Depreciation

ABC Company purchased a piece of machinery and needs to calculate depreciation. Here are the details:

Cost:	$ 125,000
Estimated Life (years):	4
Estimated Life (hours):	22,000
Salvage Value:	$ 15,000
Year 1 Est Usage	8,000
Year 2 Est Usage	7,000
Year 3 Est Usage	4,500
Year 4 Est Usage	2,500

Straight Line

Year	Depreciation	Cost	A/D	Book Value
1	$ 27,500	$ 125,000	$ 27,500	$ 97,500
2	$ 27,500	$ 125,000	$ 55,000	$ 70,000
3	$ 27,500	$ 125,000	$ 82,500	$ 42,500
4	$ 27,500	$ 125,000	$ 110,000	$ 15,000

Double Declining Balance

Year	Depreciation	Cost	A/D	Book Value
1	$ 62,500	$ 125,000	$ 62,500	$ 62,500
2	$ 31,250	$ 125,000	$ 93,750	$ 31,250
3	$ 15,625	$ 125,000	$ 109,375	$ 15,625
4	$ 625	$ 125,000	$ 110,000	$ 15,000

Units of Production

Year	Depreciation	Cost	A/D	Book Value
1	$ 40,000	$ 125,000	$ 40,000	$ 85,000
2	$ 35,000	$ 125,000	$ 75,000	$ 50,000
3	$ 22,500	$ 125,000	$ 97,500	$ 27,500
4	$ 12,500	$ 125,000	$ 110,000	$ 15,000