

## **EXERCISE DEPRECIATION ASSETS**

1. Stephon Company paid RM 640,000 cash for a tract of land on which it plans to erect a new warehouse and paid RM 8,000 in legal fees related to the purchase. Stephon also agreed to paid tax for RM 25,600 on the property. The company incurred a cost of RM 28,800 to remove an old apartment building from the land. Calculate cost of the land acquired.
2. Fine Company purchased a heavy machine to be used in its factory for RM 720,000. The machine was installed at a cost of RM 21,600 and testing costs of RM 7,200 were incurred to place the machine in operation. Calculate cost of the machine
3. On 2 January 2021, a new machine was acquired for RM 900,000. The machine has an estimated salvage value of RM 100,000 and an estimated useful life of 10 years. Compute depreciation for 2021 and 2022, 2023 using each of the following methods:
  - a. Straight line.
  - b. Reducing balance.
4. Auss Company purchased a machine on 1 Jan 2021 for RM 3,200 and incurred installation costs of RM 800. The rate of depreciation 10% per annum. Compute the annual depreciation charges for this machine under the straight-line method. Prepare machine account and accumulated depreciation for 31 December 2021, 2022 and 2023.
5. Katherine Company purchased a machine on 1 April 2022, for RM 72,000 and the rate of depreciation 10% on cost. The company's accounting year ends on December 31.
  - a. Compute the depreciation expense for 2019 and 2020 under reducing balance method.
  - b. Prepare machine account and accumulated depreciation account for 2012 and 2023.