

# SKH Bishop Baker Secondary School

The image shows the exterior of SKH Bishop Baker Secondary School. The building is a multi-story structure with a modern architectural style. The central part of the building is white, while the wings on either side are light blue. There are several balconies with green railings on the white section. The Chinese name of the school, '白約翰會督中學', is written vertically in gold characters on the white facade. The sky is clear and blue.

Mr. Lau Wing Kwan  
Mr. Law Kwok Ting

# Accounting ?

# Matching

## Case 1

Strawberry

Orange

Apple

Drawing

## Case 2

### Example

Cost of equipment = \$10,000

Date of acquisition = 1 January 2018

Estimated useful life = 4 years

Estimated scrap value = \$4,096

## Depreciation rate

$$\text{Straight-line method} = \frac{1}{\text{Estimated useful life}} \times 100\%$$

$$\text{Reducing-balance method} = \left[ 1 - \sqrt[n]{\frac{S}{C}} \right] \times 100\%$$

## Depreciation rate

$$\text{Straight-line method} = \frac{1}{4} \times 100\% = 25\%$$

$$\text{Reducing-balance method} = \left[ 1 - \sqrt[4]{\frac{4,096}{10,000}} \right] \times 100\% = 20\%$$



## Systematic Allocation of Depreciable Amount : Straight-line Method

Cost    \$10,000

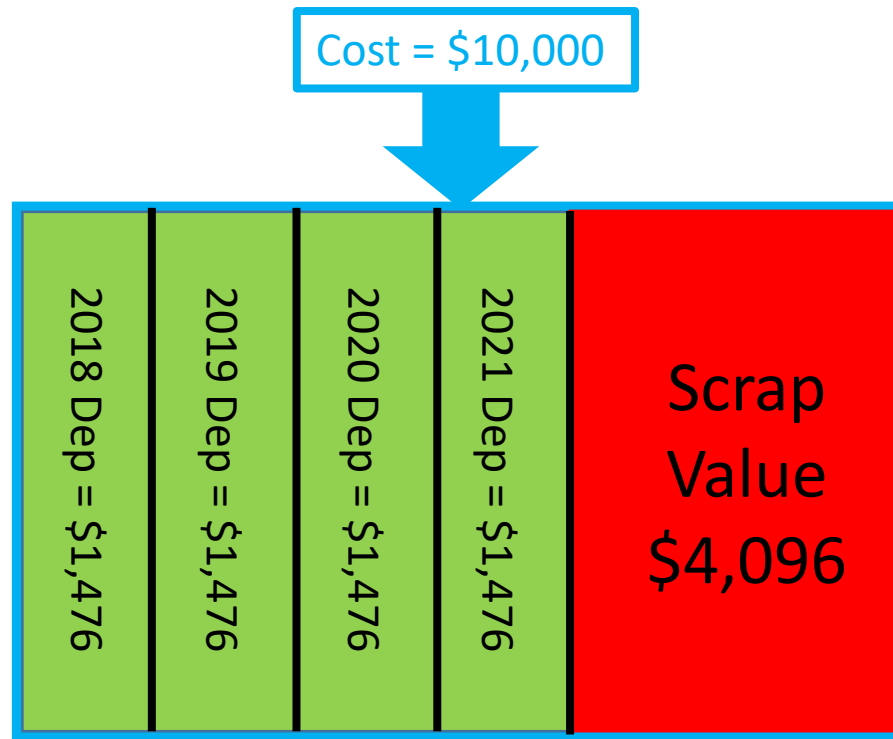
## Systematic Allocation of Depreciable Amount : Straight-line Method

