

***15.515 RECITATION SESSION 4:
THE MATCHING PRINCIPLE & LONG LIVED ASSETS***

Agenda

- 1.** Overview of Accounting for Long Lived Assets
- 2.** Problems
- 3.** Questions
- 4.** Feedback Form

OVERVIEW OF ACCOUNTING FOR LONG LIVED ASSETS

THE MATCHING PRINCIPLE IN ACTION

- (1) What dollar amount to capitalize?
- (2) Over what time period should the asset be expensed, i.e. depreciated?
- (3) At what rate should the asset be expensed?

PP&E EQUATIONS

Hint: Copy these on your cheat sheet! See also the table method in E9-16 below.

- (1) $PPE_{EB} = PPE_{BB} + \text{Acquisitions} - \text{Disposals}$
- (2) $AccDep_{EB} = AccDep_{BB} + \text{Depreciation} - AccDep_{Disposal}$
- (3) $\text{Proceeds from Sale} = BV^1 + \text{gain/loss}$

¹ BV = Book Value

