

Qno3: Case no 1;

Schedule for Depreciation Charge Striaght Line Method Depreciation = (Total Cost - Scrap Value) x 1/life				
Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				150,000
2001	$(150,000 - 10,000) \times 1/5$	28,000	28,000	122,000
2002	$(150,000 - 10,000) \times 1/5$	28,000	56,000	94,000
2003	$(150,000 - 10,000) \times 1/5$	28,000	84,000	66,000
2004	$(150,000 - 10,000) \times 1/5$	28,000	112,000	38,000
2005	$(150,000 - 10,000) \times 1/5$	28,000	140,000	10,000

Qno3: Case no 2:

Schedule for Depreciation Charge Striaght Line Method Depreciation = (Total Cost - Scrap Value) x 1/life				
Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				150,000
2001	$(150,000 - 10,000) \times 1/5 = 28,000 \times 10/12$	23,333	23,333	126,667
2002	$(150,000 - 10,000) \times 1/5$	28,000	51,333	98,667
2003	$(150,000 - 10,000) \times 1/5$	28,000	79,333	70,667
2004	$(150,000 - 10,000) \times 1/5$	28,000	107,333	42,667
2005	$(150,000 - 10,000) \times 1/5$	28,000	135,333	14,667
2006	$(150,000 - 10,000) \times 1/5 = 28,000 \times 2/12$	4,667	140,000	10,000

Qno3: Case no 1;

Schedule for Depreciation Charge Striaght Line Method Depreciation = (Total Cost x Rate) Rate = Depreciable Cost / (Total Cost x Life) x 100 = 140,000 / (150,000 x 5) x 100 = 18.6666				
Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				150,000
2001	$150,000 \times 18.666/100$	28,000	28,000	122,000
2002	$150,000 \times 18.666/100$	28,000	56,000	94,000
2003	$150,000 \times 18.666/100$	28,000	84,000	66,000
2004	$150,000 \times 18.666/100$	28,000	112,000	38,000
2005	$150,000 \times 18.666/100$	28,000	140,000	10,000

Fazal and company purchased a machine on Feb 1 2015 at a cost of Rs. 207,000 with scrap value of 7000.

The Estimated life of the machine was 4 years and company used straight line method to compute depreciation. The accounting year of the company ends on Dec 31, each year

Schedule for Depreciation Charge Straight Line Method Depreciation = Total Cost x Rate				
Rate = Depreciable Cost / (Total Cost x Life) x 100 Rate = 200,000 / (207000x 4) x 100 Rate = 24.16%				
Year	Computation	Depreciation Expesne	Accumulated Depreciation	Book Value
				207,000
2015	207,000 x 24.16 /100 = 50,011 x 11/12	45,844	45,844	161,156
2016	207,000 x 24.16 /100	50,011	95,855	111,145
2017	207,000 x 24.16 /100	50,011	145,866	61,134
2018	207,000 x 24.16 /100	50,011	195,877	11,123
2019	207,000 x 24.16 /100 = 50,011 x 1/12	4,168	200,044	6,956
Schedule for Depreciation Charge Straight Line Method Depreciation = (Total Cost - Scrap Value)x Rate				
Rate = 1/Life x 100 Rate = 1/4 x 100 Rate = 25%				
Year	Computation	Depreciation Expesne	Accumulated Depreciation	Book Value
				207,000
2015	(207,000 - 7,000) x 25/100 = 50,000 x 11/12	45,833	45,833	161,167
2016	(207,000 - 7,000) x 25/100	50,000	95,833	111,167
2017	(207,000 - 7,000) x 25/100	50,000	145,833	61,167
2018	(207,000 - 7,000) x 25/100	50,000	195,833	11,167
2019	(207,000 - 7,000) x 25/100 = 50,000 x 1/12	4,167	200,000	7,000

Qno3-Case no 3

Schedule for Depreciation Charge Diminishing Balance Method Depreciation = (Total Cost - Accumulated Depreciation) x Rate Rate = 1/Life x 2 x 100 = 1/5 x 2 x 100 = 40%				
Year	Computation	Depreciation Expesne	Accumulated Depreciation	Book Value
				150,000
2001	$(150,000 - 0) \times 40/100$	60,000	60,000	90,000
2002	$(150,000 - 60,000) \times 40/100$	36,000	96,000	54,000
2003	$(150,000 - 96,000) \times 40/100$	21,600	117,600	32,400
2004	$(150,000 - 117,600) \times 40/100$	12,960	130,560	19,440
2005	$(150,000 - 130,560) \times 40/100 = 7,776$ 9,440	9,440	140,000	10,000

