

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

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 : 180

7 x 1 = 7

Section-A

- 1) Under insurance policy method, cash is paid by way of _____ every year.
- 2) _____ method of depreciation is suitable for special type of asset like Loose tools.
- 3) Long period of time usually means more than -----.
- 4) Reduction in the value of fixed asset, due to wear and tear or lapse of time, is called -----.
- 5) Depreciation is to be treated as an expense, which is debited to ----- account.
- 6) The value of machine deteriorates rapidly because of lack of proper -----.
- 7) When an asset becomes useless due to new inventions, improved techniques and technological advances it is called -----.

Section-B

5 x 5 = 25

- 8) What is straight line method of depreciation?
- 9) Write notes on written down value method of depreciation.
- 10) What is Depreciation Fund Method of depreciation?
- 11) What is Annuity method of depreciation?
- 12) What is insurance policy method of depreciation?

Section-C

5 x 12 = 60

- 13) On 1st April, 2001, Excel Company Limited purchased a machine for Rs.56,000. On the date of purchase it was estimated that the effective life of the machine will be 10 years and after 10 years its scrap value will be Rs.6,000. Prepare Machinery Account and Depreciation Account for three years. Depreciation is charged on Straight Line Method. Accounts are closed on 31st March of every year.
- 14) Senthil purchased Machinery for Rs.4,00,000 on 1st April 2000. On 1st April 2001, an additional machinery was purchased for Rs.40,000. Prepare the Asset account for three years. Depreciation is to be provided at 10% p.a. using Straight Line Method. The firm closes its books on 31st March of every year.
- 15) Explain the terms : (i) Amortization (ii) Depletion (iii) Obsolescence.
- 16) How will you record depreciation in the books of account?
- 17) How will you record the sale of an asset?

Section-D

4 x 20 = 80

- 18) Michel & Co. purchased a second hand plant for Rs.4,70,000 on 1st July 2001. They spent Rs.30,000 on the repairs and installed the plant. Depreciation is written off at 10% p.a. on the Straight Line Method. On 30th September 2003, the plant was found to be unsuitable and sold for Rs.3,50,000. Prepare Plant account and Depreciation account for three years assuming that the accounts are closed on 31st March every year.
- 19) A company purchased a Machinery on 1.4.2001 for Rs.2,40,000. On 1st October 2002, it purchased another machinery for Rs.60,000. On 1st October 2003, it sold off the first machine purchased on 1.4.2001 for Rs.1,68,000. On the same date, it purchased another machinery for Rs.1,50,000. Accounts are closed every year on 31st March. Depreciation is written off at 10% p.a. on original cost. Prepare Machinery account and Depreciation account for three years.
- 20) Akbar & Co. purchased a plant for Rs.80,000 on 1.4.2001. It is depreciated at 10% p.a. on reducing balance method for three years. Accounts are closed on 31st March every year. Pass the Journal entries, prepare Plant account and Depreciation account for three years.
- 21) Bhaskar & Brothers purchased a Machinery on 1.12.2002 for Rs.5,70,000. The firm writes off depreciation at 10% on reducing balance method. The books are closed on 31st March every year. Pass the necessary journal entries, prepare Machinery account and Depreciation account for the first three years.
