

Name _____

Class _____ Date: _____ Maximum Marks: 20

Worksheet- Depreciation

1. What is the purpose of depreciating a fixed asset?

[2]

2. A machine costing \$40 000 has an estimated life of 6 years. It is to be depreciated at 20 % per annum using the reducing balance method. Calculate the charge for depreciation in the third year?

[2]

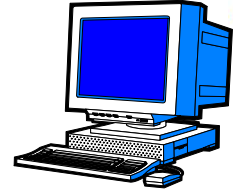
3. A fixed asset costs \$15,000. It has a residual (scrap) value \$2,000 and estimated useful life 10 years. Calculate the amount of annual depreciation if the straight line method is used?

[2]

4. Tom bought a machine for \$20,000 on 1 January, 2007. The book value of the machine as on 1 January 2009 is \$10,000. Depreciation was calculated using the straight line method. What is the annual rate of depreciation?

[2]

5. An office computer costs \$6,000 and is estimated to have a useful life of 3 years. Its scrap value at the end of this time is estimated at \$1000. What is the annual charge for depreciation using the straight-line method?

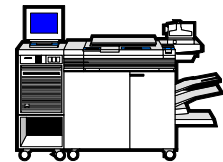


[2]

6. A machine costs \$6,000 and is depreciated at the rate of 20 % each year, using the reducing balance method. What is the total depreciation for years 1 and 2?

[2]

7. A machine is purchased for \$30,000. It is to be depreciated at 10% per annum using the reducing balance method. What is the charge for depreciation in the third year?



[2]

8. Furniture & fixtures cost \$20,000. Expected life for these assets is 5 years and the estimated residual value is \$5000. Calculate the annual depreciation charge using the straight line method?

[2]

9. A business purchased computers worth \$200,000 on 31 December 2007. These are to be depreciated by the reducing balance method at 20 % per annum. What amount will be recorded for these computers in the Balance Sheet as on 31 December 2009?

[2]

10. A business purchases a car for \$20,000. The machine had a life of five years and the estimated residual value was \$4,000. The business charges depreciation on straight line method. What was the machine's value at the end of fourth year?



[2]

Teacher's Comments
