

Activity-Based Depreciation:

- Asset (water treatment equipment) purchase price: \$180,000
- 5 year/30,000,000 gallon service life
- Depreciation rate: ? / gallon
- Residual value: \$30,000

Usage (in gallons):

- Year 1: 4,000,000
- Year 2: 5,750,000
- Year 3: 6,400,000
- Year 4: 7,600,000
- Year 5: 6,500,000



Extra Practice
Problem 2

	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: