

ALL YOU NEED TO KNOW ABOUT DEPRECIATION

Live your adventure is a company dedicated to active tourism activities, created on January 1st 2011.

We have following information related to their facilities: details can be found on balance sheet. Fiscal regulation allows depreciating assets in 10 years. But the company has decided depreciating in 8 years. Take into account that the building includes lands valued in 7.500€. Residual value is zero.

Balance sheet at December 31st 2011 includes:

Total Assets		Equity and Liabilities	
25.000	Building	Paid capital	20.000
40.000	Machines (6 machines)	Grant	10.000
17.000	Transport elements	Long term Loan	40.000
5.000	Raw material Stock	Short term Loan	10.000
10.000	Customers	Suppliers	15.000
3.000	Cash	Bill liabilities	5.000

Apply formulas, calculate and fill the table:

Depreciation base = Assets value – lands – residual value

Depreciation base = _____ – _____ – _____

Depreciation base = _____

Depreciation of the year = depreciation base ÷ number of years

Total depreciation = _____ = _____

Legal depreciation = _____ = _____

Over the law depreciation = Total deprec – Legal deprec

Over the law depreciation = _____ – _____ = _____

CONCEPT	COLLECTION	PAYMENT	INCOME	EXPENSE	PRODUCT	COST
Legal depreciation						
Over the law depr.						