



Solution

Machine A/c

Date	Particulars	LF	Debit Amount	Date	Particulars	LF	Credit Amount
01-04-2019	To Bank A/c		1,90,000	31-03-2020	By Depreciation A/c		25,000
01-04-2019	To Bank A/c		10,000	31-03-2020	By Balance c/d		1,75,000
			2,00,000				2,00,000
01-04-2020	To Balance b/d		1,75,000	31-03-2021	By Depreciation A/c		25,000
			1,75,000	31-03-2021	By Balance c/d		1,50,000
01-04-2021	To Balance b/d		1,50,000	31-03-2022	By Depreciation A/c		25,000
			1,50,000	31-03-2022	By Balance c/d		1,25,000
01-04-2022	To Balance b/d		1,25,000	31-03-2023	By Depreciation A/c		25,000
			1,25,000	31-03-2023	By Balance c/d		1,00,000
01-04-2023	To Balance b/d		1,00,000				1,25,000



Depreciation A/c

Date	Particulars	LF	Debit Amount	Date	Particulars	LF	Credit Amount
31-03-2020	To Machinery A/c		25,000	31-03-2020	By Profit & Loss A/c		25,000
			25,000				25,000
31-03-2021	To Machinery A/c		25,000	31-03-2021	By Depreciation A/c		25,000
			25,000				25,000
31-03-2022	To Machinery A/c		25,000	31-03-2022	By Depreciation A/c		25,000
			25,000				25,000
31-03-2023	To Machinery A/c		25,000	31-03-2023	By Depreciation A/c		25,000
			25,000				25,000

$$\begin{aligned} \text{Amount of Annual Depreciation} &= \frac{\text{Total Cost of Asset} - \text{Estimated Scrap Value}}{\text{Estimated Useful Life of Asset in Years}} \\ &= \frac{2,00,000 - 50,000}{6} = \frac{1,50,000}{6} = 25,000 \end{aligned}$$

$$\text{Rate of Depreciation under SLM} = \frac{\text{Annual Depreciation}}{\text{Total Cost of Asset}} = \frac{25,000}{2,00,000} = 12.5\%$$