### CHAPTER 9

### LONG-LIVED ASSETS

### ONE-MINUTE QUIZ

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| TEACHING TIP The purpose of chapter questions is to encourage students to read the chapter material before coming to class. They are normally given in the first few minutes of the class before the lecture begins and can count for ½ to 1 mark of a student’s grade. |

**Question:**

What is depreciation and why is it used? Identify three depreciation methods discussed in the chapter?

**SUGGESTED SOLUTION**

Depreciation is the systematic allocation of the cost of a long lived asset such as property, plant and equipment over the asset’s useful life. This is the process of cost allocation not a process of determining the assets real value…Straight-line, diminishing-balance, units-of-production