

Solutions to RAC–DS2/Set-3

1. (b) $\frac{7}{25}$ $\left[\frac{1}{5} + \left(\frac{1}{5} \times \frac{2}{5} \right) = \frac{1}{5} + \frac{2}{25} = \frac{7}{25} \right]$

2. (c) (A) is correct but (R) is incorrect.

3. (b) Receiving minimum subscriptions

OR

(a) Subscribed Capital, Reserve Capital

4. (b) Sahil

OR

(b) Shall be paid to firm

5. (b) Drawings against Capital is considered while calculating interest on Capital.

6. (b) ₹ 10,000

OR

(b) Credited by face value of debentures

7. (c) (A) is incorrect but (R) is correct.

8. (a) Tarun's Capital A/c	Dr.	3,000
To Sandeep's Capital A/c		1,500
To Gajanan's Capital A/c		1,500

OR

(d) ₹ 45,000 and ₹ 15,000 respectively

9. (d) ₹ 1,83,000

$$[\text{Revaluation Loss} = ₹ 30,000 \times 2 = ₹ 60,000]$$

$$\therefore ₹ 30,000 (\text{Revaluation Loss}) + ₹ 15,000 (\text{Creditors}) - ₹ 40,000 (\text{Stock}) - ₹ 2,000 (\text{Bad Debts}) - ₹ 16,000 (\text{Provision for Doubtful Debts}) = ₹ 17,000 (\text{Loss on Furniture})]$$

10. (b) ₹ 15,000

$$\left[\{ ₹ 45,000 + ₹ 30,000 - ₹ 60,000 (\text{Revaluation loss}) + ₹ 15,000 (\text{Goodwill premium}) \} \times \frac{3}{2} \times \frac{1}{3} \right]$$

11. (a) It is not shown in the Balance Sheet.

12. (c) Debited by ₹ 16,000

13. (c) 11,000

14. (b) U's Capital A/c	Dr.	10,000
V's Capital A/c	Dr.	2,000
To W's Capital A/c		12,000

15. (b) ₹ 9,000 $[(\text{₹ } 1,10,000 - \text{₹ } 11,000) \times \frac{10}{110} = \text{₹ } 9,000]$

OR

(b) ₹ 39,000

16. (c) Partner's Wife's Loan

17.

In the Books of Anmol and Gagan

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr.		20,000	
	To Anmol Capital A/c			12,000
	To Gagan's Capital A/c			8,000
	(Being amount brought in by Anmol and Gagan for capital adjustment on the basis of Indu's capital)			

Working Notes:

Indu is admitted for 1/4th share.

$$\text{Remaining Share for Anmol and Gagan} = 1 - \frac{1}{4} = \frac{3}{4}$$

$$\text{New Share of Anmol} = \frac{3}{5} \times \frac{3}{4} = \frac{9}{20}$$

$$\text{New Share of Gagan} = \frac{2}{5} \times \frac{3}{4} = \frac{6}{20}$$

New Ratio = Anmol : Gagan : Indu = 9 : 6 : 5

Total Capital of New Firm = ₹ 40,000 × 4 = ₹ 1,60,000

	Anmol (₹)	Gagan (₹)
New Capital	72,000	48,000
Less: Existing Capital	60,000	40,000
Cash Brought In	12,000	8,000

18. Let total profit of the firm = 1

$$\text{Share of Earth and Sun} = \frac{1}{9} + \frac{4}{9} = \frac{5}{9}$$

$$\text{Remaining Share} = 1 - \frac{5}{9} = \frac{4}{9}$$

New share of Moon and Star are calculated by dividing the remaining share in 3 : 2

$$\text{Moon's new share} = \frac{4}{9} \times \frac{3}{5} = \frac{12}{45}$$

$$\text{Star's new share} = \frac{4}{9} \times \frac{2}{5} = \frac{8}{45}$$

Thus new profit sharing ratio of Sun, Moon, Star and Earth

$$= \frac{4}{9} : \frac{12}{45} : \frac{8}{45} : \frac{1}{9} = \frac{20}{45} : \frac{12}{45} : \frac{8}{45} : \frac{5}{45} = 20 : 12 : 8 : 5$$

$$\text{Sacrificing ratio} = \left(\frac{1}{3} - \frac{12}{45}\right) : \left(\frac{2}{9} - \frac{8}{45}\right) = \frac{3}{45} : \frac{2}{45} = 3 : 2$$

