Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 9 Short Questions Preparation

Q1. Define the term Obsolescence.

Ans 1:

The term Obsolescence refers to the process of becoming out of date or obsolete due to inventions or change in habits and taste of the people.

Q2. Define the term depletion.

Ans 1: The term depletion is applied to the process of measuring and recording the exhaustion of natural resources.

Q3. Which formula is used to find out the double declining balance method.

Ans 1: Double declining rate. 100% / year of useful life x 2

Q4. Define fixed assets.

Ans 1: Fixed assets those assets, whihc have been purchased for permanent use in the business and have long life.

Q5. What are Tangible assets.

Ans 1: Tangible assets are those assets, which have their physical existence which cna be seen and easily valuated.

Q6. Why any particular method of providing depreciationis not suitable for all the assets.

Ans 1: Fixed assets differs from wach other in their nature so widely that the same method of providing depreciation cannot be applied to each assets.

Q7. What is fluctuation?

Ans 1: The decrease or increase in the market value of an asset is called fluctuation.

Q8. Define depreciation.

Ans 1: "Depreciation may be defined as gradual decrease in the value of the fixed asset due to its use in the business.

Q9. Define the Scrape value or residual value.

Ans 1: The Scrap value means price at whihc as will be sold after the end of the working life.

Q10. For which assets straight line method is suitable?

Ans 1: This method can be usefully used in case of those assets which have small value or which do not require many repairs and renewals like copy rights, patent rights etc.