

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