OR

$$\text{Average Profit} = \frac{\text{₹ } 6,00,000 + (\text{₹ } 40,000) + \text{₹ } 1,30,000 + \text{₹ } 2,00,000 + \text{₹ } 2,50,000}{5} = \text{₹ } 1,20,000$$

$$\text{Capitalized value of Average Profit} = \text{₹ } 1,20,000 \times \frac{100}{10} = \text{₹ } 12,00,000$$

$$\text{Capital Employed} = \text{₹ } 9,60,000 (\text{₹ } 5,00,000 + \text{₹ } 3,50,000 + \text{₹ } 80,000 - \text{₹ } 20,000 + \text{₹ } 50,000)$$

$$\text{Goodwill} = \text{Capitalized Value} - \text{Capital Employed} = \text{₹ } 12,00,000 - \text{₹ } 9,60,000 = \text{₹ } 2,40,000$$

19.

In the books of GDP Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr. To Debenture Application and Allotment A/c (Being application and allotment money received on 2,000, 12% Debentures of ₹ 100 each issued at a premium of 5% and redeemable at a premium of 10%)		2,10,000	2,10,000
	Debenture Application and Allotment A/c Dr. Loss on Issue of Debentures A/c Dr. To 12% Debentures A/c To Securities Premium A/c To Premium on Redemption of Debentures A/c (Being debentures allotted at premium of 5% redeemable at premium of 10%)		2,10,000 20,000	2,00,000 10,000 20,000

OR

In the books of ZX Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c Dr. To Sundry Creditors A/c To Mohan and Co. To Capital Reserve A/c (Being business of Mohan and Co. purchased for a consideration of ₹ 15,00,000)		18,00,000	2,10,000 15,00,000 90,000
	Mohan and Co. Dr. Discount on Issue of Debentures A/c Dr. To 9% Debentures A/c (Being purchase consideration paid to Mohan and Co. by issue of 9% Debentures of ₹ 150 each at a discount of ₹ 50 per debenture)		15,00,000 7,50,000	22,50,000

20.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Anvika's Current A/c Dr.		38,000	
	To Rupali's Current A/c			38,000
	(Being omission of partnership deed provisions)			

Working Note:**Statement of Adjustment**

Particulars	Rupali (₹)	Anvika (₹)	Total (₹)
Interest on Capital omitted	1,20,000	84,000	2,04,000
Salary to be provided	72,000	60,000	1,32,000
Remaining profit in 7 : 5 (₹ 5,04,000 – ₹ 2,04,000 – ₹ 1,32,000)	98,000	70,000	1,68,000
Amount to be received (Cr.)	2,90,000	2,14,000	5,04,000
Amount already received (₹ 5,04,000 in 1 : 1) (Dr.)	2,52,000	2,52,000	5,04,000
Net Adjustment	38,000 (Cr.)	38,000 (Dr.)	—

21.

An extract of Balance Sheet of Max India Ltd.

Particulars	Note No.	Amount (₹)
Equity and Liabilities		
Shareholders' Fund		
Share Capital	1	2,47,500

Notes to Accounts:

Note No.	Particulars	Amount (₹)
1	Share Capital	
	Authorised Share Capital	
	50,000 Equity Shares of ₹ 10 each	5,00,000
	Issued Share Capital	
	25,000 Equity Shares of ₹ 10 each	2,50,000
	Subscribed Share Capital	
	Subscribed and fully paid up	
	24,500 Equity Shares of ₹ 10 each fully called up	2,45,000
	Subscribed but not fully paid-up	
	500 shares of ₹ 10 each	5,000
<i>Less:</i> Calls-in-Arrears	<u>2,500</u>	2,500
		<u>2,47,500</u>

