

C.B.T NOVEMBER 2025
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SUBJECT: ACCOUNTANCY
CLASS-11
SESSION:2025-2026

CHAPTER 1 DEPRICIATION, PROVISION AND RESERVE	
MCQ'S	
Q.NO.	QUESTIONS
Q1.	Original Value of an asset is ₹3,50,000; its salvage value is ₹25,000; useful life 5 years. Rate of depreciation under Straight Line Method : (a) 20.57% (b) 18.57% (c) 15% (d) 17%
ANSWER 1.	(b)18.57% EXPLANATION: DEP. =COST PRICE- SALVAGE VALUE/LIFE SPAN THEN RATE OF DEP. = DEPRICIATION / COST OF ASSETS * 100
Q2.	Assertion (A Depreciation helps in determining accurate level of profit. Reason (R) As it Increases the value of an asset. (a) Both A and R are true and R is the correct explanation of A. (b) Both A and R are true, but R is not the correct explanation of A (c) A is true, but R is false. (d) A is false, but R is true.
ANSWER 2.	(c)A is true, but R is false. EXPLANATION: It helps to knowing the accurate financial position, it decreases the value of concerned asset.
Q3.	Premium received on the issue of shares or debentures is: (a) General Reserve (b) Reserve (c) Capital Reserve (d) None of these.
ANSWER 3.	(c)Capital Reserve EXPLANATION: As it is capital profit and transferred to it CR.
Q4.	Written down value method is not recognized by the Income Tax Law. (a) False (b) True (c) Can't Say
ANSWER 4.	(a)False EXPLANATION: It is recognized
Q5.	The initial cost of the Machine is ₹ 2,60,000 and the useful life of the asset is 10 years and net scrap value is estimated to ₹60,000. Calculate the amount of depreciation to be charged every year using straight line method. (a) 21000 (b) 22000 (c) 20000 (d) 23000
ANSWER 5.	(c)20000 EXPLANATION: Using formula DEP. =COST PRICE- SALVAGE VALUE/LIFE SPAN

Q6.	<p>Assertion (A) Provision for Depreciation is maintained then asset account is also prepared.</p> <p>Reason (R) It is helpful to record the increases the value of an asset.</p> <p>(a) Both A and R are true and R is the correct explanation of A.</p> <p>(b) A is true, but R is not the correct explanation of A</p> <p>(c) A is true, but R is false.</p> <p>(d) A is false, but R is true.</p>
ANSWER 6.	<p>(b) A is true, but R is not the correct explanation of A</p> <p>EXPLANATION: In this case all the necessary stated ledger accounts are to be prepared. Reason is not the explanation of Assertion.</p>
Q7.	<p>Mr Rohit and Mr Jatin are in a particular partnership business, partner decided to keep an amount aside to cover a known expense/liability in the future. This is the fund that is to be put aside by a firm/organisation to cover the anticipated losses in the future but there is a controversy between them one is saying it's a Reserve another is telling it's a Provision, now you have to tell whether it is a Reserve or Provision.</p> <p>(a) Reserve</p> <p>(b) Provision</p> <p>(c) Both (a) and (b)</p> <p>(d) None of these.</p>
ANSWER 7.	<p>(b) Provision</p> <p>EXPLANATION: The amt that is generally put aside from profit in order to meet a future expense.</p>
Q8.	<p>In the Books of Accounts Sundry Debtors are ₹58,000; Bad Debts proved bad but not recorded ₹8000 and Provision is to be maintained @10%. After adjustment of the given information:</p> <p>(a) Debtors ₹58,000 and Provision ₹5800.</p> <p>(b) Debtors ₹58,000 and Provision ₹ 5000.</p> <p>(c) Debtors ₹50,000 and Provision ₹5800.</p> <p>(d) Debtors ₹50,000 and Provision ₹5000.</p>
ANSWER 8.	<p>(d) Debtors ₹50,000 and Provision ₹5000.</p> <p>EXPLANATION: First, we deduct bad debts from Debtors and then on balance amount we calculate provision.</p>
Q9.	<p>Ramkumar enterprise is into mining business and purchases a coal mine for ₹10,00,000. Then the value of coal mine declines with the extraction of coal out of the mine. This decline in the value of mine is used in the context of extraction of natural resources, etc. This reduces the availability of the quantity of the coal in the mine. In accounting it is termed as:</p> <p>(a) Depreciation</p> <p>(b) Depletion</p> <p>(c) Decline of assets</p> <p>(d) Amortisation</p>
ANSWER 9.	<p>(b) Depletion</p> <p>EXPLANATION: Decrease in the value of natural resources.</p>
Q10.	<p>As per which Indian accounting standard Provisions and Contingent Liabilities defines:</p> <p>(a) AS-6</p> <p>(b) AS-26</p> <p>(c) AS-37</p> <p>(d) AS-26</p>
ANSWER 10.	<p>(c) AS-37</p> <p>EXPLANATION: As per this AS it specifies to record it in books.</p>

