Double declining balance depreciation rate
\[ R_{DB} = 2 \times (1/3) = 2/3 = 66.67\% \]
1) Year 1 Depreciation
   \[ = 7,000 \times 2/3 = 4,667 \]
2) Ending basis in 1\textsuperscript{st} year
   \[ = 7,000 – 4,667 = 2,333 \]
3) Year 2 Depreciation
   \[ = 2,333 \times 2/3 = 1,555 \]
4) Ending basis in 2\textsuperscript{nd} year
   \[ = 2,333 – 1,555 = 788 \]
Think Break #11 Answer

Cannot take $1,555 depreciation in year 2 since implies ending basis < salvage value
Set year 2 depreciation so asset fully depreciated during year 2
3) Year 2 Depreciation
   $2,333 – $1,333 = $1,000
   Depreciation = $1,333
4) Ending basis in 2nd year
   = $ 2,333 – $1,333 = $1,000