Cost = \$10,000

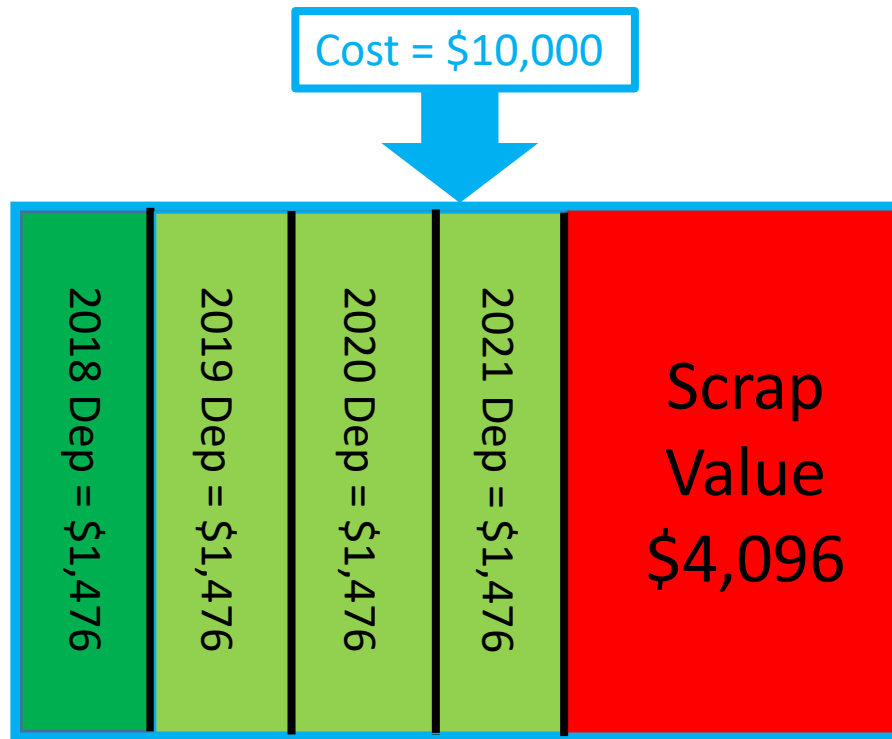


Depreciable Amount \$5,904	Scrap Value \$4,096
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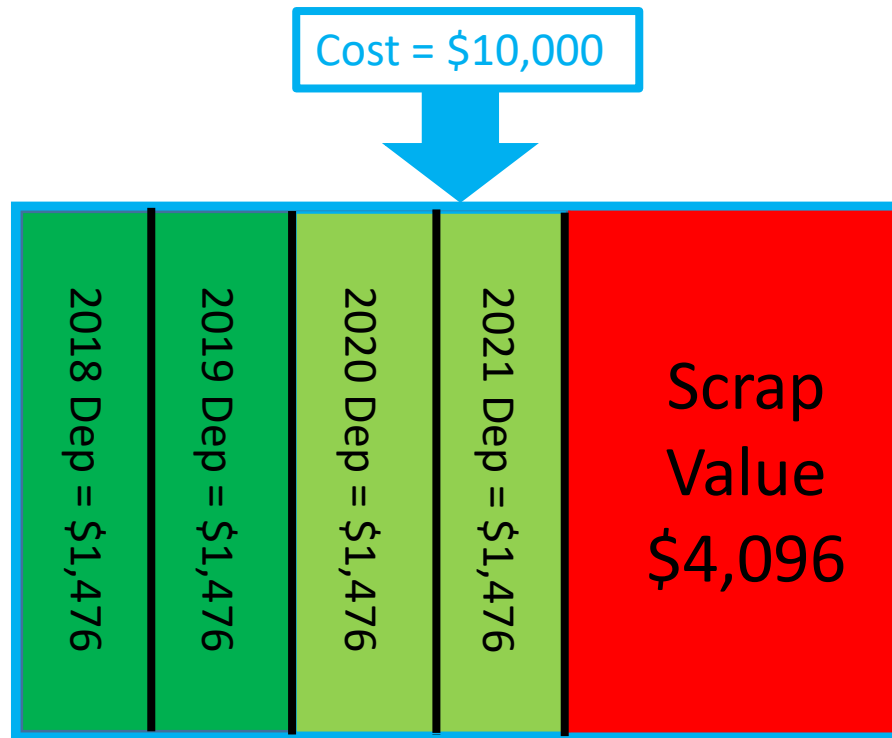
## Systematic Allocation of Depreciable Amount : Straight-line Method



