

Remaining cost is spread over remaining life.

### Change in Estimate-Qno1

#### Schedule for Depreciation Charge

#### Straight Line Method

$$\text{Depreciation} = (\text{Total Cost} - \text{Scrap Value}) \times 1/\text{Life}$$

Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				52,000
2006	$(52,000 - 4,000) \times 1/8$	6,000	6,000	46,000
2007	$(52,000 - 4,000) \times 1/8$	6,000	12,000	40,000
2008	$(52,000 - 4,000) \times 1/8$	6,000	18,000	34,000
2009	$(52,000 - 4,000) \times 1/8$	6,000	24,000	28,000
2010	$(52,000 - 4,000) \times 1/8$	6,000	30,000	<b>22,000</b>
2011	<b><math>(22,000 - 4,500) \times 1/5</math></b>	<b>3,500</b>	33,500	18,500
2012	<b><math>(22,000 - 4,500) \times 1/5</math></b>	<b>3,500</b>	37,000	15,000

#### Computation for Remaining Life

$$\begin{aligned} \text{Remaining Life} &= \text{New Life} - \text{Age} \\ &= 10 - 5 \\ &= 5 \end{aligned}$$

### Carver & Co General Journal

Date	Account Titles and Explanation	Post Ref.	Debit	Credit
	(Adjustment)			
2011 Dec 31	Depreciation Expense		3,500	
	Accumulated Depreciation-Machine			3,500
	(To record estimated depreciation)			

Remaining Cost is spread over remaining life				
Change in Estimate-Qno2				
Schedule for Depreciation Charge Straight Line Method Depreciation = (Total Cost - Scrap Value) $\times$ 1/Life				
Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				70,000
1999	$(70,000 - 0) \times 1/35$	2,000	2,000	68,000
2000	$(70,000 - 0) \times 1/35$	2,000	4,000	66,000
2001	$(70,000 - 0) \times 1/35$	2,000	6,000	64,000
2002	$(70,000 - 0) \times 1/35$	2,000	8,000	62,000
2003	$(70,000 - 0) \times 1/35$	2,000	10,000	60,000
2004	$(70,000 - 0) \times 1/35$	2,000	12,000	<b>58,000</b>
2005	<b><math>(58,000 - 0) \times 1/44</math></b>	1,318	13,318	<b>56,682</b>
2006	<b><math>(58,000 - 0) \times 1/44</math></b>	1,318	14,636	55,364
Computation for Remaining Life				
Remaining Life = New Life - Age = 50 - 6 = 44				

## Baba Company General Journal

Date	Account Titles and Explanation	Post Ref.	Debit	Credit
	(Adjustment)			
2004 Dec 31	Depreciation Expense		2,000	
	Accumulated Depreciation-Building			2,000
	(To record estimated depreciation)			
	(Adjustment)			
2005 Dec 31	Depreciation Expense		1,318	
	Accumulated Depreciation-Building			1,318
	(To record estimated depreciation)			

Remaining Cost is spread over remaining life				
<b>Change in Estimate-Qno4</b>				
<b>Schedule for Depreciation Charge</b> <b>Straight Line Method</b> <b>Depreciation = (Total Cost - Scrap Value) x 1/Life</b>				
Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				79,600
1990	$(79,600 - 3,600) \times 1/10$	7,600	7,600	72,000
1991	$(79,600 - 3,600) \times 1/10$	7,600	15,200	64,400
1992	$(79,600 - 3,600) \times 1/10$	7,600	22,800	<b>56,800</b>
1993	<b><math>(56,800 - 2,400) \times 1/3</math></b>	18,133	40,933	38,667
1994	<b><math>(56,800 - 2,400) \times 1/3 = 18,133 \times 6/12</math></b>	9,067	50,000	<b>29,600</b>
<b>Computation for Remaining Life</b>				
Remaining Life = New Life - Age				
= 6 - 3				
= 3				
<b>Computation for Loss or Gain on Sale of Machine</b>				
Cost of Machine				79,600
Less; Accumulated Depreciation				(50,000)
Book Value				29,600
Compare: Proceeds from Sale				20,000
Loss on Sale				(9,600)

## Bashir & Co General Journal

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
1990 Jan	1	Machine		79,600	
		Cash			79,600
		(Purchased machine on cash)			
		(Adjustment)			
Dec	31	Depreciation Expense		7,600	
		Accumulated Depreciation-Machine			7,600
		(To record estimated depreciation)			
		(Adjustment)			
1991 Dec	31	Depreciation Expense		7,600	
		Accumulated Depreciation-Machine			7,600
		(To record estimated depreciation)			
		(Adjustment)			
1992 Dec	31	Depreciation Expense		7,600	
		Accumulated Depreciation-Machine			7,600
		(To record estimated depreciation)			
		(Adjustment)			
1993 Dec	31	Depreciation Expense		18,133	
		Accumulated Depreciation-Machine			18,133
		(To record estimated depreciation)			
		(Adjustment)			
1994 June	30	Depreciation Expense		9,067	
		Accumulated Depreciation-Machine			9,067
		(To record estimated depreciation)			
	30	Cash		20,000	
		Accumulated Depreciation-Machine		50,000	
		Loss on Sale		9,600	
		Machine			79,600
		(To record estimated depreciation)			