**\*3-2F: Long-Lived Assets and Depreciation Assignment (10 marks)**

DEF Company acquired new equipment with an estimated useful life of 5 years. The cost of the equipment was $50,000, it was expected to produce 900,000 units over its lifetime, and the residual value was estimated to be $5000. The equipment will produce 100,000 units in the first year and 200,000 each year thereafter. Compute the annual depreciation expense for each of the first 2 years under each of the following methods of depreciation (full years) and complete the chart below. Show all your work.

1. Straight-line
2. Double Declining Balance
3. Units of Production

At the beginning of the third year, it was estimated that the residual value would be $0. Calculate the depreciation for the third year. Show all your work.

*(Application – 10 marks – 1 mark for each answer)*

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Straight-line | Double Declining | Units of Production |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |

1. Which account would the calculation be debited to?
	1. Accumulated Depletion
	2. Depreciation Expense
	3. Inventory
	4. Accumulated Amortization