

Instructional Scenario

The Life of a Fixed Asset



Course/Duty Area: Accounting, Advanced / Understanding Accounting Concepts for Fixed Assets

Scenario: On May 20, Company Z purchased a new computer at a cost of \$2,500 for use in its HR department. Ashley is responsible for analyzing and recording all accounting information related to the asset, including purchase, depreciation, and eventual disposal.

Big Question: What steps will Ashley follow to record accounting information for this asset?

Focused Questions:

- How will Ashley record the purchase of the computer?
- What information and resources may help in the determination of a useful life of the computer?
- What information and resources may help in the determination of the best method of depreciation for the computer?
- How does the purchase of the fixed asset in the middle of the month affect depreciation calculations?
- What steps are needed in preparing the Fixed Asset Record?
- What are the steps to record yearly depreciation?
- What information is needed for recording disposal of the asset?

Student Project or Outcome: Given basic information about the purchase of an asset, students will research industry standards to determine the useful life of the asset and the appropriate method of depreciation. Students will then detail the accounting procedures used from acquisition to disposal of the asset.

Project-Based Assessment: Students will prepare a presentation that details the process and steps used in the purchase, depreciation, and eventual disposal of the computer. The presentation should include all steps in the process, may include hypothetical or predictive information for the disposal of the asset, and should include reasons behind the determination of useful life years and depreciation method.

Teacher Resources:

- [How to Calculate Depreciation on Computer Hardware](#), Tech Republic
- [How to Determine a Tangible Asset's Useful Life](#), Investopedia
- [Asset Useful Life: Definition and Accounting Basics](#), Netgain

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