Qno3-Case no 4

Schedule for Depreciation Charge Diminishing Balance Method Depreciation = (Total Cost - Accumulated Depreciation) x Rate Rate = 1/Life x 2 x 100 = 1/5 x 2 x 100 = 40%				
Year	Computation	Depreciation Expense	Accumulated Depreciation	Book Value
				150,000
2001	$(150,000 - 0) \times 40/100 = 60,000 \times 5/12$	25,000	25,000	125,000
2002	$(150,000 - 25,000) \times 40/100$	50,000	75,000	75,000
2003	$(150,000 - 75,000) \times 40/100$	30,000	105,000	45,000
2004	$(150,000 - 105,000) \times 40/100$	18,000	123,000	27,000
2005	$(150,000 - 123,000) \times 40/100$	10,800	133,800	16,200
2006	$(150,000 - 133,800) \times 40/100 = 6,480 \times 7/12 = 3,780$ 6,200	6,200	140,000	10,000

Qno3-Case no 3

Schedule for Depreciation Charge Diminishing Balance Method Depreciation = (Total Cost - Accumulated Depreciation) x Rate Rate = 1 - $\sqrt[n]{\frac{\text{Residual value}}{\text{Cost}}}$ 41.82%				
Year	Computation	Depreciation Expesne	Accumulated Depreciation	Book Value
				150,000
2001	$(150,000 - 0) \times 41.82/100$	62,730	62,730	87,270
2002	$(150,000 - 62,730) \times 41.82/100$	36,496	99,226	50,774
2003	$(150,000 - 99,226) \times 41.82/100$	21,234	120,460	29,540
2004	$(150,000 - 120,460) \times 41.82/100$	12,354	132,814	17,186
2005	$(150,000 - 132,814) \times 41.82/100$	7,187	140,001	9,999

Accelerated Depreciation Methods:				
1	Diminishing Balance Method			
2	Sum of the Years' Digits Method			
Sum of the Years' Digits Method/SYD Method/Fraction Method				
Depreciation = (Total Cost - Scrap Value) x Remaining Life/Sum of the Years' Digits				
Sum of the Years' Digits = N(N+1) /2				
Where n = number of years				
Qno3-Case no 5				
Schedule for Depreciation Charge Sum of the years' digits method Depreciation = (Total Cost - Scrap Value) x Remaining Life / Sum of the years' digits Sum of the years' digits = N(N+1) / 2 = 5(5+1) /2 = 5 x 6 /2 = 30/2 = 15				
Year	Computation	Depreciation Expesne	Accumulated Depreciation	Book Value
				150,000
2001	(150,000 - 10,000) x 5/15	46,667	46,667	103,333
2002	(150,000 - 10,000) x 4/15	37,333	84,000	66,000
2003	(150,000 - 10,000) x 3/15	28,000	112,000	38,000
2004	(150,000 - 10,000) x 2/15	18,667	130,667	19,333
2005	(150,000 - 10,000) x 1/15	9,333	140,000	10,000

Qno3-Case no 6				
Schedule for Depreciation Charge Sum of the years' digits method Depreciation = (Total Cost - Scrap Value) x Remaining Life / Sum of the years' digits Sum of the years' digits = $N(N+1) / 2$ = $5(5+1) / 2$ = $5 \times 6 / 2$ = $30/2$ = 15				
Year	Computation	Depreciation Expesne	Accumulated Depreciation	Book Value
				150,000
2001	$(150,000 - 10,000) \times 5/15 = 46,667 \times 10/12$	38,889	38,889	111,111
2002	$(150,000 - 10,000) \times 5/15 = 46,667 \times 2/12 = 7,778$ $(150,000 - 10,000) \times 4/15 = 37,333 \times 10/12 = 31,111$	38,889	77,778	72,222
2003	$(150,000 - 10,000) \times 4/15 = 37,333 \times 2/12 = 6,222$ $(150,000 - 10,000) \times 3/15 = 28,000 \times 10/12 = 23,333$	29,555	107,333	42,667
2004	$(150,000 - 10,000) \times 3/15 = 28,000 \times 2/12 = 4,667$ $(150,000 - 10,000) \times 2/15 = 18,667 \times 10/12 = 15,556$	20,223	127,556	22,444
2005	$(150,000 - 10,000) \times 2/15 = 18,667 \times 2/12 = 3,111$ $(150,000 - 10,000) \times 1/15 = 9,333 \times 10/12 = 7,778$	10,889	138,445	11,555
2006	$(150,000 - 10,000) \times 1/15 = 9,333 \times 2/12$	1,556	140,001	9,999