

# Depreciation

(Crossword Puzzle #2)

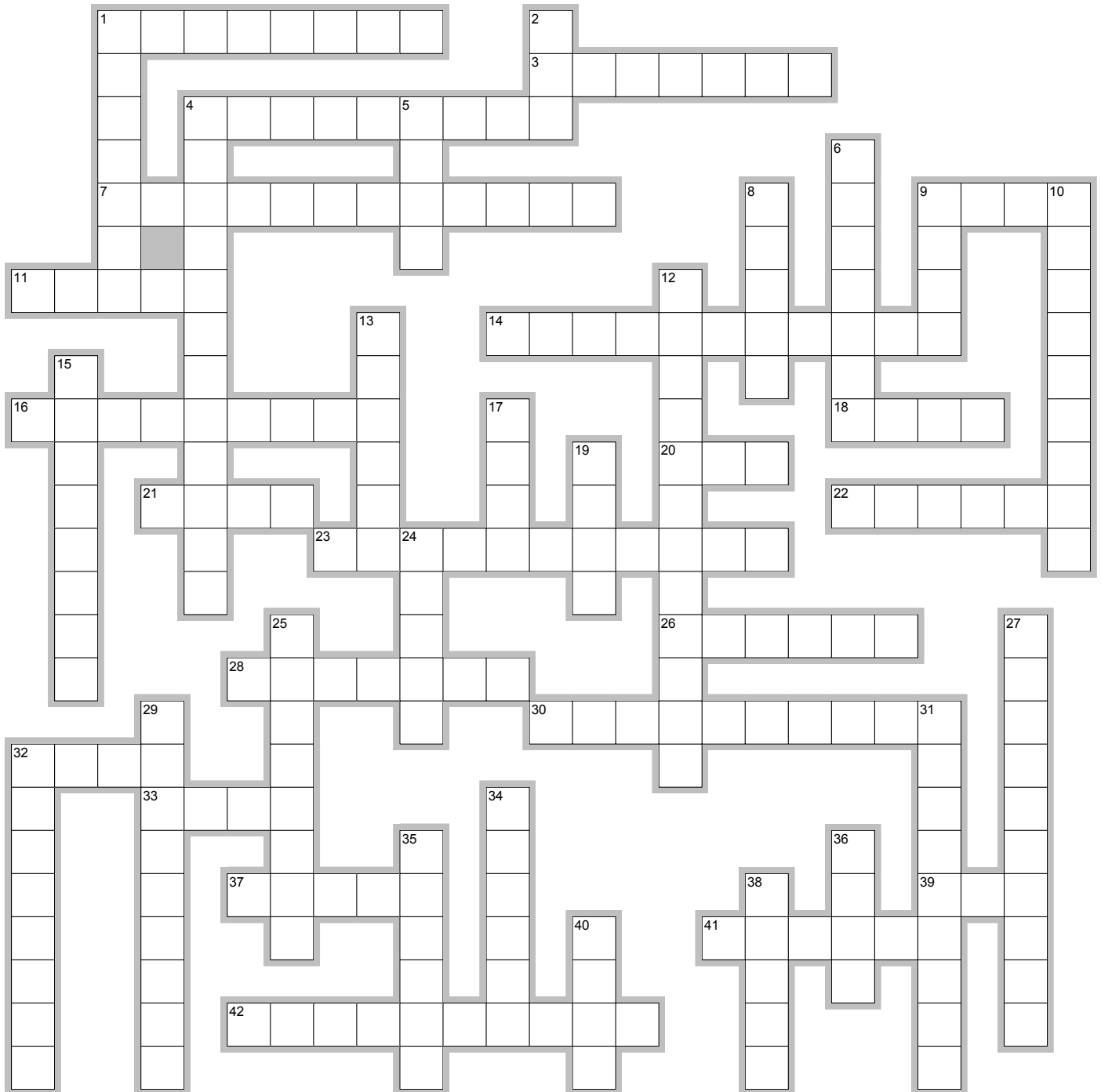


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# Crossword Puzzle (Depreciation #2)