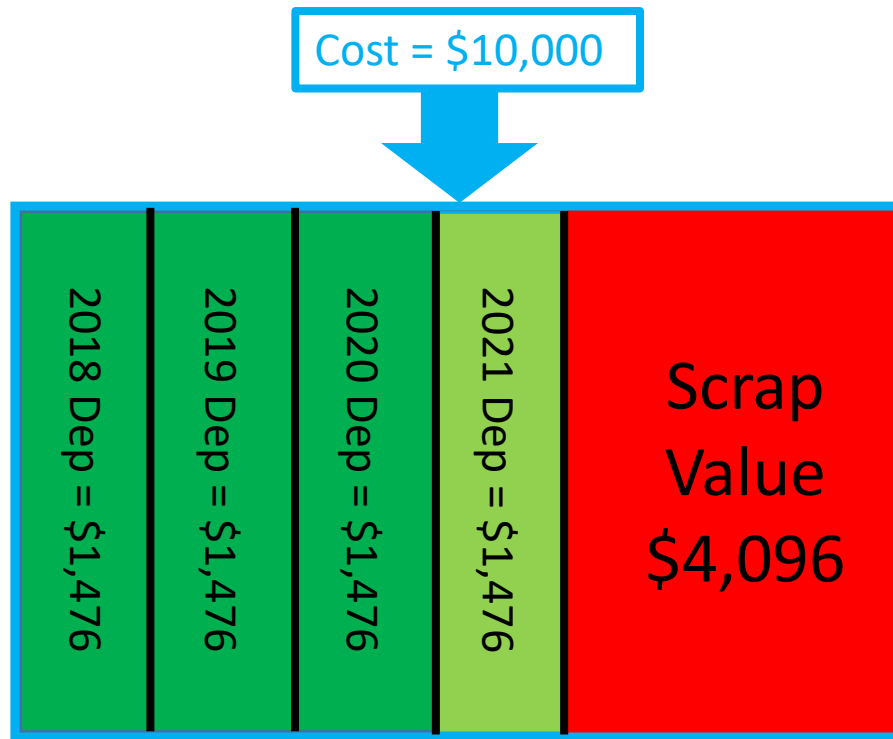
## Systematic Allocation of Depreciable Amount : Straight-line Method



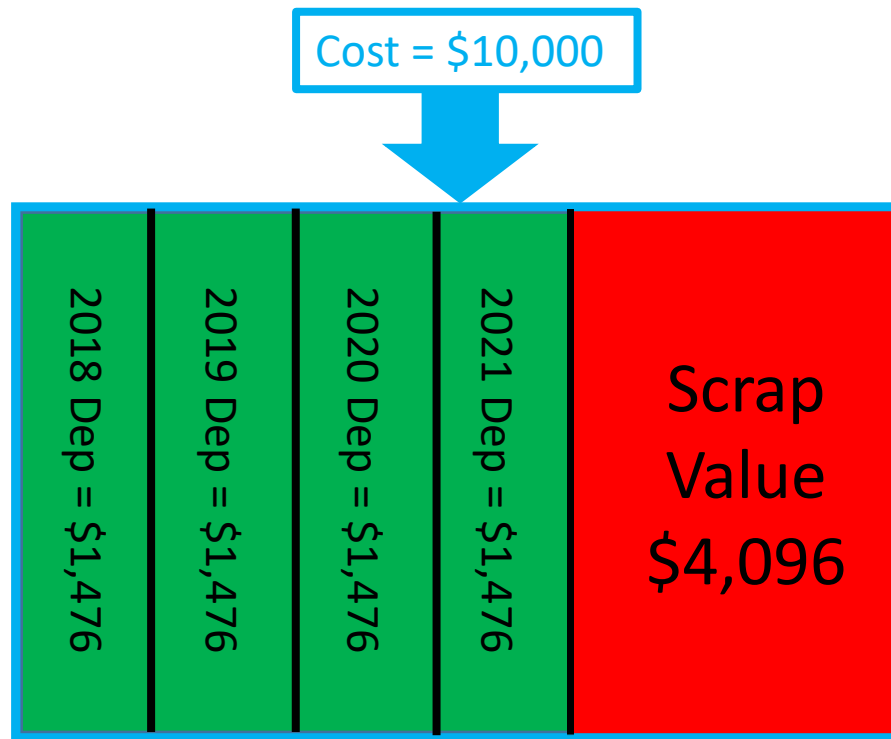
## Systematic Allocation of Depreciable Amount : Straight-line Method



