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Depreciation and asset disposal

♥ Depreciation- use depreciation specific note

Recording fixed assets when they are fully depreciated

- A fixed asset can never have a zero value as a fixed asset can never be worth zero.
- If you use a diminishing balance method the asset will never be completely depreciated.
- If you use the cost price method one day the asset will become completely depreciated.

Asset disposal

Assets are sold for several reasons

- ♥ The asset has become obsolete.
- ♥ The asset has reached the end of its useful life

Assets can be sold at any time of the year

Assets can be sold in three ways

- ♥ For cash
 - ❖ First the selling price through the CRJ
 - ❖ Second the original cost price through the GJ
 - ❖ Third the Accumulated Depreciation through the GJ
- ♥ For Credit
 - ❖ First the selling price through the DJ
 - ❖ Second the original cost price through the GJ
 - ❖ Third the Accumulated Depreciation through the GJ
- ♥ For trade-in
 - ❖ First the selling price through the CRJ
 - ❖ Second the original cost price through the GJ
 - ❖ Third the Accumulated Depreciation through the GJ

