

a)

**Bender**

Depreciation cost:  $\$7,000 - \$1,000 = \$6,000$

Depreciation per year:  $\$6,000/10 \text{ years} = \$600$

Pro-rated Depreciation for 2003:  $\$600 \times 11 \text{ months}/12 \text{ months} = \$550$

**Boxer**

Depreciation cost:  $\$60,000 - \$10,000 = \$50,000$

Depreciation per hour:  $\$50,000/5,000 \text{ hours} = \$10/\text{hour}$

Depreciation for 2003:  $\$10 \times 1,369 = \$13,690$

(amortization does not need to be pro-rated because hours are used)

**Forklift**

Depreciation per year:  $30\% \times \text{net book value } \$84,000 = \$25,200$

Pro-rated depreciation for 2003:  $\$25,200 \times 9 \text{ months}/12 \text{ months} = \$18,900$

b)

Loss on retirement	6,450	
Accumulated depreciation - Bender	550	
Bender cost		7,000
To record disposal of bender		
Cash	76,000	
Accumulated depreciation - forklift	18,900	
Forklift cost		84,000
Gain on disposal		10,900
To record sale of forklift		