

Depreciation

What is Depreciation?

Fixed assets (e.g.: cars, fixtures and fittings, plant, and machinery etc.) can be used again and again until they wear out. During this time the value of many assets fall. This is called **depreciation**. Some fixed assets (e.g.: land and property) do not depreciate although they still must be maintained and repaired.

Write down 5 fixed assets that you might expect to find in a school or college:

- 1.
- 2.
- 3.
- 4.
- 5.

Give 3 reasons (explain each) why fixed assets might fall in value:

- 1.
- 2.
- 3.

Exercise

- A piece of machinery is obtained for \$ 125,000.00 with a useful life estimated of 5 years. Calculate the annual depreciation.

- Determine the anual depreciation of a vehicle that is woth \$ 54,000.00, considering it has a useful life of 3%. Calculate the montly depreciation.

- A Computer equipment is purchased for \$ 22,760.00. it is expected to have a lifespan of 4 years. Calculate the depreciation per year.

Balance Sheet

Use the following scenario cards to fill out the Balance Sheet worksheet.

You have \$1250 in your checking account.	You have \$1750 in your revolving savings account.	You purchased a computer last summer and it is valued at \$500.	You received a graduation gift of a watch and it is valued at \$300.
You purchased new furniture for your apartment. It is valued at \$1,000, but you still owe \$400.	Your car is valued at \$5,000, but you still owe \$1,500.	You owe \$300 on a credit card.	You have put \$1,000 into a Roth IRA.
You participate in your employer's 401k program. You have saved \$5,000.	You need a root canal procedure at your dentist office. You owe \$400.	You just cashed your income tax refund of \$1,000.	You purchased a flat-screen TV that is valued at \$500.
You have \$75 in cash.	You have a student loan balance of \$20,000.	You purchase a condo for \$60,000 and you owe \$45,000.	You and your best friend move into your new condo. They pay you \$450 a month in rent.

Assets	\$	Liabilities	\$
Monetary Assets Savings account Checking account Cash Other		Short-term Liabilities Credit card Medical debt	
Total Monetary Assets		Total Short-term Liabilities	
Tangible Assets Computer Jewelry Furniture Automobile Television Home		Long-term Liabilities Automobile loan Home mortgage Furniture loan Student loan	
Total Tangible Assets		Total Long-term Liabilities	
Investment Assets Roth IRA			
401K Retirement Account			
Total Investment Assets			
Total Assets		Total Liabilities	
Assets			
Liabilities			
Net Worth			