

Ch#4: Depreciation of Fixed Assets

Unit of Activity - Assessment

Horizon Company purchased a new machine for BD45,000 on January 1, 2023. The machine has an expected salvage value of BD3,000 and is estimated to be used for 30,000 machine-hours over its 3-year useful life. Actual hours worked were 12,000 in 2023, 10,000 in 2024, and 8,000 in 2025.

Annual period	Depreciation for the period			End of period	
	Number of units	Depreciation cost per unit	Depreciation expense	Accumulated depreciation	Book value
1/1/2023	-	-	-	-	45000
31/12/2023					28200
31/12/2024	10000		14000	30800	
31/12/2025			11200		