INDIAN SCHOOL AL WADI AL KABIR

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

MULTIPLE CHOICE QUESTIONS

1.Which one of the following is a/are reason for depreciation:
A.Accident
B.Efflux of time
C.Obsolescence
D.All of these.

2. 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

3. 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

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

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

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

7.A machine is purchased for Rs.36,000 and installation charges Rs.4,000. The machine is depreciated @10% p.a on straight lime method.
What will be the annual depreciation charge?
A.Rs.4,000
B.Rs.3,600
C.Rs.400
D.Rs.3,200

8. 7.A building is purchased for Rs.2,00,000. It is depreciated @10% p.a on straight line method.
What will be the value of the building after 3 years
A.Rs.20,000
B.Rs.60,000
C.Rs.1,00,000
D.Rs.1,40,000

9. 7.A machine is purchased for Rs.25,000 on 1.7.2022 It is depreciated as per diminishing balance method @20% p.a. What will be depreciation charge for the year ended 31.03.2023
What will be the annual depreciation charge?
A.Rs.5,000
B.Rs.3,750
C.Rs.2,500
D.Rs.1,250

10.A firm purchased a set furniture on 1.4.2022 for Rs.80,000. Depreciation is charged @10% p.a on WDV method. The furniture set was sold on 30.9.2023 for Rs.68,000. What is the amount of profit or loss on sale?
A.Loss of Rs.12,000
B.Profit of Rs.400
C.Neither profit nor loss
D.Loss of Rs.400

NUMERICALS

1.On 1st April 2024 merchant purchased furniture costing Rs.55,000. It is estimated that its life is 10 years at the end of which it will be sold Rs.5,000. Show the Furniture Account for the first 3 years, if Depreciation is written off according to the Straight Line Method.

2.A Company purchased a machine for Rs. 40,000 on April 1, 2025. On October 1, 2025 it was sold for Rs. 13,000. 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.

3. From the following transactions of a concern, prepare the Machinery Account for the year ended 31st March, 2026:
1st April, 2025 : Purchased a second-hand machinery for ₹ 40,000
1st April, 2025 : Spent ₹ 10,000 on repairs for making it serviceable.
30th September, 2025 : Purchased additional new machinery for ₹ 20,000.
31st December, 2025 : Repairs and renewals of machinery ₹ 3,000.
Depreciate the machinery at 10% p.a.

4. On 1st April, 2024, A Ltd. Purchased a machine for ₹ 2,40,000 and spent ₹ 10,000 on its erection. On 1st July, 2024 an additional machinery costing ₹ 1,00,000 was purchased. On 1st July, 2025 the third machine was purchased at a cost of ₹ 2,00,000. Show the Machinery Account for the first two years if depreciation is charged at 10% p.a. by the Straight-Line Method.

5. A company purchased on 1st April, 2024, a machinery for ₹ 80,000. On 1st October, 2024, it purchased another machine for ₹ 50,000 and on 1st October, 2025, it sold off the first machine for ₹ 23,000. Depreciation was provided on the machinery at the rate of 20% p.a. on the original cost annually.
Give the Machinery Account for two years. Accounts are closed on 31st March every year.

6. Megastar Ltd. purchased a machinery on 1st August, 2023 for ₹ 60,000. On 1st October, 2024, it purchased another machine for ₹ 20,000 plus CGST and SGST @ 6% each. On 30th June, 2025, it sold the first machine purchased in 2023 for ₹ 38,500 charging IGST @ 12%. Depreciation is provided @ 20% p.a. on the original cost each year. Accounts are closed on 31st March every year. Prepare the Machinery A/c for three years.

7.A firm purchased on 1st April 2024 certain machinery for Rs.5,82,000 and spent Rs.18,000 on its installation. On 1st October 2024, additional machinery costing Rs.2,00,000 was purchased. On 1st October 2025, the machinery purchased on 1st April 2024 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 the Written Down Value Method. Prepare the Machinery Account up to 31st March 2026.

8.A firm purchased on 1st April, 2024 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 Rs.20,000 was purchased.
On 1st July, 2025 machinery brought on 1st April, 2020 was sold for Rs.12,000 and a new machine purchased for Rs.64,000 on the same date.
Depreciation is provided annually on 31st March @ 10% per annum on the written down value method. Show the machinery account up to 31/03/2026

9.Following balances appear in the books of Priyank Brothers:
1st April, 2025 Machinery A/c 20,00,000;
Provision for Depreciation A/c 8,00,000
On 1st April, 2025, they decide to sell a machine for ₹ 5,00,000. This machine was purchased for ₹ 7,50,000 on 1st April, 2022.
Prepare the Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2026 assuming that the firm has been charging Depreciation @ 10% p.a. on the Straight-Line Method.

10. Following balances appear in the books of Priyank Brothers:
1st April, 2025 Machinery A/c 60,000
Provision for Depreciation A/c 18,000
On 1st July, 2025, they decide to sell a machine for ₹ 5,000. This machine was purchased for ₹ 10,000 on 1st April, 2022.

Prepare the Machinery Account and Provision for Depreciation Account for the year ended

31st March, 2026 assuming that the firm has been charging Depreciation @ 20% p.a. on Straight line method.

11. Following balances appear in the books of PQR Ltd. as on 1st April, 2022:
Machinery A/c ₹5,00,000
Provision for Depreciation A/c ₹2,25,000
The machinery is depreciated @ 10% p.a. on the Fixed Instalment Method. The accounting year being April-March. On 1st October, 2022, a machinery which was purchased on 1st July, 2018 for ₹ 1,00,000 was sold for ₹ 42,000 plus CGST and SGST @ 6% each and on the same date a new machine was purchased for ₹ 2,00,000 paying IGST @ 12%. Prepare Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2023.

12.A Machinery was purchased for ₹ 1,80,000 on 1st October, 2020. Depreciation was charged annually @ 10% on Original cost. 1/3rd of this Machinery was sold on 1st January, 2023 for 1,56,000.Paid commission to sales agent Rs.6,000. Prepare Machinery A/c from the year ended 31st March, 2021 to 2023, if the books are closed on 31st March every year.

13.A company purchased on 1st July, 2023 machinery costing ₹ 30,000. It further purchased machinery on 1st January, 2024 costing ₹ 20,000 and on 1st October, 2024 costing ₹ 10,000. On 1st April, 2025, one-third of the machinery installed on 1st July, 2023 was destroyed due to short circuit and the scrap was disposed for ₹ 3,000. The company follows financial year as accounting year. Show how the Machinery Account would appear in the books of company if depreciation is charged @ 10% p.a. on Written Down Value Method