



Solution

(i) The Depreciation expense for the year ended 31st March, 2018

$$\text{Amount of Annual Depreciation} = \frac{\text{Total Cost of Asset} - \text{Estimated Scrap Value}}{\text{Estimated Useful Life of Asset in Years}}$$

$$\text{Amount of Annual Depreciation} = \frac{1,05,000 - 5,000}{10} = \frac{1,00,000}{10} = 10,000$$

(ii) The net book value of the asset on 31st March, 2022

Cost of the Asset	Rs. 1,05,000
Depreciation from 1-Apr-17 to 31-Mar-22 (5 years)	50,000
Net book value	<u>55,000</u>



(iii) The gain or loss on sale of the machine on 31st March, 2024

Cost of the Asset	Rs. 1,05,000
Depreciation from 1-Apr-17 to 31-Mar-24 (7 years)	70,000
Net book value	35,000
Sale consideration	6,000
Loss on sale of machine	29,000

