INDIAN SCHOOL AL WADI AL KABIR

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

MULTIPLE CHOICE QUESTIONS

1.As per the Original Cost method which is the correct formula for calculating Annual depreciation?
A.Depreciation = Scrap value – Cost of asset / Estimated life of asset
B.Depreciation = Cost of asset Scrap value/ Estimated life of asset
C.Depreciation = Cost of asset – Market value / Estimated life of asset
D.Depreciation = Cost of asset – Scrap value/ Market value of asset

2. Depreciation is charged on:
A.Fixed tangible assets
B.Current assets
C.Both current and fixed assets
D.None of the above

3.Why do asset depreciates?
A.Accident
B.Efflux of time
C.Obsolescence
D.All of these.

4. Under which depreciation method does the amount of depreciation expenses remains the same throughout the useful life of a fixed asset?
A.Reducing balance method
B.Number of units produced method
C.Machine hours method
D.Straight-line method

5. At the end of the year, the depreciation account is transferred to _______.
A. Trading account
B. Profit and loss appropriation account
C. Profit and loss account
D. Balance Sheet

6. Depreciation is which type expenditure?
A. Non-cash
B. Both cash and non-cash
C. Cash
D. None of the above

7. Depreciation charged under diminishing method ________.
A.Decrease every year
B.Increase in one year and decrease another year
C.Same every year
D.Increase every year

8.Decrease in the value of intangible assets over a period of time is termed as:
A.Depreciation
B.Amortisation
C.Depletion
D.Consumption

9.Under ________ method depreciation is charged on book Value.
A.Straight Line
B.Written down value
C.Annuity
D.Insurance policy

10.A machine is purchased for Rs.15,000 and installation charges Rs.5,000. The machine is depreciated @10% p.a on straight lime method.
What will be the annual depreciation charge?
A.Rs.4,000
B.Rs.1,500
C.Rs. 2,000
D.Rs. 500

11. 7.A building is purchased for Rs.1,00,000. It is depreciated @10% p.a on straight line method.
What will be the value of the building after 2 years
A.Rs.90,000
B.Rs.60,000
C.Rs.80,000
D.Rs.70,000

12. 7.A machine is purchased for Rs.30,000 on 1.4.2022 It is depreciated as per diminishing balance method @10% p.a. What will be depreciation charge for the year 1.4.2023 to 31.03.2024?
A.Rs.3,000
B.Rs.6,000
C.Rs.5,700
D.Rs.2,700

13.A firm purchased a scooter on 1.4.2022 for Rs.80,000. Depreciation is charged @10% p.a on WDV method. The furniture set 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

14.ASSERTION: The decrease in value of natural resources like forests and mines is called a depletion.
REASON: Provision for Depreciation A/c shows the accumulated depreciation over the usage period of the asset.
A.Both Assertion and Reason are incorrect.
B.Assertion is incorrect, Reason is correct.
C.Both Assertion and Reason are correct and Reason is the correct explanation of Assertion.
D. Both Assertion and Reason are correct but Reason is not the correct explanation of Assertion.

NUMERICALS

15.A Company purchased a machine for Rs. 40,000 on April 1, 2022. It was sold for Rs. 24,000 after 2 yaers of use. The company charges depreciation @ 10% p.a. on straight-line method. Show Machinery Account for two accounting years are closed on March 31 each year.

16. On 1st April, 2020, X Ltd. Purchased a furniture for ₹ 10,000 and spent ₹ 2,000 on its installation. On 1st Oct, 2020 an additional furniture & fittings costing ₹ 5,000 was purchased.
On 1st July, 2021 another set of furniture was purchased at a cost of ₹ 20,000 Show the Machinery Account for the first two years if depreciation is charged at 20% p.a. by the Straight-Line Method.

17. A company purchased on 1st April, 2022, a machinery for ₹ 80,000. On 1st October, 2023, it purchased another machine for ₹ 50,000 and on that day the machine bought on 1.4.2022 was disposed at a loss of ₹ 6,000. Depreciation was provided on the machinery at the rate of 10% p.a. on the original cost annually.
Give the Machinery Account for two years till 31.3.2024. Accounts are closed on 31st March every year.