22.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Realisation A/c (Being payment received from debtors)		1,30,000	1,30,000
(ii)	Realisation A/c Dr. To N's Capital A/c (Being remuneration paid for dissolution work)		16,000	16,000
(iii)	Realisation A/c Dr. To N's Capital A/c (Being amount provided for being dissolution expenses)		4,000	4,000
(iv)	N's Capital A/c Dr. To Bank A/c (Being dissolution expenses paid by firm on behalf of the partner)		6,500	6,500
(v)	M's Capital A/c Dr. N's Capital A/c Dr. O's Capital A/c Dr. To Realisation A/c (Being loss on realisation transferred to partners' capital accounts)		14,800 18,500 3,700	37,000

23.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Equity Share Application and Allotment A/c (Being application and allotment money received)		10,00,000	10,00,000
(ii)	Equity Share Application and Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c To Calls-in-Advance A/c To Bank A/c (Being application and allotment money transferred to share capital)		10,00,000	4,00,000 1,00,000 4,00,000 1,00,000
(iii)	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being first and final call money due)		8,00,000	4,00,000 4,00,000

(iv)	Bank A/c	Dr.	6,86,000	
	Calls-in-Arrears A/c	Dr.	14,000	
	Calls-in-Advance A/c	Dr.	1,00,000	
	To Equity Share First and Final Call A/c (Being first and final call money received)			8,00,000
(v)	Equity Share Capital A/c	Dr.	16,000	
	Securities Premium A/c	Dr.	8,000	
	To Share Forfeiture A/c			10,000
	To Equity Share First and Final Call A/c (Being 1,600 shares forfeited)			14,000
(vi)	Bank A/c	Dr.	14,400	
	Share Forfeiture A/c	Dr.	1,600	
	To Share Capital A/c (Being forfeited shares reissued)			16,000
(vii)	Share Forfeiture A/c	Dr.	12,400	
	To Capital Reserve A/c (Being gain on forfeited shares transferred to capital reissued)			12,400

Working Note:

$$\text{Shares Alloted to Kumar} = 1,800 \times \frac{80,000}{90,000} = 1,600$$

First and Final Call money due from Kumar (1,600 × ₹ 10)	₹ 16,000
Less: Excess Application and Allotment money adjusted (200 × ₹ 10)	₹ 2,000
Allotment money unpaid by Kumar	<u>₹ 14,000</u>

OR

(a)

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Share Capital A/c	Dr.	12,000	
	To Share Forfeiture A/c			7,500
	To First and Final Call A/c			4,500
	(Being 1,500 shares forfeited)			
(ii)	Bank A/c	Dr.	5,400	
	Share Forfeiture A/c	Dr.	1,800	
	To Share Capital A/c (Being 900 shares reissued)			7,200
(iii)	Share Forfeiture A/c	Dr.	2,700	
	To Capital Reserve A/c (Being profit on reissue transferred to capital reserve)			2,700

Working Notes:

Forfeited Shares amount for 1,500 shares = ₹ 7,500

Forfeited Shares for 900 Shares = $\frac{₹7,500}{1,500} \times 900 = ₹ 4,500$

Amount utilized (difference in called up and received) = ₹ 7,200 – 5,400 = ₹ 1,800

Therefore amount to be transferred to capital reserve = ₹ 4,500 – ₹ 1,800 = ₹ 2,700

(b)

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Share Capital A/c To Share Forfeiture A/c To Calls-in-Arrears A/c (Being 5,000 shares forfeited)	Dr.	35,000	25,000 10,000
(ii)	Bank A/c To Share Capital A/c (Being 2,000 shares reissued)	Dr.	20,000	20,000
(iii)	Share Forfeiture A/c To Capital Reserve A/c (Being profit on reissue transferred to capital reserve) $\left(\frac{25,000}{5,000} \times 2,000\right)$	Dr.	10,000	10,000

