Qno1:

Disposal-Sale

Schedule for Depreciation Charge Straight Line Method

Depreciation =(Total Cost - Scrap Value) x 1/Life

Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				250,000
2001	(250000-20000)x1/10	23,000	23,000	227,000
2002	(250000-20000)x1/10	23,000	46,000	204,000
2003	(250000-20000)x1/10	23,000	69,000	181,000
2004	(250000-20000)x1/10	23,000	92,000	158,000
2005	(250000-20000)x1/10	23,000	115,000	135,000
2006	(250000-20000)x1/10	23,000	138,000	112,000
2007	(250000-20000)x1/10	23,000	161,000	89,000
2008	(250000-20000)x1/10=23,000 x 6/12	11,500	172,500	77,500

Computation for Loss or Gain on Sale of MachineCost of Machine250,000Less: Accumulated Depreciation(138,000)Book Value112,000Compare: Proceeds from Sale-Selling Price120,000Gain on Disposal8,000Case no 2:Computation for Loss or Gain on Sale of MachineCost of Machine250,000Less: Accumulated Depreciation(172,500)Book Value77,500Compare: Proceeds from Sale-Selling Price70,000Loss on Disposal(7,500)Case no 3:Computation for Loss or Gain on Sale of MachineCost of Machine250,000Less: Accumulated Depreciation(115,000)Book Value135,000Compare: Proceeds from Sale-Selling Price135,000Breakeven at Disposal-	Case no 1:					
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