UNIVERSITY OF BARISHAL



Assignment

Course Title : Financial and Managerial Accounting

Course Code : HUM-3109

Topic : Solutions of the Depreciation Problems

Submitted to

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**Question- 1:**

The company purchased building amounting to 5,000,000 on January 31, 2011. Useful life is 20 years and residual value is 500,000.

* + 1. How much is the depreciation expense on 2011?
    2. How much is the depreciation expense on 2012?
    3. How much is the accumulated depreciation on 2012?
    4. What is the book/carrying value of the building on 2012?

**Answer- 1:**

We know,

Annual Depreciation=

1. (5,000,000-500,000)/20 years= 225,000/per year. For 2011, depreciation will be (225,000/12 months)\*11 months= 206,250
2. 225,000
3. (225,000+206,250)= 431, 250
4. (5,000,000-431, 250)= 4,568,750

**Question- 2:**

The company purchased building amounting to 5,000,000 on January 31, 2011. Useful life is 20 years and residual value is 0.

* + 1. How much is the depreciation expense on 2011?
    2. How much is the depreciation expense on 2012?
    3. How much is the accumulated depreciation on 2012?
    4. What is the book/carrying value of the building on 2012?

**Answer- 2:**

We know,

Annual Depreciation=

1. (5,000,000-0)/20 years= 250,000/per year. For 2011, depreciation will be (250,000/12 months)\*11 months= 229,166.67
2. 250,000
3. (250,000+229,166.67)= 479, 166.67
4. (5,000,000-479, 166.67)= 4,520,833.33