24.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Revaluation A/c To Provision for Doubtful Debts A/c (Being provision for doubtful debts increased)	Dr.	20,000	20,000
(ii)	Land and Building A/c Stock A/c To Revaluation A/c (Being value of land and building and stock increased)	Dr. Dr.	1,00,000 40,000	1,40,000
(iii)	Revaluation A/c To Meera's Capital A/c To Sarthak's Capital A/c (Being profit on revaluation distributed)	Dr.	1,20,000	72,000 48,000
(iv)	General Reserve A/c To Meera's Capital A/c To Sarthak's Capital A/c (Being general reserve distributed)	Dr.	1,50,000	90,000 60,000

(v)	Workmen Compensation Reserve A/c Dr. To Workmen Compensation Claim A/c To Meera's Capital A/c To Sarthak's Capital A/c (Being workmen compensation reserve adjusted for claim and balance transferred to old partners)		50,000	20,000 18,000 12,000
(vi)	Cash A/c Dr. To Rohit's Capital A/c To Premium for Goodwill A/c (Being capital and premium brought in by Rohit)		2,50,000	1,50,000 1,00,000
(vii)	Premium for Goodwill A/c Dr. To Meera's Capital A/c To Sarthak's Capital A/c (Being premium for goodwill credited to sacrificing partners)		1,00,000	60,000 40,000

Working Note:

Amount brought by Rohit for his capital contribution

$$\begin{aligned}
 &= [(\text{₹ } 2,00,000 \text{ (Capitals of Meera and Sarthak)} + \text{₹ } 1,50,000 \text{ (General Reserve)} + \\
 &\quad \text{₹ } 30,000 \text{ (Balance of Workmen Compensation Reserve)} + \text{₹ } 1,20,000 \text{ (Revaluation} \\
 &\quad \text{Profit)} + \text{₹ } 1,00,000 \text{ (Revaluation on profit Premium for Goodwill)}] \times \frac{5}{4} \times \frac{1}{5} \\
 &= \text{₹ } 6,00,000 \times \frac{5}{4} \times \frac{1}{5} = \text{₹ } 1,50,000
 \end{aligned}$$

OR

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	X's Capital A/c Dr. To Investments A/c (Being 20% of investments taken by partner X)		22,000	22,000
(ii)	Revaluation A/c Dr. To Provision for Doubtful Debts A/c To Claim for Workmen Compensation A/c (Being provision for doubtful debts and excess claim of workmen compensation transferred to revaluation account)		12,000	2,000 10,000
(iii)	Stock A/c Dr. Cash A/c Dr. Creditors' A/c Dr. To Revaluation A/c (Being gain on stock, creditors and bad debts recovered transferred to revaluation account)		10,000 15,000 27,000	52,000

(iv)	Revaluation A/c To X's Capital A/c To Y's Capital A/c To Z's Capital A/c (Being gain on revaluation transferred to old partners)	Dr.	40,000	20,000 13,333 6,667
(v)	X's Capital A/c Y's Capital A/c To Z's Capital A/c (Being share of goodwill adjusted in gaining ratio i.e 3 : 2)	Dr. Dr.	6,000 4,000	10,000
(vi)	Z's Capital A/c To Z's Loan A/c (Being balance of Z's capital transferred to his loan A/c) (1,20,000 + 6,667 + 10,000)	Dr.	1,36,667	1,36,667

25. **Dr. Nitin's Capital Account Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Drawings A/c	6,000	By Balance b/d	3,00,000
To Nitin's Executors' A/c	4,18,000	By Salary A/c	24,000
		By Neil's Capital A/c	40,000
		By Mukesh's Capital A/c	20,000
		By Profit and Loss Suspense A/c	10,000
		By General Reserve A/c	30,000
	4,24,000		4,24,000

Working Notes:

Calculation of Nitin's share of Goodwill:

$$\text{Average Profit for the last 3 years} = \frac{\text{₹ } 80,000 + \text{₹ } 90,000 + \text{₹ } 1,00,000}{3} = \text{₹ } 90,000$$

$$\begin{aligned} \text{Goodwill of the firm} &= \text{Average Profits of the last three years} \times \text{Number of years of purchase} \\ &= \text{₹ } 90,000 \times 2 = \text{₹ } 1,80,000 \end{aligned}$$

$$\text{Nitin's Share of Goodwill} = \text{₹ } 1,80,000 \times \frac{3}{9} = \text{₹ } 60,000$$

Calculation of Nitin's Share of Profit:

$$\text{Average Profit of last 3 years} = \text{₹ } 90,000$$

$$\text{Profits till the date of death} = \text{₹ } 90,000 \times \frac{4}{12} = \text{₹ } 30,000$$

$$\text{Nitin's Share of Profits} = \text{₹ } 30,000 \times \frac{3}{9} = \text{₹ } 10,000$$

26.

