

**Question #1**

On September 1, 2016, Company M purchased a building at \$1,200,000.

Buildings are depreciated using the straight-line depreciation method.

Useful life of the building is 40 years.

Salvage value of the building at the end of useful life is estimated as \$120,000

What is the amount of depreciation expense for 2016?

What is the book value of the building at December 31, 2016?

**Question 2**

Nemesis Sports has the following equipment:

Purchase date	September 1, 2016
Cost	\$360,000
Salvage value	\$36,000
Amount to be depreciated	\$324,000
Years of useful life	5

(1) Nemesis Sports used the straight-line depreciation method, what is the amount of depreciation for each year?

**(1) Straight-line depreciation method**

	Cost	Salvage value	Years of useful life	Annual depreciation	# of months for depreciation	Depreciation expense	Accumulated depreciation
2016	\$360,000	\$36,000	5	\$64,800 (*1)	4	\$21,600 (*2)	\$21,600
2017	\$360,000	\$36,000	5	\$64,800	12	\$64,800	
2018	\$360,000	\$36,000	5	\$64,800	12	\$64,800	
2019	\$360,000	\$36,000	5	\$64,800	12	\$64,800	
2020	\$360,000	\$36,000	5	\$64,800	12	\$64,800	
2021	\$360,000	\$36,000	5	\$64,800	8		