

## Principles of Accounting Icom Part 2 English Medium Chapter 9 Online Test

Sr	Questions	Answers Choice
1	The objective of charging depreciation on fixed assets is.	A. Calculate the true net profit B. To provide funds for the replacement C. To reduce the tax liability D. All of the above
2	Under the straight line method of charging depreciation, the amount of depreciation .	A. Decrease every year B. Increase every year C. Remain constant every year D. None of the above
3	Which of the following method is suitable for charging depreciation on machinery and furniture.	A. Straight line method B. Diminishing balance method C. Depreciation on fixed method D. Annuity method
4	The depreciation charged to motor car account will be debited to.	A. Depreciation account B. Motor car account C. Cash account D. None of these
5	Under which method the book value of the fixed assets can be reduced to zero after certain year	A. Diminishing balance method B. Straight line method C. Depreciation fund method D. Deflation method
6	The assets which have physical existence are called.	A. Intangible assets B. Intangible fixed assets C. Tangible fixed assets D. Both tangible or intangible assets
7	The assets which have not got physical existence are called.	A. Intangible assets B. Intangible fixed assets C. Current assets D. Tangible fixed assets
8	Which of the following term is used for the depreciation of wasting assets such as timber tree, mines, oil wells etc.	A. Depreciation B. Depletion C. Amortization D. None of these
9	The process of writing off intangible assets patent right, good will etc is called.	A. Depreciation B. Fluctuation C. Amortization D. depletion
10	The amount of assets may rise or fall on account of.	A. Depreciation B. Fluctuation C. Depletion D. Amortization
11	Depreciation is	A. An Income B. An expense C. A loss D. A liability
12	Under diminishing balance method, depreciation is calculated on.	A. The original cost B. The scrap value C. Book value D. All of the above
13	Another name of diminishing balance method of depreciation is the	A. Reducing balance method B. Sinking fund method C. Straight line method D. Revaluation method
14	Depreciation is charged at fixed rate on the reducing balance, under the.	A. Written - down value method B. Annuity method C. Sinking fund method D. Depletion method
15	The amount charged to depreciation goes on declining in.	A. Diminishing balance method B. Fixed instalment method C. Annuity method

		D. Depreciation fund method
16	Under annuity method, the annual charger for depreciation will be debited to.	A. Assets account B. Depreciation account C. Interest account D. None of these
17	Depreciation fund method is also known as.	A. Sinking fund method B. Annuity method C. Sum- of year's digit method D. None of these
18	The method is specially suited to natural surces is said to be	A. Annuity method B. Depletion method C. Revaluation method D. Sum of digit method
19	Under annuity method the amount of depreciation is.	A. Increasing every year B. Decreasing every year C. Fixed for all the year D. None of these
20	To make provision for the replacement of the assets. the method is to be ysed is.	A. Written down value method B. Annuity method C. Sinking fund method D. Insurance policy method
21	Depreciation under diminishing balance method ont he cost price of the fixex asset of Rs. 50.000 after two year @10% will be	A. RS. 5,000 B. Rs. 4050 C. Rs.4500 D. Rs. 40,000
22	Depreciation arise because of	A. Due to fall in the market value of fixex assets B. Due to physical wear and tear of the assets C. Due to fall in the market value D. None of these
23	Under the diminishing balance method the depreciationis calculated on .	A. Book value B. Original value C. Residual value D. None of these
24	The amount charged as depreciation goes on declining in	A. Depletion fund method B. Auunity method C. Diminishing balance method D. Straight line method
25	The gradual decrease in the value of the fixex assets due to its use in the business is called.	A. Depreciation B. Depletion C. Amorization D. Fluctuation
26	Depreciation caused by some external amoutn of anual depreciation gradully.	A. Increase B. Decrease C. Remain constant D. None of these
27	Depreciation is charged on.	A. Fixed tangible assets only B. Fixex intangible assets only C. Current assets only D. None of these
28	The term Depletion is used with reference to.	A. Tangible assets B. Intangible assets C. Current assets D. Fixex assets
29	the term depreciationis used with reference to.	A. Tangible assets B. Intangible assets C. Current assets D. Fixed assets
30	The value of an asset at the end of the working life is called.	A. Book value B. Scrape value C. Market value D. None of these
31	Interest is debited to assets account uder the.	A. Annuity method B. Depreciation fund method C. Insurance policy method D. Depletion method