(i)

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023				
Oct. 1	Bank A/c Dr. To Debenture Application and Allotment A/c (Being debenture application amount received)		36,00,000	36,00,000
Oct. 1	Debenture Application and Allotment A/c Dr. Loss on Issue of Debentures A/c Dr. (4,00,000 + 6,00,000) To 9% Debentures A/c (40,000 × ₹ 100) To Premium on redemption of Debentures A/c (Being debentures issued at 10% discount redeemable at 15% premium)		36,00,000 10,00,000	40,00,000 6,00,000

Working Note:

Number of Debentures issued = ₹ 36,00,000 / ₹ 90 = 40,000 debentures

(ii)

Dr.			Cr.		
Loss on Issue of Debentures Account					
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023			2024		
Oct. 1	To 9% Debentures A/c	4,00,000	Mar. 31	By Securities Premium A/c	6,40,000
Oct. 1	To Premium on Redemption of Debentures A/c	6,00,000	Mar. 31	By Statement of Profit and Loss	3,60,000
		10,00,000			10,00,000

(iii)

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023				
Mar. 31	Debenture Interest A/c Dr. To Debenturesholders' A/c (Being interest due on debentures)		1,80,000	1,80,000
Mar. 31	Debenturesholders' A/c Dr. To Bank A/c (Being interest on debentures paid)		1,80,000	1,80,000
Mar. 31	Statement of Profit and Loss Dr. To Debenture Interest A/c (Being debenture interest written off)		1,80,000	1,80,000

27. (d) Analysis, Interpretation

OR

(b) Turnover

28. (d) ₹ 36,000

$$[\text{Cost of Revenue from operations} = ₹ 2,00,000 \times \frac{75}{100} = ₹ 1,50,000]$$

$$\text{Average Inventory} = \frac{₹ 1,50,000}{5} = ₹ 30,000$$

$$\therefore \frac{\text{Closing Inventory} + \text{Closing Inventory} - ₹ 8,000}{2} = ₹ 30,000$$

$$2 \text{ Closing Inventory} - ₹ 8,000 = ₹ 60,000$$

$$2 \text{ Closing Inventory} = ₹ 68,000$$

$$\text{Closing Inventory} - \frac{₹ 68,000}{2} = ₹ 34,000]$$

29. (c) Statement I is correct and Statement II is incorrect.

OR

(c) Financing Activity

30. (a) ₹ 2,00,000

Dr.		Machinery A/c		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	3,00,000	By Bank A/c (Bal. Fig.)	2,00,000		
To Bank A/c	4,00,000	By Statement of Profit and Loss (Depreciation)	50,000		
To Statement of Profit and Loss (Profit)	50,000	By Balance c/d	5,00,000		
	7,50,000		7,50,000		

Sr. No.	Items	Major Head	Sub-Head
(i)	Securities Premium	Shareholders' Fund	Reserves and Surplus
(ii)	Unpaid Dividend	Current Liabilities	Other Current Liabilities
(iii)	Investment in Debentures	Non-Current Investment	Non-Current Assets
(iv)	Stores and Spares	Inventories	Current Assets
(v)	Interest due on Calls-in-Arrears	Current Assets	Other Current Assets
(vi)	Bills Payable	Current Liabilities	Trade Payable

32. Return on Capital Employed = $\frac{\text{Profit before Interest and Tax}}{\text{Capital Employed}} \times 100$

$$= \frac{₹ 82,500}{₹ 4,00,000} \times 100 = 20.63\%$$

Working Notes:

Net Profit after Interest and Tax = ₹ 50,000

Let Profit before tax = ₹ 50,000 × $\frac{100}{80}$ = ₹ 62,500

Interest on Long-term Debts = ₹ 2,00,000 × 10/100 = ₹ 20,000

Profit before Interest and Tax = ₹ 62,500 + ₹ 20,000 = ₹ 82,500

Capital Employed = Fixed Assets + Current Asset – Current Liabilities

= ₹ 3,00,000 + ₹ 2,00,000 – ₹ 1,00,000 = ₹ 4,00,000

33.

