**North East School Division**

**Unpacking Outcomes**

Module 31C: Depreciation (Optional)

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| **Unpacking the Outcome**  |
| Examine --> depreciation (fixed assets)  |
| **Outcome**(circle the verb and underline the qualifiers)  |
| Examine depreciation of fixed assets through journals and fixed asset records.  |
| **KNOW**  | **UNDERSTAND**  | **BE ABLE TO DO**  |
| Vocabulary:Value**Accounting Principles & Practices examples**: * historical cost, matching revenue expenses, obsolescence, salvage value, book value (\*1)
* Straight line depreciation
* Declining balance depreciation
* Fixed assets
* Disposal/salvage value
* Depletion
* Fair market value

Straight lineSum of Years digitsDeclining balance | That Businesses that have a large number of fixed assets (I.e. farming, computers) depreciation is a huge factor in determining Net Income.Not appropriately accounting for fixed assets has a significant impact on both the balance sheet and the income statement and is in violation of the GAAP’s.Values will be determined by realistic estimation using one of the methods presented (Straight line, declining balance and sum of years digits).  | 1. Describe the function of depreciation as connected to journal entries.
2. Identify accounting concepts, principles, and practices (\*1) related to fixed assets.
3. Define fixed assets and describe how the amount of depreciation is calculated.
4. Analyze how accounting for depreciation affects fixed assets.
5. Compute the amount of estimated depreciation expense and prepare journal entries using the straight-line method of depreciation for full and partial years.
6. Explore and differentiate methods such as declining- balance, sum-of-the-years digits, production-unit method, and capital cost allowance for calculating depreciation.
7. Prepare journal entries for the disposal of fixed assets which have an accumulated depreciation account, calculating for each situation, disposing for a gain, a loss and at book value.
8. Calculate and record depreciation of fixed assets in a journal and fixed asset records.
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| **ESSENTIAL QUESTIONS**  |
|  How do you calculate and account for depreciation accurately?Is the value you purchase an item for the same as when you sell it? |