



Q1. X purchased five trucks on 1st October, 2005. The cash price of each truck was Rs 5, 50,000. X was to pay 20% of cash price at the time of delivery and 25% of cash price at the end of each of the subsequent four half yearly periods beginning from 31st march, 2006.

On X's failure to pay the installment due on 30th September, 2006 it was agreed that X could keep three trucks, On the condition that value of two trucks would be adjusted against the amount due, the trucks being valued at cost less 25% depreciation.

Show the necessary ledger Accounts in the books of X, assuming that his books are closed on 31st march each year and he charges depreciated @15% on original cost of trucks.

Q2. The book value of plant and machinery on 1.1.2004 was Rs 2, 00,000. New machinery for Rs 10000 was purchased on 1.10.2004 and for Rs 20000 on 1.7.2005. On 1.4.2006, machinery whose book value had been Rs 30,000 on 1.1.2004 was sold for Rs 16000. Depreciation had been charged at 10% per annum since 2004 on straight line method. It was decided in 2006 that depreciation @20% p.a. On diminishing balance method should be charged with retrospective effect since 1.1.2004. Show plant and machinery Account up to 31.12.2006. Give detailed working.