ACC 101 Chapter 9 Practice Problems and Solutions

Answers are located at the end of this document.

Coby Corporation purchased equipment for $88,000 on January 1. The equipment has a $8,000 salvage value and an estimated 5 year useful life. The equipment will last approximately 70,000 hours. During the first year the machine was used for 12,000 hours. Calculate the depreciation for the first year and the book value at the end of the first year for each of the following methods.

Depreciation Method	Year 1 Depr. Expense	Book Value, End of Year 1
Straight Line		
Units of Activity		
Double Declining Balance		

The equipment was sold on June 30th of the 2nd year; record the journal entry for the 2nd year of depreciation expense using the straight line method.

The equipment was sold for $44,000; prepare the journal entry to record the sale.
