

Accounting 100 Quiz

1. Depreciation is a process of:

(a) valuation (b) cost allocation (c) cash accumulation (d) appraisal

2. Cuso Company purchased equipment on January 1, 2010, at a total invoice cost of \$400,000. The equipment has an estimated salvage of \$10,000 and an estimated useful life of 5 years. What is the amount of accumulated depreciation at December 31, 2011, if the straight-line method of depreciation is used?

(a) \$80,000 (b) \$160,000 (c) \$78,000 (d) \$156,000

3. Kant Enterprises purchased a truck for \$11,000 on January 1, 2010. The truck will have an estimated salvage value of \$1,000 at the end of 5 years. If you use the units-of-activity method, the balance in accumulated depreciation at December 31, 2011, can be computed by which of the following formulas:

(a) $(\$11,000 / \text{Total estimated activity}) \times \text{Units of activity for 2011}$

(b) $(\$10,000 / \text{Total estimated activity}) \times \text{Units of activity for 2011}$

(c) $(\$11,000 / \text{Total estimated activity}) \times \text{Units of activity for 2010 and 2011.}$

(d) $(\$10,000 / \text{Total estimated activity}) \times \text{Units of activity for 2010 and 2011.}$

4. Crawford Corporation purchased machinery on January 1, 2010, at a cost of \$260,000. The estimated useful life of the machinery is 5 years, with an estimated salvage value at the end of that period of \$20,000. The company is considering different depreciation methods that could be used for financial reporting purposes. Prepare a separate depreciation schedules for the machinery using the (a) straight-line method, (b) declining-balance method using the double straight-line rate.

5. Orient Express Bus Lines uses the units-of-activity method in depreciating its buses. One bus was purchased on January 1, 2010, at a cost of \$108,000. Over its 4-year useful life, the bus is expected to be driven 100,000 miles. Salvage value is expected to be \$8,000. Prepare a depreciation schedule assuming actual mileage was 2010, 30,000; 2011, 32,000; 2012, 21,000; and 2013, 17,000.

6. The graph of the double declining balance method looks like:

(a) Upward sloping (b) Horizontal line (c) Downward sloping (d) Moves up and down

Weygandt, Jerry, Paul Kimmel, Donald Kieso, and Cram101 Reviews. *Outlines and Highlights for Accounting Principles by Jerry J Weygandt*, Isbn. Wiley, 2009. Print.