**Module 3: Problems**

**DEPRECIATION = MACRS and Straight-line**

Product 1: 5-year product; Purchased for $5,000; the product required $1,000 for set-up, delivery, etc.; It has a salvage value of $300.00

* MACRS depreciation at Year 5 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Straight line depreciation at Year 5 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Product 2: 3-year product; Purchased for $10,000, product required $0 set-up delivery, salvage value of $4500

* MACRS depreciation at Year 2 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Straight line depreciation at Year 2 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Product 3: 10-year product; purchased for $250,000, product required $25,000 set-up delivery, salvage value of $50,000

* MACRS depreciation at Year 7 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Straight-line depreciation at Year 7 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

MACRS = Note: All values are in percentage

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | 3-year | 5-year | 7-year | 10-year |
| 1 | 33.3 | 20 | 14.3 | 10 |
| 2 | 44.5 | 32 | 24.5 | 18 |
| 3 | 14.8 | 19.2 | 17.5 | 14.4 |
| 4 | 7.4 | 11.5 | 12.5 | 11.5 |
| 5 |   | 11.5 | 8.9 | 9.2 |
| 6 |   | 5.8 | 8.9 | 7.4 |
| 7 |   |   | 8.9 | 6.6 |
| 8 |   |   | 4.5 | 6.6 |
| 9 |   |   |   | 6.5 |
| 10 |   |   |   | 6.5 |
| 11 |   |   |   | 3.3 |

**FIFO-LIFO PROBLEMS –**

* January 1st – purchased 5 vials of Product A @ $50 each
* January 15th – purchased 5 vials of Product A @ $70 each
* January 25th – sold 3 vials of Product A
* January 30th – purchased 6 vials of Product A @ $60 each
* January 31 – Sold 6 vials of Product A

How many vials of Product A were purchased? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is the total value of goods purchased in January? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is the total value of goods purchased on January 30th? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

How many goods were sold? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

How many goods remain in inventory? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Using FIFO, what is the value of the vials of Product A sold in January? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Using FIFO, what is the value of the vials of Product A left over at the end of January? \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Using LIFO, what is the value of the vials of Product A sold in January? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Using LIFO, what is the value of the vials of Product A left over at the end of January? \_\_\_\_\_\_\_\_\_\_\_\_\_\_