

## Topic. Fixed assets

1. Definition of fixed assets
2. Classification of fixed assets
3. Forms of fixed assets
4. Structure of fixed assets
5. Which parts of fixed assets are negative (with minus)
6. What is the difference between fixed assets and Tangible assets
7. Advantages and disadvantages of fixed assets
8. What are main solutions to problems, connected with fixed assets
9. What is physical depreciation, moral depreciation. What fixed assets are characterized by moral depreciation, by physical depreciation
10. ways to overcome the moral depreciation
11. What fixed assets are not depreciated
12. What are low value fixed tangible assets? the procedure of their depreciation
13. What is the procedure of Intangible assets
14. Definition of original value, Balance value, liquidation value, value, which is amortized, revalued amount
15. how can be defined the Useful Life of fixed assets
16. what factors influence the selection of method of depreciation
17. the purpose of depreciation calculation,
18. what Costs include the depreciation
19. how depreciation can be the source of financial resources
20. external and internal Resources of fixed assets financing
21. Explain the conservative, aggressive, moderate policy of fixed assets financing
22. Advantages and disadvantages of simple and expanded reproduction of fixed assets
23. What are the conditions of expanded reproduction on the firm

### Task 1

Enterprise's property is 35000, accumulated depreciation is 50% from the Fixed assets original value, raw materials 1000, Superior liquidity 0,6, finished product 1200, incomplete production is 80% from finished product, Accounts receivable 1000, cash?, autonomy 60%, Long-term bank credit 560, 40% of the Current liabilities is Short-term bank credit. Form the simplified balance sheet, find the Fixed assets original value.

### Task 2

revenue is 25000, profit 3500, cost of production 8000, 2000 workers, 1000 of fixed assets are put in operation, 800 of fixed assets are put out of operation, original value of equipment 40000, balance value 30000, property 40000, equity 30000, Long-term liabilities 2500, Accounts payable 5500, Short-term bank credit 2000, 2000 cash, raw materials 3000, finished product 1000, incomplete production 1500, Accounts receivable 2500. Analyse fixed assets, define working capital.

### Task 3

Indexes	1	2	3	4	5
Revenue	6700	6820	7100	7340	7870
Costs without depreciation	2254	2164	2159	2204	2305
original value	10000				
liquidation value	2000				

Calculate the procedure of fixed assets depreciation, using different methods

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**Task 4**

Calculate the indexes: coefficient of wear, coefficient of renewal and disposal if: original value of tangible assets at the beginning of the year 4250, balance value at the beginning of the year 3000, original value of bought tangible assets during year 1250, value of disposal tangible assets during year 200, balance value of tangible assets at the end of the year 3850.

**Task 5**

Calculate the depreciation of fixed assets, using different methods: straight-line method, method of reducing the balance value, cumulative and production, if:

- Original value 1250,
- Useful Life 5 years,
- Total amount of production from fixed assets using 10000,
- Annual amount of production: first year 1000, second year 2000, third year 3000, fourth year 2500, fifth year 1500.
- Liquidation value 250,
- Tax profit 18%,

**Task 6**

Value of tangible assets at the beginning of the year 8136. during the year 1235 of tangible assets were taken out of operation, 1450 of tangible assets were put into operation.

Annual Revenue 9132, profit 1200.

Calculate the average annual value of fixed assets, capital productivity (фондовіддачу) and capital intensity (фондомісткість), assets profitability.

1. When a piece of property or equipment is purchased, it is generally recorded at its \_\_\_\_\_ value.
  - a. residual
  - b. cost
  - c. salvage
  - d. book
2. All of the following would typically be treated as revenue expenditures *except* the payment for a:
  - a. tankful of gas for a hotel's shuttle bus.
  - b. \$20 calculator.
  - c. new hotel building.
  - d. property tax bill.
3. Which of the following is the simplest of the methods of depreciation?
  - a. straight-line method
  - b. double declining balance method
  - c. sum-of-the-years' digits method
  - d. units of production method
4. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 48,000 hours, or 6 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the straight-line method of depreciation, calculate the sub's depreciation for the first year.
  - a. \$50,000
  - b. \$40,000
  - c. \$36,000
  - d. \$80,000
5. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 48,000 hours, or 6 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the units of production method of depreciation, calculate the sub's depreciation for the first year.
  - a. \$41,667
  - b. \$40,000
  - c. \$38,000
  - d. \$35,000
6. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 48,000 hours, or 6 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the sum-of-the-years' digits method of depreciation, calculate the sub's depreciation for the first year.
  - a. \$68,571
  - b. \$71,870
  - c. \$63,140
  - d. \$68,061
7. The Lagoon Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 40,000 hours, or 5 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the double declining balance method of depreciation, calculate the sub's depreciation for the first year.
  - a. \$48,000
  - b. \$92,000
  - c. \$94,000
  - d. \$100,000
8. If a batch of linens is expected to have a useful life of less than one year, it should be recorded as a(n) \_\_\_\_\_.
  - a. current asset
  - b. depreciable expense
  - c. intangible asset
  - d. long-term asset
9. A hotel trades an old van, which originally cost \$20,000 and has a net book value of \$4,000, for a new van. The new van has a market value of \$28,000, and to purchase it, the hotel pays \$22,000 in cash as well as turning in the old van. The new van is recorded on the books as having a value of:
  - a. \$28,000.
  - b. \$26,000.
  - c. \$24,000.
  - d. \$22,000.
10. Tina has purchased the right to do business as a hotelier with her building, land, and equipment for the coming year. The party that granted her this right also let her use its brand name. Tina has purchased:
  - a. goodwill.

- b. a copyright.
- c. a patent.
- d. a franchise.

61. The Quiet Respite Resort purchased a luxurious carriage that will be horse-drawn and will carry guests in tours of the resort grounds. The carriage cost \$50,000 and has a salvage value of \$5,000. Its estimated useful life is 5 years, assuming a usage of 1,000 miles each year. During the first year, the carriage carried guests 1,000 miles, just as expected. The first year's depreciation for the carriage under the sum-of-the-years' digits method of depreciation is \_\_\_\_\_.
- A) \$4,600
  - B) \$10,000
  - C) \$15,000
  - D) \$20,000
62. When an asset is sold at a price above its book value:
- A) the Accumulated Depreciation account reaches its highest amount.
  - B) it is necessary to credit the revenue account Gain on Disposal of Assets for the amount of the gain.
  - C) there is a loss on the disposal of the item.
  - D) the Accumulated Depreciation account is unaffected.
64. Which of the following is a means of allocating the costs of intangible assets to those periods that benefit from their use?
- A) Leaseholding
  - B) Amortization
  - C) Depreciation
  - D) Franchising
65. A hotel leases an adjacent building for storage. The lease is for 20 years and improvements to the building cost \$150,000. The estimated useful life the improvements is 15 years. The write-off of this expenditure amounts to \_\_\_\_\_ per year.
- A) \$7,500
  - B) \$10,000
  - C) \$30,000
  - D) \$150,000