Common-size Statement of Profit and Loss

for the year ended 2022 and 2023

Particulars	Absolute Amounts (₹)		Percentage of Revenue from Operations (%)	
	2021-22	2022-23	2021-22	2022-23
I. Revenue from Operations	10,00,000	12,50,000	100	100
II. Expenses				
(a) Depreciation and Amortisation Expenses	3,50,000	5,00,000	35	40
(b) Other Expenses	1,50,000	1,00,000	15	8
Total Expenses	5,00,000	6,00,000	50	48
III. Profit before Tax (I-II)	5,00,000	6,50,000	50	52
IV. Income Tax @ 30%	1,50,000	1,95,000	15	15.6
V. Profit after Tax (III-IV)	3,50,000	4,55,000	35	36.4

OR

Comparative Balance Sheet

as at 31st March 2022 and 2023

Particulars (A)	31 st March 2022 (₹)	31 st March 2023 (₹)	Absolute Change (₹)	% Change
	A	B	C = B – A	D = C/A × 100
I. EQUITY AND LIABILITIES				
1. Shareholders' Funds				
Share Capital	1,50,000	1,75,000	25,000	16.67
2. Non-Current Liabilities				
Long-term Borrowings	1,00,000	50,000	(50,000)	(50)
3. Current Liabilities				
Trade Payable	50,000	75,000	25,000	50
Total	3,00,000	3,00,000	—	—

II. ASSETS				
1. Non-Current Assets				
Property, Plant and Equipment and Intangible Assets	1,50,000	2,00,000	50,000	33.33
2. Current Assets				
Trade Receivables	1,50,000	1,00,000	(50,000)	(33.33)
Total	3,00,000	3,00,000	—	—

34.

Sr. No.	Particulars	Amount (₹)
(i)	Profit before tax and Extraordinary items (₹ 70,000 – ₹ 50,000)	20,000
	<i>Add:</i> Loss on Sale of Machinery	15,000
	Depreciation charged on Machinery	20,000
	Goodwill amortized	8,000
	Interest on Debentures	12,000
	Operating Profit before working capital changes	75,000
(ii)	Operating Profit before working capital changes	75,000
	<i>Add:</i> Increase in creditors	20,000
	Increase in Bills Payable	80,000
	<i>Less:</i> Decrease in outstanding expenses	(5,000)
	Increase in inventories	(20,000)
	Increase in trade receivables	(20,000)
	Cash Flow from Operating Activities (Inflow)	1,30,000
(iii)	Sale of Machinery	15,000
	<i>Less:</i> Purchase of Machinery	(1,00,000)
	Loans advanced	(30,000)
	Cash Flow from Investing Activities (Outflow)	(1,15,000)
(iv)	Issue of Shares	50,000
	<i>Less:</i> Debentures Redeemed	(20,000)
	Interest on Debentures	(12,000)
	Cash Flow from Financing Activities (Inflow)	18,000
(v)	Net Cash inflow during the year (1,30,000 – 1,15,000 + 18,000)	33,000
	<i>Add:</i> Opening Cash and Cash Equivalents	65,000
	Closing Cash and Cash Equivalents	98,000

Working Notes:**Dr. Machinery Account Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	2,00,000	By Provision for Depreciation A/c	10,000
To Bank A/c (Balancing figure)	1,00,000	By Bank A/c	15,000
		By Statement of Profit and Loss (Loss)	15,000
		By Balance c/d	2,60,000
	3,00,000		3,00,000

Dr. Provision for Depreciation Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	10,000	By Balance b/d	50,000
To Balance c/d	60,000	By Depreciation A/c (Balancing figure)	20,000
	70,000		70,000