

Think Break #10 Answer

Straight Line Depreciation for year 2
= (Cost – Salvage Value)/Useful Life
= (\$70,000 – \$10,000)/3 = \$20,000

Year	Beginning Basis	Depreciation	Ending Basis
1	70,000	20,000	50,000
2	50,000	20,000	30,000
3	30,000	20,000	10,000