INDIAN SCHOOL AL WADI AL KABIR

Class: XI	**Department: Commerce**
Worksheet: 1	**Topic: Depreciation**

MULTIPLE CHOICE QUESTIONS:

1.The main objective of charging depreciation is to:
A. Show higher profits
B. Distribute dividends
C. Allocate cost of asset over useful life
D. Increase cash balance

2. Which of the following is *not* a cause of depreciation?
A. Wear and tear
B. Obsolescence
C. Passage of time
D. Decrease in market value

3. Which of the following assets is *not* depreciated?
A. Machinery
B. Land
C. Furniture
D. Building

4. Obsolescence of an asset refers to:
A. Natural decay
B. Wear and tear
C. Becoming outdated
D. Breakage of asset

5. Under the Straight-Line Method, the depreciation amount is calculated on:
A. Book value
B. Cost of the asset
C. Fair market value
D. Realisable value

6. Which method results in the same amount of depreciation every year?
A. Written Down Value Method
B. Reducing Balance Method
C. Straight Line Method
D. Sum of Years' Digits Method

7. Decrease in the value of intangible assets over a period of time is termed as:
A.Depreciation

B. Amortisation
C. Depletion
D. Consumption
8. An asset costing ₹1,00,000 has a scrap value of ₹10,000 and a useful life of 5 years. What is the annual depreciation using the Straight-Line Method?
A. ₹18,000
B. ₹20,000
C. ₹22,000
D. ₹25,000

9. Under WDV method, if an asset was purchased for ₹1,00,000 and depreciation is charged @ 20% p.a., what will be its book value at the end of 2 years?
A. ₹60,000
B. ₹80,000
C. ₹40,000
D. ₹64,000

10. A company purchased a machine on 1st April 2022 for ₹1,50,000. Depreciation is charged @ 10% p.a. under SLM. What will be the value of the asset on 31st March 2025?
A. ₹1,05,000
B. ₹1,20,000
C. ₹1,35,000
D. ₹1,50,000

11. If the rate of depreciation under WDV is 10% and the book value of the asset at the beginning of the year is ₹1,80,000, the original cost of the asset bought one year before was 2,00,000 what will be the depreciation amount for the year?
A. ₹19,000
B. ₹18,000
C. ₹20,000
D. ₹12,000

12. A firm purchased a scooter on 1.4.2022 for Rs.80,000. Depreciation is charged @10% p.a on WDV method. The scooter was sold on 30.9.2024 for Rs.70,000. What is the amount of profit or loss on sale?
A. Loss Rs.2,000
B. Profit Rs.1,600
C. Profit Rs. 1,200
D. Loss Rs.1,800

NUMERICALS

13. On 1st April, 2022, X Ltd. Purchased a machine for ₹18,000 and spent ₹2,000 on its installation. On 1st Oct, 2022 an additional machine costing ₹6,000 was purchased. On 1st July, 2023 another machine was installed at a cost of ₹20,000 Show the Machinery Account for the first two years starting from 1st April 2022, if depreciation is charged at 10% p.a. by the Straight-Line Method.

14. A company purchased on 1st April, 2022, a motor car for ₹80,000. On 1st October, 2023, it purchased another motor car for ₹50,000 and on that day the car bought on 1.4.2022 was sold

₹65,000. Depreciation was provided on the cars at the rate of 10% p.a. on the original cost annually. Give the Machinery Account for three years till 31.3.2025. Accounts are closed on 31st March every year.

15. SGV Ltd. purchased a machine on 1st April 2022 for ₹ 60,000 plus IGST @ 10%. On 1st October, 2023, it purchased another machine for ₹ 20,000 plus CGST and SGST @ 5% each. On 30th June, 2024, it sold the first machine purchased on 1.4.2022, The selling price was ₹ ₹25,000 charging IGST @ 12%. Depreciation is provided @ 10% p.a. on Straight line method. Accounts are closed on 31st March every year. Prepare the Machinery A/c for three years.

