

WASTING ASSETS

Natural resources such as oil, gas, minerals, and timber.

INITIAL RECOGNITION

Acquisition Cost	xxx
Capitalizable Exploration Costs	xxx
Intangible Development Costs	xxx
Restoration Cost @ PV	xxx
Initial Cost of Wasting Asset	XXX

CHANGE IN ACCOUNTING ESTIMATES

Examples: additional development cost, change in estimated output, and change in residual value.

Applied prospectively; New depletion rate will be used (use FIFO).

DEPLETION

The systematic removal, extraction, or exhaustion of a natural resource. Depletion charge for each period shall form part of inventory.

Initial Cost of Wasting Asset	xxx
Recoverable Amount	(xx)
Depletable Amount	xxx
Divided by: Estimated Output	xxx
Depletion Rate	xxx
Times: Units Extracted	xxx
DEPLETION	XXX

DEPLETION EXPENSE

Depletion that is sold becomes an expense in the period.

Depletion Rate	xxx
Times: Units Sold	xxx
DEPLETION EXPENSE	xxx

DEPRECIATION



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Page 1 of 1.

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