

Plant Assets
Chapter 10

Major topics:

1. _____
2. _____
3. _____



Acquiring

Cost: All expenditures to get item

and

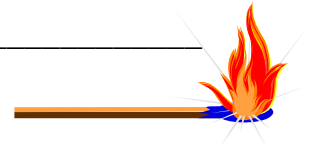
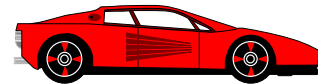
_____.



Using

Two possible definitions of depreciation:

1. decline in _____.
2. decline in _____; systematic _____ of expenses with time period.



Recording

Depreciation Expense	XXX
Accumulated Depreciation	XXX

Determining

1. _____
2. _____
3. _____
4. (Sum-of-the-Years Digits)

Simplified Formula

_____ x _____ = XXX

Straight Line (two alternatives)

1.
$$\frac{(\text{Cost} - \text{Salvage})}{\text{Estimated Life in Years}} = \text{Annual Depreciation (XXX)}$$

2.
$$\frac{1}{\text{Life}} = \text{_____}$$

THEN

$$(\text{Cost} - \text{Salvage}) \times \text{_____} = \text{Annual Depreciation (XXX)}$$

Units of Activity (defines life of asset differently)

$$\frac{(\text{Cost} - \text{Salvage})}{\text{Life}} = \text{"Rate"}$$

THEN

$$\text{Actual Activity} \times \text{"Rate"} = \text{Annual Depreciation (XXX)}$$

Declining Balance

$$\frac{\text{Cost} - \text{Accumulated Depreciation}}{\text{_____}} = \text{Annual Depreciation (XXX)}$$

* _____ % called "_____ " declining balance;
could also be 150% or 125%

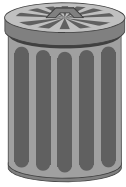
Comparison of Results

<u>Method</u>	<u>Amount</u>	x	<u>Rate</u>	=	<u>Depreciation</u>



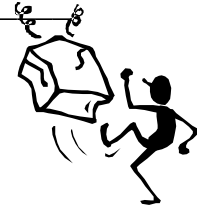
Disposals of Assets

Possible ways to dispose of assets:



1. _____
2. _____
3. _____

Discarding Assets



Fully depreciated?

Yes _____ No _____

Discarded Asset Which Is Fully Depreciated:

	balance	
		cost

Discarded Asset Which Is NOT Fully Depreciated:

Accumulated Depreciation	balance	
Equipment		cost

Selling Assets



1. _____ = _____
2. for exactly book value = neither gain nor loss
3. _____ = _____

Sold for Exactly Book Value:

	received	
Accumulated Depreciation	balance	
Equipment		cost

Sold for GREATER THAN or LESS THAN Book Value:

Cash (or other assets)	received	
Accumulated Depreciation	balance	
	loss	gain
Equipment		cost