## ACROSS (Depreciation #2)

1. The revision of the estimated useful life of an existing asset will not cause a change in the depreciation recorded in \_\_\_\_\_ years.
3. The cost of ordinary repairs should be charged to Repairs & Maintenance \_\_\_\_\_.
4. Similar to depreciation, but involves natural resources.
7. Land is not depreciated, but Land \_\_\_\_\_ are depreciated.
9. Some improvements will extend the useful \_\_\_\_\_ of an asset. These amounts should be capitalized and then depreciated.
11. The balance that declines in the declining balance method of depreciation is the book \_\_\_\_\_.
14. The accounting entry to record depreciation includes a credit to the account \_\_\_\_\_ Depreciation.
16. Depreciation is an allocation process, not a \_\_\_\_\_ process.
18. If a long-term asset used in a business is sold for less than its book value, a \_\_\_\_\_ is reported on the income statement.
20. It is permissible to use straight-line depreciation for financial reporting and an accelerated method for income \_\_\_\_\_ reporting.
21. An asset with a useful life of twenty years has a straight-line depreciation rate of \_\_\_\_\_ percent.
22. Changes in the estimated salvage value or in the estimated useful life will not change past depreciation expense. They can only affect the current year's and \_\_\_\_\_ years' depreciation expense.
23. A word that signifies an amount was recorded as an asset instead of being expensed.
26. An asset cost \$100,000 and it is assumed to be useful for 10 years and to have no salvage value. After four years of straight-line depreciation, the company changed its assumption and believes the total life of the asset will be only 7 years (instead of 10 years). The depreciation expense for Year 5 of the asset's life will be \_\_\_\_\_ thousand dollars.
28. The double declining \_\_\_\_\_ method is a form of accelerated depreciation.

## Across (Depreciation #2)

- 30. Depreciation is the systematic \_\_\_\_\_ of the cost of an asset from the balance sheet to expense on the income statement.
- 32. When a long-term asset is sold, the depreciation expense must be recorded right up to the time of the \_\_\_\_\_.
- 33. Depreciation is often referred to as a non-\_\_\_\_\_ expense.
- 37. Depletion expense is often calculated in a manner that is similar to the \_\_\_\_\_ of production (or activity) method used to calculate depreciation.
- 39. The "S" in SYD.
- 41. One method of accelerated depreciation is the sum-of-the-years' \_\_\_\_\_.
- 42. The units of \_\_\_\_\_ method of depreciation is also referred to as the units of activity method.

## Down (Depreciation #2)

1. Equipment purchased after January 1 should result in a \_\_\_\_\_ year of depreciation during the calendar year.
2. An asset with a cost of \$30,000 was purchased on January 1, 2023 by a calendar-year company. The asset has a five-year life and the expected salvage value is zero. It is depreciated using the sum-of-the-years' digits method. The depreciation expense for the full year 2023 will be \_\_\_\_ thousand dollars.
4. Accumulated \_\_\_\_\_ is used (along with an asset's cost) to determine the book value of an asset used in the business.
5. Depreciation methods other than the units of production or units of activity method are based on the passage of \_\_\_\_\_.
6. The cost of purchasing equipment and buildings, and the cost of major improvements to them are referred to as \_\_\_\_\_ expenditures.
8. No depreciation expense will be reported for an asset that continues to be used after it is \_\_\_\_\_ depreciated.
9. This component of Property, Plant and Equipment is not depreciated even though it is used for business purposes.
10. The salvage value and the useful life of an asset being depreciated are \_\_\_\_\_ amounts.
12. Similar to depreciation but involves an intangible asset.
13. Accumulated Depreciation is a \_\_\_\_\_-asset account.
15. The book value of an asset is also referred to as the asset's \_\_\_\_\_ amount.
17. An asset's \_\_\_\_\_ minus its estimated salvage value is referred to as the asset's depreciable cost.
19. A common practice is to take a \_\_\_\_\_-year of depreciation in the year that an asset is acquired.
24. The name of the balance sheet section that reports long-term assets used in the company is Property, \_\_\_\_\_ and Equipment.

## Down (Depreciation #2)

- 25. Depreciating a long-term asset used in a business is necessary to achieve the \_\_\_\_\_ principle.
- 27. The situation where the future cash flows from a long-term asset are expected to be less than the asset's carrying amount. (See FASB's Statement of Financial Accounting Standard No. 121.)
- 29. The double-\_\_\_\_\_ balance method of depreciation ignores the asset's salvage value in computing the depreciation expense for the first few years of the asset's life.
- 31. The cost of an asset includes all costs that are \_\_\_\_\_ to get the asset in place and ready for use.
- 32. For financial reporting, the \_\_\_\_\_-line method of depreciation is typical.
- 34. The book value of an asset is not an indication of the asset's fair \_\_\_\_\_ value.
- 35. A depreciable asset's cost should be allocated to expense over the \_\_\_\_\_ life of the asset.
- 36. If a long-term asset used in a business is sold for more than its book value, a \_\_\_\_\_ is reported on the income statement.
- 38. A name used instead of "property, plant and equipment" is plant assets. Another name that is used is \_\_\_\_\_ assets.
- 40. The \_\_\_\_\_ value of an asset is its cost minus its accumulated depreciation.

# Solutions (Depreciation #2)