18. From the following transactions of a concern, prepare the Machinery Account for the year ended 31st March, 2024:
1st April, 2023 : Purchased a second-hand machinery for ₹ 80,000
1st April, 2023 : Spent ₹ 20,000 on repairs for making it serviceable.
30th September, 2023 : Purchased additional new machinery for ₹ 40,000.
1st January, 2024 : Repairs and renewals of machinery ₹ 5,000.
Depreciate the machinery at 10% p.a.

19. Orient Ltd. purchased a Motor Van on 1st July 2022 for ₹ 60,000. On 1st April, 2023, it purchased another machine for ₹ 20,000 plus CGST and SGST @ 5% each. On 30th September, 2023, it sold the first machine purchased on 1.7.2022 for ₹ 25000 charging IGST @ 12%.
Depreciation is provided @ 10% p.a. on the original cost each year. Accounts are closed on 31st March every year. Prepare the Machinery A/c for three years.

20.A firm purchased on 1st April 2020 certain machinery for ₹ 46,000 and spent ₹ 4,000 on its installation. On 1st October 2020, additional machinery costing ₹ 20,000 was purchased. On 1st October 2022, the machinery purchased on 1st April 2020 was damaged and a claim of ₹ 35,000 was received from insurance company.

Depreciation was provided annually on 31st March at the rate of 10% on the Written Down Value Method. Prepare the Machinery Account for the three years ended 31st March 2023.

21.A firm purchased on 1st April, 2021 a second-hand machinery for Rs.36,000 and spent Rs.4,000 on its installation.
On 1st July in the same year, another machinery costing ₹ 20,000 was purchased.
On 30th September, 2023 machinery brought on 1st April, 2021 was sold for ₹ 12,000 and a new machine purchased for ₹ 4,000 on the same date.
Depreciation is provided annually on 31st March @ 10% per annum on the written down value method. Show the machinery account from 2021-22 to 2023-24.

22. Super Knights Traders purchased a second-hand motor van on 1st April, 2020 for ₹ 23,000 and spent ₹ 2,000 on its repair. It was decided to depreciate the van @ 20% every year on 31st March at Diminishing Balance method. The Van was sold on 31.3.2023 at a profit of ₹2,200, commission paid to sales agent ₹ 200.
Prepare the Motor Van Account for 3 years starting from 1.4.2020.

23. A Machinery was purchased for ₹ 16,000 on 1st Apr, 2021. Depreciation was charged annually @ 10% on Diminishing Balance Method. 1/4th of this Machinery was sold on 1st October, 2022 for ₹ 6,000.
Prepare Machinery A/c for 3 year up to 31.3.2024

24.A Machinery was purchased for ₹ 60,000 on 1st April, 2021. Depreciation was charged annually @ 10% on Original cost. 1/3 of this Machinery was sold on 1st July, 2022 for 15,000. A new machine was purchased on 1st October 2023 for ₹ 18,000 and import duty paid was ₹ 2,000
Prepare Machinery A/c for 3 years till 31.3.2024, if the books are closed on 31st March every year.

25.Following balances appear in the books of Elite Ltd
1st April, 2023
Machinery A/c 20,00,000;
Provision for Depreciation A/c 8,00,000
On 1st April, 2023, they decide to sell a part of machine for ₹ 4,00,000. This machine was purchased for ₹ 10,00,000 on 1st April, 2020.
Prepare the Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2024 Depreciation is charged @ 20% p.a. on the Straight-Line Method.

26. Following balances appear in the books of a manufacturer:
1st April, 2023
Plant & Equipment A/c Rs.60,000
Provision for Depreciation A/c Rs.18,000
On 1st July, 2023, they decide to sell one equipment for ₹ 5,000. This machine was purchased for ₹ 10,000 on 1st April, 2020.
Prepare the Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2024, the firm has been charging Depreciation @ 10% p.a. on the Straight-Line Method.