Depreciation Example 1

Cost	$	110,000
Salvage value	$	20,000
Useful life		5

Purchase date   January 1, 2006

Straight line depreciation

Year	Depreciation	
2006	$ 18,000	=($110,000 - $20,000) x 1/5
2007	$ 18,000	=($110,000 - $20,000) x 1/5
2008	$ 18,000	=($110,000 - $20,000) x 1/5
2009	$ 18,000	=($110,000 - $20,000) x 1/5
2010	$ 18,000	=($110,000 - $20,000) x 1/5
Total	$ 90,000	

Double declining balance depreciation

Depreciation rate   40%   =1/5 x 200%

Year	Book value at the beginning of year	Depreciation rate	Depreciation expense		Accumulated depreciation	Book value at year-end
2006	$ 110,000	40%	$ 44,000		$ 44,000	$ 66,000
2007	$ 66,000	40%	$ 26,400		$ 70,400	$ 39,600
2008	$ 39,600	40%	$ 15,840		$ 86,240	$ 23,760
2009	$ 23,760	40%	$ 3,760	(*1)	$ 90,000	$ 20,000
2010	$ 20,000	40%	$ -		$ 90,000	$ 20,000
Total			$ 90,000			

(*1) Depreciation stops when accumulated depreciation reaches depreciation base.
    Depreciation base = cost - salvage value = $110,000 - $20,000 = $90,000

150% declining balance depreciation

Depreciation rate   30%   =1/5 x 150%

Year	Book value at the beginning of year	Depreciation rate	Depreciation expense		Accumulated depreciation	Book value at year-end
2006	$ 110,000	30%	$ 33,000		$ 33,000	$ 77,000
2007	$ 77,000	30%	$ 23,100		$ 56,100	$ 53,900
2008	$ 53,900	30%	$ 16,170		$ 72,270	$ 37,730
2009	$ 37,730	30%	$ 11,319		$ 83,589	$ 26,411
2010	$ 26,411	30%	$ 6,411	(*2)	$ 90,000	$ 20,000
Total			$ 90,000			

(*2) Depreciation stops when accumulated depreciation reaches depreciation base.
    Depreciation base = cost - salvage value = $110,000 - $20,000 = $90,000

Sum-of-the-years'-digits depreciation

Sum of the years' digits	15	=1+2+3+4+5	
Year	Years' digits	Depreciation	
2006	5	$ 30,000	=($110,000 - $20,000) x 5/15
2007	4	$ 24,000	=($110,000 - $20,000) x 4/15
2008	3	$ 18,000	=($110,000 - $20,000) x 3/15
2009	2	$ 12,000	=($110,000 - $20,000) x 2/15
2010	1	$ 6,000	=($110,000 - $20,000) x 1/15
Total	15	$ 90,000	