

## Quick Questions On Depreciation Methods And Capitalization

1. An asset costs \$33,000, has a residual value of \$3,000, and is expected to last 4 years. In the space provided, complete the names of the three depreciation methods. Calculate all 4 years of annual depreciation using each method.

\_\_\_\_\_ Line Method

\_\_\_\_\_ Digits Method

\_\_\_\_\_ Balance Method

2. Which of the following is not capitalized as part of the cost of equipment? Freight, transit insurance, alterations to a platform required to make the equipment stable, installation costs, cost to repair damage incurred during installation, or materials consumed during the initial adjustment of the equipment.
3. ABC Company paid \$700,000 plus an additional \$35,000 in closing costs for real estate appraised as follows: Land \$280,000, Land Improvements \$120,000, and Building \$600,000. At what dollar value should these assets be recorded?