19 Lecture - MGT101

Important Mcqs

- 1. Which depreciation method is best suited for assets that have higher depreciation in the early years and lower depreciation in later years?
 - a) Straight-line method
 - b) Sum-of-the-years'-digits method
 - c) Double-declining balance method
 - d) MACRS method
 - Answer: b) Sum-of-the-years'-digits method
- 2. Which depreciation method is best suited for assets that become less efficient over time and need to be replaced sooner?
 - a) Straight-line method
 - b) Sum-of-the-years'-digits method
 - c) Double-declining balance method
 - d) MACRS method

Answer: c) Double-declining balance method

- 3. Which depreciation method is used for tax purposes in the United States?
 - a) Straight-line method
 - b) Sum-of-the-years'-digits method
 - c) Double-declining balance method
 - d) MACRS method

Answer: d) MACRS method

4. Which depreciation method results in a higher depreciation expense in the earlier years of an asset's life?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: c) Double-declining balance method

5. Which depreciation method is easiest to calculate and understand?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: a) Straight-line method

6. Which depreciation method can result in a negative book value for an asset at the end of its useful life?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: c) Double-declining balance method

7. Which depreciation method results in a constant depreciation expense each year?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: a) Straight-line method

8. Which depreciation method is most commonly used by businesses?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: a) Straight-line method

9. Which depreciation method takes into account the asset's salvage value?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: a) Straight-line method

10. Which depreciation method is most appropriate for assets that have a longer useful life?

- a) Straight-line method
- b) Sum-of-the-years'-digits method
- c) Double-declining balance method
- d) MACRS method

Answer: a) Straight-line method