

**Prob. 10–2A**

<b>Depreciation Expense</b>			
<b>Year</b>	<b>a. Straight-Line Method</b>	<b>b. Units-of-Production Method</b>	<b>c. Double-Declining-Balance Method</b>
2009	\$ 86,000	\$129,000	\$190,000
2010	86,000	107,500	95,000
2011	86,000	60,200	47,500
2012	<u>86,000</u>	<u>47,300</u>	<u>11,500*</u>
<b>Total</b>	<b><u>\$344,000</u></b>	<b><u>\$344,000</u></b>	<b><u>\$344,000</u></b>

**Calculations:**
**Straight-line method:**

$$(\$380,000 - \$36,000)/4 = \$86,000 \text{ each year}$$

**Units-of-production method:**

$$(\$380,000 - \$36,000)/8,000 \text{ hours} = \$43 \text{ per hour}$$

$$2009: 3,000 \text{ hours @ } \$43 = \$129,000$$

$$2010: 2,500 \text{ hours @ } \$43 = \$107,500$$

$$2011: 1,400 \text{ hours @ } \$43 = \$60,200$$

$$2012: 1,100 \text{ hours @ } \$43 = \$47,300$$

**Double-declining-balance method:**

$$2009: \$380,000 \times 50\% = \$190,000$$

$$2010: (\$380,000 - \$190,000) \times 50\% = \$95,000$$

$$2011: (\$380,000 - \$190,000 - \$95,000) \times 50\% = \$47,500$$

$$2012: (\$380,000 - \$190,000 - \$95,000 - \$47,500 - \$36,000^*) = \$11,500$$

\*Book value should not be reduced below the residual value of \$36,000.