16. A firm purchased on 1st April 2020 certain machinery for Rs.5,82,000 and spent Rs.18,000 on its installation. On 1st October 2020, additional machinery costing Rs.2,00,000 was purchased. On 1st October 2022, the machinery purchased on 1st April 2020 was auctioned for Rs.2,86,000 plus CGST and SGST @ 6% each and new machinery for Rs.4,00,000, plus IGST @ 12% was purchased on the same date. Depreciation was provided annually on 31st March at the rate of 10% on original cost. Prepare the Machinery Account for the three years ended 31st March 2023

17. On 1st April 2021, a company purchased Machinery for ₹4,00,000. On 1st October 2022, it purchased additional machinery worth ₹2,00,000. Depreciation is provided at 10% p.a. on original cost (SLM). The books are closed on 31st March every year.
On 1st October 2023, the company sold 1/4th of the machinery purchased on 1st April 2021 for ₹80,000.
Prepare Machinery A/c for 3 years till 31st April 2024.

18. Sunshine Ltd., purchased a machine on 1.4.2022 for ₹ 20,000. It purchased another machine on 1.10.2023 costing ₹40,000. On 31.3.2025 the machine purchased on 1.4.2022 became useless and was sold at a loss of ₹1,200. The depreciation was charged @ 10% p.a. on diminishing balance method. Show machinery for 3 years up to 31.3.2025.

19. Oberoi Ltd. purchased Motor Van on 1st April, 2022 for ₹30,000 and paid ₹10,000 on its registration. The company purchased another van on 1st October, 2022 costing ₹60,000.
The motor van purchased on 1st April, 2022 met with an accident on 30th September 2023 and was damaged, the insurance company admitted a claim of ₹25,000.
The depreciation was charged @ 10% p.a on reducing balance method.
Prepare Machinery A/c for 2 years up to 31st March 2024.

20. On 1st October, 2022 a company purchased a machine for Rs 3,90,000 and spent Rs 10,000 on its installation. It decided to provide depreciation @ 10% per annum, using written down value method.
On 1st April, 2024 the machine was dismantled and then sold for Rs 1,00,000.
On 1st October, 2024 the company acquired and put into operation a new machine at a total cost of Rs 7,00,000. Depreciation was provided on the new machine on the same basis as had been used in the case of the earlier machine. The company closes its books of account every year on 31st March.
Prepare Machinery account from 1st July 2022 to 31st March 2025.

21. A company purchased machinery on 1st April 2021 for ₹5,00,000. On 1st October 2022, additional machinery was purchased for ₹3,00,000.

The company charges depreciation @ 20% per annum on the Written Down Value (WDV) Method.
On 1st January 2024, the company sold 1/5th of the machinery purchased on 1st April 2021 for ₹70,000.
The company closes its books on 31st March every year.
Prepare Machinery A/c for 3 years till 31^{st} April 2024.

22. The following balances were obtained from the books of United Ltd as on 1st April, 2024.
Machinery: ₹30,000.
Provision for Depreciation: ₹ 12,000.
On 1.4.2024 the part of the machine which was purchased on 1.4.2020 for ₹ 10,000 was sold at profit of ₹ 500.
A new machine was imported on 1.10.2024 for ₹ 14,000. The company depreciates its machine @10% p.a. on its original cost and the accounting year ends on 31st March.
You are required to prepare (i) Machinery A/c and (ii) Provision for Depreciation A/c for the year 2024-25.

23.The following balances were obtained from the books of Grand Ltd as on
1.4.2024
Machinery A/c: ₹80,000
Provision for Depreciation A/c: ₹36,000
A part of the machine originally costing ₹10,000 was sold on 30.6.2024 for ₹8,500. This part of the machine was purchased on 1.4.2022. A new machine was purchased and installed on 1.1.2025 for ₹50,000.
The company depreciates the machine @10% p.a on straight line method and closes the accounting year on 31st March.
You are required to prepare (i) Machinery A/c and (ii) Provision for Depreciation A/c for the year 2024-25.

24.The following balances were obtained from the books of Orange Ltd as on 1.4.24
Machinery: ₹4,00,000
Provision for Depreciation: ₹1,20,000.
A machine broke-down on 30th September 2024 and it was scrapped on that day at a loss of ₹5,000. This machine was acquired for ₹80,000 on 1.4.2022.A new machine was imported on 1.10.2024 for ₹88,000 and import duty paid was ₹12,000.
The company depreciates its machine @10% on its original cost and follows financial year as their accounting year.
You are required to prepare (i) Machinery A/c and (ii) Provision for Depreciation A/c for the year 2024-25.