

Lesson 19: Depreciation — Allocating Asset Costs Over Time

Part A: Depreciation Calculations

Asset: Machine | Cost \$50,000 | Salvage Value \$5,000 | Useful Life 5 years | Units of Production: 9,000 hrs total, 2,000 hrs used in Year 1

Method	Formula	Year 1 Depreciation (\$)
Straight-Line	$(\text{Cost} - \text{Salvage}) \div \text{Life}$	
Double Declining Balance	$\text{Book Value} \times (2/\text{Life})$	
Units of Production	$(\text{Cost} - \text{Salvage}) / \text{Total Hrs} \times \text{Hrs Used}$	

Part B: Depreciation Schedule (Straight-Line, 3 years shown)

Year	Depreciation Expense	Accumulated Depr.	Book Value
Start	—	—	\$50,000
1			
2			
3			

Part C: Journal Entry

Record Year 1 straight-line depreciation expense:

Date	Account	Debit (\$)	Credit (\$)
Dec 31			