

Depreciation

1. In the episode there were several terms connected with depreciation. Can you match the definitions?

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| 1. Book value | a. The amount to be written down |
| 2. Salvage value | b. An estimated useful lifetime of a unit |
| 3. Accumulated depreciation | c. Historical cost minus all depreciation expenses recognized on the asset since purchase |
| 4. Depreciation charge | d. The estimated value that an asset will realize upon its sale at the end of its useful life. |
| 5. Expected lifetime | e. An asset account with a normal credit balance where the taken depreciation amount is recorded. |

2. Fill in the table calculating the depreciation.

for the equipment (Declining-balance method 30%),
 for fixtures and fittings (Straight-line method, salvage 4, useful life 8),
 for a lorry (Activity depreciation, 70,000 km; 0.5 ecu per km),
 for a car (Straight-line method, salvage 10, useful life 5)

	2008	Depreciation		
		Depr	Book	Accu
FIXED ASSETS				
Land and buildings	300			
Plant	250			
Equipment	200			
Fixtures and fittings	80			
Vehicles: a lorry	120			
a car	100			
CURRENT ASSETS				
Inventories	250			
Receivables	420			
Bank balance	70			