



## ASSIGNMENT-3

**SUBJECT: ACCOUNTANCY**

**CLASS-XI**

**OCTOBER'2026**

### **CHAPTER 3: DEPRECIATION, PROVISION AND RESERVES**

#### **Section A: Very Short Answer Questions (1 MARKS)**

1. What is depreciation?
2. Name the method under which depreciation is charged at a fixed percentage on the original cost of an asset.
3. Name the method under which depreciation is calculated on the book value of an asset.
4. Is depreciation a cash expense or a non-cash expense?
5. Which account is debited when depreciation is charged directly to the asset account?
6. State one objective of charging depreciation.
7. What is a provision?
8. What is a reserve?
9. Is a provision a charge against profit or an appropriation of profit?
10. Is a general reserve created for a specific purpose or a general purpose?
11. Name the reserve created to strengthen the financial position of a business.
12. What is a revenue reserve capital reserve?

#### **Section B: Short Answer Questions (3 MARKS)**

13. Explain any three causes of depreciation.
14. State and explain any three objectives of providing depreciation in the books of accounts.
15. Differentiate between provisions and reserves on any three bases.
16. What is a general reserve? Explain any two purposes for which it may be created.
17. A machine was purchased for ₹80,000. Its estimated residual value is ₹8,000 and its useful life is 6 years. Calculate the annual depreciation under the straight-line method.
18. A machine has a book value of ₹1,00,000 at the beginning of the year. Depreciation is charged at 10% per annum under the written-down value method.

#### **Section C: Short Answer Questions (4 marks)**

19. Distinguish between revenue reserve and capital reserve. Give two examples of each.

20. A machine was purchased on 1 April 2025 for ₹1,20,000. Its estimated useful life is 5 years and its residual value is ₹20,000. Calculate:
- a) Depreciable amount.
  - b) Annual depreciation under SLM.
  - c) Book value at the end of two years.
21. A machine was purchased for ₹2,00,000. Depreciation is charged at 10% per annum under the written-down value method. Calculate the depreciation for the first two years and the book value at the end of the second year.
22. What is secret reserve and how it is created?

**Section D: Long Answer Questions (6 marks)**

23. On 1 April 2023, Sharma Traders purchased machinery for ₹3,00,000. The estimated residual value was ₹30,000 and the useful life was 6 years.
- Calculate the following:
- a. Depreciable amount.
  - b. Annual depreciation under the straight-line method.
  - c. Depreciation for the first three years.
  - d. Book value of the machinery at the end of each of the first three years.
  - e. Pass the journal entry for depreciation for the first year, assuming depreciation is credited directly to the Machinery Account.
24. On 1 April 2023, a business purchased machinery for ₹2,50,000. Depreciation is charged at 20% per annum under the written-down value method.
- Calculate:
- a. Depreciation for the first year.
  - b. Book value at the end of the first year.
  - c. Depreciation for the second year.
  - d. Book value at the end of the second year.
  - e. Depreciation for the third year.
  - f. Book value at the end of the third year.
- Show all working notes.
25. On 1 October 2025, ABC Ltd. purchased machinery for ₹1,80,000. Depreciation is charged at 10% per annum under the straight-line method. The accounting year ends on 31 March every year.

Calculate:

- a. Depreciation for the year ending 31 March 2026.
- b. Book value of the machinery on 31 March 2026.
- c. Depreciation for the year ending 31 March 2027.
- d. Book value of the machinery on 31 March 2027.
- e. Pass the journal entry for depreciation for the year ending 31 March 2026.

Assume that no residual value is specified and depreciation is charged proportionately for the period of use.