,000
				(Dep on M2 is for 8 months)	
		3,00,000			3,00,000
31-12-2013	To Balance c/d	5,50,000	01-01-2013	By Balance b/d	3,00,000
			31-12-2013	By Depreciation A/c	
				M1 = 1,00,000	
				M2 = 1,50,000	2,50,000
		5,50,000			5,50,000



Dr.			Cr.		
Date	Particulars	Rs.	Date	Particulars	Rs.
31-01-2014	To Machinery Disposal A/c	66,667	01-01-2014	By Balance b/d	5,50,000
31-12-2014	To Balance c/d	7,80,000	30-04-2014	By Depreciation A/c	6,667
			31-12-2014	By Depreciation A/c	
				M1 = 80,000	
				M2 = 1,50,000	
				M3 = 60,000	2,90,000
		8,46,667			8,46,667
31-12-2015	To Balance c/d	11,30,000	01-01-2015	By Balance b/d	7,80,000
			31-12-2015	By Depreciation A/c	
				M1 = 80,000	
				M2 = 1,50,000	
				M3 = 1,20,000	3,50,000
		11,30,000			11,30,000



MACHINERY DISPOSAL ACCOUNT

Dr.			Cr.		
Date	Particulars	Rs.	Date	Particulars	Rs.
30-04-2014	To Machinery A/c	2,00,000	30-04-2014	By Depreciation A/c	66,667
			30-04-2014	By Bank A/c (Sales Proceed)	75,000
			30-04-2014	By Profit & Loss A/c (Loss on Sale)	58,333
		2,00,000			2,00,000

Working Notes:

Computation of profit or Loss on Disposal

Total Depreciation charged on Machine till 01-10-2014

$$20,000 + 20,000 + 20,000 + 6,667 = \text{Rs. } 66,667$$

(2001) (2002) (2003) (2004 Apr)

$$\text{Value of Machine on 01-04-2014} = 2,00,000 - 66,667$$

$$= \text{Rs. } 1,33,333$$

$$\text{Loss on Sale of Machine} = [1,33,333 - 75,000]$$

$$= \text{Rs. } 58,333 \text{ (Loss)}$$