

Name: _____

Date: _____

Class: _____

Time: _____

Max. Marks: 15

Depreciation

1. Name **two** methods of providing for the depreciation of fixed assets.

Depreciation method 1

Depreciation method 2

[2]

2. Explain the reducing (diminishing) balance method of depreciation.

[2]

3. Which accounting principle is followed while providing depreciation of fixed assets?

[2]

4. John purchased a delivery vehicle for \$20000. It has an estimated useful life of five years and its scrap value is expected to be \$4000. John will be providing depreciation using the straight line (equal instalment) method. Showing your workings, calculate

a) The annual amount of depreciation to be charged

[2]

b) The annual percentage rate of depreciation to be charged

[2]

5. Sam bought a machine on 1 January 2008 for \$10,000. Depreciation is to be charged at 10% per annum on a straight-line basis. Sam draws up his accounts to 31 December each year.

a) How much depreciation is charged in his accounts for the year ended 31st December 2008?

[1]

b) How much depreciation is charged in his accounts for the year ended 31st December 2009?

[1]

c) What will be the net book value of the machine at 31st December 2009?

[1]

d) Show the journal entry to enter the depreciation for the year ended 31st December 2008 in Sam's accounts.

Particulars	Dr.(\$)	Cr.(\$)

[2]



Teacher's Comment