## Systematic Allocation of Depreciable Amount : Straight-line Method



## Systematic Allocation of Depreciable Amount : Straight-line Method



## Systematic Allocation of Depreciable Amount : Reducing-balance Method

Cost \$10,000



## Systematic Allocation of Depreciable Amount : Reducing-balance Method

Cost = \$10,000



2018 Dep = \$2,000	NBV as at 31 Dec 2018 \$8,000
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## Systematic Allocation of Depreciable Amount : Reducing-balance Method

Cost = \$10,000



2018 Dep = \$2,000	2019 Dep = \$1,600
	NBV as at 31 Dec 2019 \$6,400

## Systematic Allocation of Depreciable Amount : Reducing-balance Method

Cost = \$10,000

2018 Dep = \$2,000	2019 Dep = \$1,600	
	2020 Dep = \$1,280	NBV as at 31 Dec 2020 \$5,120

# Systematic Allocation of Depreciable Amount : Reducing-balance Method


Cost = \$10,000



2018 Dep = \$2,000	2019 Dep = \$1,600	
	2020 Dep = \$1,280	2021 Dep = \$1,024
		NBV as at 31 Dec 2021 \$4,096

## Systematic Allocation of Depreciable Amount : Reducing-balance Method

Cost = \$10,000



2018 Dep = \$2,000	2019 Dep = \$1,600	
	2020 Dep = \$1,280	2021 Dep = \$1,024
		Scrap value \$4,096

Strawberry

Orange

Apple

Straight-line  
method

or

Reducing-balance  
method

# Findings

## Case 3

Subjective?

or

Objective?



## Case 4

### Example

Cost of building = \$500,000

Date of acquisition = 1 September 1984

Estimated useful life = 50 years

Depreciation rate = 10%

Calculate the annual depreciation of building  
for the year ended 31 August 2045

Calculate the net book value of building  
as at 31 August 2045

## Case 5

### Equipment

2018		\$	2018		\$
01 Jan	Balance b/d	400,000	30 Sep	Disposal of equipment	100,000
30 Sep	Cash at bank	120,000	31 Dec	Balance c/d	500,000
30 Sep	Disposal of equipment	80,000			
		<u>600,000</u>			<u>600,000</u>

### Accumulated Depreciation of Equipment

2018		\$	2018		\$
30 Sep	Disposal of equipment	100,000	01 Jan	Balance b/d	143,000
31 Dec	Balance c/d	60,000	31 Dec	Depreciation of equipment	17,000
		<u>160,000</u>			<u>160,000</u>

## Case 6

### Income statement for the year ended 31 December 2017

		\$	
Sales		0	
Less: Cost of goods sold			
Opening inventory	0		
Add: Purchases	<u>10</u>		
	10		
Less: Closing inventory	<u>10</u>	<u>0</u>	
Gross profit		0	



### Income statement for the year ended 31 December 2018

		\$	
Sales		8	
Less: Cost of goods sold			
Opening inventory	10		
Add: Purchases	<u>0</u>		
	10		
Less: Closing inventory	<u>0</u>	<u>10</u>	
Gross loss		(2)	

## Case 7

### Income statement for the year ended 31 December 2017

		\$	
Sales		0	
Less: Cost of goods sold			
Opening inventory	0		
Add: Purchases	<u>30</u>		
	30		
Less: Closing inventory	<u>10</u>	<u>20</u>	
Gross loss		(20)	



### Income statement for the year ended 31 December 2018

		\$	
Sales		10	
Less: Cost of goods sold			
Opening inventory	10		
Add: Purchases	<u>0</u>		
	10		
Less: Closing inventory	<u>0</u>	<u>10</u>	
Gross profit		0	

Accounting

Business Language

Thank you