

## Depreciation, Provisions and Reserves

---

Fill in the correct words

Question 1.

Depreciation is decline in the value of .....

▼ [Answer](#)

Answer: Assets

---

Question 2.

Installation, freight and transport expenses are a part of .....

▼ [Answer](#)

Answer: Acquisition cost

---

Question 3.

Provision is a ..... against profit.

▼ [Answer](#)

Answer: Charge

---

Question 4.

Reserve created for maintaining a stable rate of dividend is termed as .....

▼ [Answer](#)

Answer: Dividend Equilisation Fund

---

State whether the following statements are True or False.

Question 1.

Depreciation is a non-cash expense.

▼ [Answer](#)

Answer: True

---

Question 2.

Depreciation is also charged on current assets.

▼ [Answer](#)

Answer: False

---

Question 3.

Depreciation is decline in the market value of tangible fixed assets.

▼ [Answer](#)

Answer: False

---



Question 4.

The main cause of depreciation is wear and tear caused by its usage.

▼ [Answer](#)

Answer: True

---

Question 5.

Depreciation must be charged so as to ascertain true profit or loss of the business.

▼ [Answer](#)

Answer: True

---

Question 6.

Depletion term is used in case of intangible assets.

▼ [Answer](#)

Answer: False

---

Question 7.

Depreciation provides fund for replacement.

▼ [Answer](#)

Answer: True

---

Question 8.

When market value of an asset is higher than book value, depreciation is not charged.

▼ [Answer](#)

Answer: False

---

Question 9.

Depreciation is charged to reduce the value of asset to its market value.

▼ [Answer](#)

Answer: False

---

Question 10.

If adequate maintenance expenditure is incurred, depreciation need not be charged.

▼ [Answer](#)

Answer: False

---

