

9 Depreciation and amortization, p.25

9.1 Match the words in the box with the definitions below.

appreciate	obsolete	current assets	revalue	fixed assets	wear out
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- _____ to record something at a different price;
- _____ assets that will no longer be in the company in 12 months' time;
- _____ to increase rather than decrease in value;
- _____ out of date, needing to be replaced by something newer;
- _____ assets that will remain in the company for several years;
- _____ to become used and damaged.

9.2 Match the verbs in the box with the given nouns to make word combinations. Write the appropriate verbs from the box next to the nouns. Then use some of the word combinations to complete the sentences below.

deduct	appreciate	record	reduce	depreciate
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- _____ costs
- _____ profits
- _____ fixed assets
- _____ value
- _____ market value
- _____ purchase price
- _____ land

- Because we _____ the _____, we don't have to worry about the market value of fixed assets.
- To depreciate _____, we _____ part of their _____ from profits each year.
- Because _____ usually appreciates, companies do not generally _____ its _____ on the balance sheet.

9.3 Match the two parts of the sentences and write the answers (letters A-E) in the box provided below.

1. All fixed assets can appreciate if there is high inflation,	A. which usually appreciates.
2. Accelerated depreciation allows companies to	B. charges equal amounts against profits every year.
3. Fixed assets generally lose value, except for land,	C. remove some extremely valuable assets from their balance sheets.
4. The straight-line method of depreciation	D. which encourages them to invest in new factories, etc.
5. Accelerated depreciation reduces companies' tax bills,	E. but historical cost accounting ignores this.

1.	2.	3.	4.	5.