

Activity-Based Depreciation:

- Asset (company car) purchase price: \$25,000
- 5 year/100,000 mile service life
- Depreciation rate: \$0.20/mile
- Residual value: \$5,000

Usage (in miles):

- Year 1: 22,000
- Year 2: 23,500
- Year 3: 18,500
- Year 4: 19,000
- Year 5: 17,500



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Video Demonstration
Problem

	Usage in current period	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Ending Book Value
Year 1					
Year 2					
Year 3					
Year 4					
Year 5					

Journal Entries: