8-2A – Depreciation – Full Year, All Methods
On January 1, 2017, Table Co. purchased a new piece of equipment for $150,000. The equipment had an expected useful life of five years, and an expected residual value of $40,000. The company expected that in those five years, the machine would operate for 2,000 hours based on the following schedule:

2017 – 300 hours
2018 – 500 hours
2019 – 550 hours
2020 – 450 hours
2021 – 200 hours

Required:

Assuming a December 31 fiscal year-end, prepare a depreciation schedule for the life of the asset using:

a.) Straight-line depreciation
b.) Units-of-production depreciation
c.) Double-declining-balance depreciation

8-4A – Disposing of Depreciable Assets at a Gain or Loss
Bill's Towing purchased a new tow truck on April 1, 2017 for $110,000 cash. The company expects to keep the tow truck for 10 years, after which time it plans to sell the truck for $20,000. The company's accountant wishes to use straight-line depreciation. Bill's Towing has a fiscal year end of August 31.

Required:

a.) Record the journal entry for the purchase of the truck
b.) Record the required year-end adjustment
c.) On November 30, 2017, Bill sells the truck. Record depreciation up to the date of the sale.
d.) Assume that Bill sold the truck for: i. $106,000 cash, record the journal entry for the sale
ii. $85,000 cash, record the journal entry for the sale