

## Solution-Assignment # 2

### Question # 1

#### Part a)

#### Fixed Asset Schedule (Straight Line Method)

Years	Cost Rs.	Depreciation charges Rs.	Accumulated depreciation Rs.	Written down value Rs.
1 <sup>st</sup> Year	2,450,000	245,000	245,000	2,205,000
2 <sup>nd</sup> Year	2,450,000	245,000	490,000	1,960,000
3 <sup>rd</sup> Year	2,450,000	245,000	735,000	1,715,000
4 <sup>th</sup> Year	2,450,000	245,000	980000	1,470,000
5 <sup>th</sup> Year	2,450,000	245,000	1,225,000	1,225,000

**Part b)**

**Fixed Asset Schedule**  
**Diminishing Balance Method**

Years	Cost Rs.	Depreciation charges Rs.	Accumulated depreciation Rs.	Written down value Rs.
1 <sup>st</sup> Year	2,450,000	245,000	245,000	2,205,000
2 <sup>nd</sup> Year	2,450,000	220,500	465,500	198,4500
3 <sup>rd</sup> Year	2,450,000	198,450	663,950	1,786,050
4 <sup>th</sup> Year	2,450,000	178,605	842,555	1,607,445
5 <sup>th</sup> Year	2,450,000	160,744.5	1,003,299.5	1,446,700.5

**Question #2**

**CALCULATIONS OF PROFIT/LOSS**

**Part a)**

**Profit/loss under straight line method:**

$$= \text{Sale} - \text{Written down value}$$

$$= 1,280,000 - 1,225,000$$

$$\text{Profit} = \text{Rs. } 55,000 \text{ Profit}$$

**Part b)**

**Profit/loss under Diminishing balance method:**

$$= \text{Sale} - \text{Written down value}$$

$$= 1,280,000 - 144,6700.5$$

$$\text{Loss} = \text{Rs. } (166,700.5)$$