INDIAN SCHOOL NIZWA - WORKSHEET

ACCOUNTANCY
CH.14
DEPRECIATION

Name: __________________ Date: ____________ Class: XI. B

1. On 1st January, 2008 a Company bought Plant and Machinery costing 35,000. It is estimated that its working life is 10 years, at the end of which it will fetch 5,000. Additions are made on 1st January, 2009 to the value of 20,000 (**Residual value 2,000**). More additions are made on July 1, 2010 to the value of 10,000. (**Breakup value 1,000).** The working life of both the additional Plants and Machinery is 20 years.
   Show the plant and Machinery Account for the first five years .if Depreciation is written off according to straight line method. The accounts are closed on 31st December every year.
2. A businessman purchased a Machine for 12,00,000 on January 1 2015 He purchased another machine for 60,000 . On July 1, 2015. He further expanded his business and bought machine costing 40,000. On Oct 1, 2016. He charges depreciation @ 10% pa. on Straight Line Method prepare his machine Account and Depreciation Account up to December 31, 2017.
3. On January 1, 2009 M/s Ram & Sons purchased a Machinery for 2,00,000. They spent 12,000 on its freight and 8.000 for its installation. The expected life of the machine is 10 years. It is expected that the machine will be sold for 20,000 after its useful life.
   Prepare machinery account and depreciation account for 3 years. Books of Accounts are closed on December 31, every year.
4. A manufacturing concern, whose books are closed on 31st December, purchased machinery for 50,000 0n 1-1-2008. Additional machinery was acquired for 10,000 on 1-7-2009 and for 16,061 on 1-1-2012. Certain machinery purchased for 10,000 on 1-1-2008 was sold for 5,000 on 30-6-201 1.
   Give the machinery account for 5 years. Depreciation is written off at 10% per annum on written down value method
5. A trader purchased a machine for 20,000 on April 1, 2013 and paid a freight of 2,000 and also spent 1,000 on its installation in the factory. Depreciation is written off @ 10% p.a. on Straight Line Method every year on March 31.
   Prepare Machine Account and Depreciation Account for three years up to March 31, 2016.
6. The following balances appear in the books of M/s Mohan.

Jan. 1, 2012	Machinery Account	40,000
Jan. 1, 2012	Provision for Depreciation	18,000

   Oh 1st Jan. 2012 they decided to sell machinery for 4,350.
   This Machine was purchased in January 2009 for 8,000.
   You are required to prepare "Machinery A/c" and the "Provision for Depreciation A/c" on 31st December, 2012. Assume that the firm has been charging depreciation at 10% p.a. on Straight Line Method

7.What is depreciation? What are its causes?

8.Distinguish between straight line method and diminishing balance method of calculating depreciation?

9.State briefly the need for providing depreciation.

10.Explain the following terms.

a) Depletion
b) Obsolescence
c) Amortisation