

Model Question Paper
Depreciation incomplete records - single entry - Part III

12th Standard

Accountancy

Reg.No. :

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I. Answer all the questions.

II. Use Blue pen only.

Time : 02:00:00 Hrs

Total Marks : 45

10 x 1 = 10

Section-A

- 1) If selling price is more than the book value of the asset on the date of sale, it is
(a) a loss (b) an income (c) a profit
- 2) If selling price is less than the book value of the asset it denotes
(a) loss (b) capital profit (c) expenditure
- 3) Profit made on sale of fixed asset is debited to
(a) Profit and Loss account (b) Fixed Asset account (c) Depreciation account
- 4) Loss on sale of fixed asset appear on the
(a) credit side of Depreciation account (b) debit side of fixed asset account (c) credit side of fixed asset account
- 5) The amount of depreciation charged on a machinery will be debited to
(a) Machinery account (b) Depreciation account (c) Cash account
- 6) Cost of an asset is Rs.45,000. It's estimated life is 10 years. Amount of depreciation is _____
(a) Rs.45 (b) Rs.450 (c) Rs.4,500
- 7) Cost of an asset is Rs.5,00,000. It's estimated life is 10 years. Amount of depreciation is _____
(a) 50% (b) 10% (c) 5%
- 8) Installation cost of a machinery is included in _____ for determining depreciation.
(a) original cost (b) written down value (c) scrap value
- 9) Residual value is otherwise known as _____.
(a) scrap value (b) cost value (c) selling price
- 10) Cost price of an asset is Rs.10,000. Selling price of the asset is Rs.9,000. Book value of asset on the date of sale is Rs.8,500. It denotes _____
(a) profit Rs.500 (b) loss Rs.500 (c) profit Rs.1,000

Section-B

5 x 5 = 25

- 11) What is Annuity method of depreciation?
- 12) What is insurance policy method of depreciation?
- 13) Write notes on 'Revaluation method' of depreciation.
- 14) Write the formula to calculate rate of depreciation under straight line method.
- 15) What are different methods of providing depreciation?

Section-C

4 x 12 = 48

- 16) What are the causes of depreciation?
- 17) What are merits and demerits of straight line method of depreciation?
- 18) What are merits and demerits of written down value method?
- 19) What are the factors determining the amount of depreciation?

Section-D

3 x 20 = 60

- 20) Raheem & Co. purchased a fixed asset on 1.4.2000 for Rs.2,50,000. Depreciation is to be provided @10% annually according to the Straight line method. The books are closed on 31st March every year.
Pass the necessary journal entries, prepare Fixed asset Account and Depreciation Account for the first three years.
- 21) Deepak Manufacturing Company purchased on 1st April 2002, Machinery for Rs.2,90,000 and spent Rs.10,000 on its installation.
After having used it for three years it was sold for Rs.2,00,000. Depreciation is to be provided every year at the rate of 15% per annum on the Fixed Instalment method.
Pass the necessary journal entries, prepare machinery account and depreciation account for three years ending on 31st March every year.
- 22) Machinery account showed a balance of Rs. 80,000 on 1st April 2001. On 1st October 2003, another machinery was purchased for Rs. 48,000. On 30th September 2003, a machinery which has book value Rs.80,000 on 1.4.2001 was sold for the Rs. 48,000. Depreciation is to be provided at 10% per annum on Written Down Value Method. The accounting year ends on 31st March. Prepare Machinery account and Depreciation account for three years.
