

Depreciation Quiz

Name

Key

1. A \$33,900 new car depreciates in value by 13% per year. How much will the car be worth in 5 years?

A. \$29,111.08

B. \$16,896.47

C. \$12,586.83

D. \$19,241.23

$$b = 100\% - 13\% = 87\%$$

$$b = .87$$

$$y = ab^x$$

$$y = 33900(.87)^5$$

$$y = 16896.47$$

2. A New Holland CR8.90 Combine costs \$481,711 new and has an economic life of 12 years with a salvage value of \$72,256.65. Find the depreciation of the combine using the straight-line depreciation method for the 10th year.

$$\text{Annual dep} = \frac{481,711 - 72,256.65}{12} = 34,121.20$$

$$y = -34,121.20x + 481,711$$

$$y = -34,121.20(10) + 481,711 = 140,499$$

\$140,499

3. A New Holland Big Baler 230S costs \$116,641 new and has an economic life of 10 years with a salvage value of \$32,659.48. Find the depreciation of the baler using the straight-line depreciation method for the 8th year.

$$\text{Annual dep} = \frac{116,641 - 32,659.48}{10} = 8,398.15$$

$$y = -8,398.15x + 116,641$$

$$y = -8,398.15(8) + 116,641 = 49,455.80$$

\$49,455.80

4. Find the salvage value using Table 1B for a H7150 Mower-Conditioner costing \$18,839 with an economic life of 10 years.

Age	Mower
1	47%
2	44%
3	41%
4	39%
5	37%
6	35%
7	33%
8	32%
9	31%
10	30%

$$18,839(.30)$$

$$5,651.70$$

\$5,651.70

5. Find the salvage value of a Rear Boom Sprayer costing \$57,739 after 12 years with a 9% rate of depreciation.

$$y = 57,739(.91)^{12}$$

$$y = 18,619.41$$

$$b = 100\% - 9\%$$

$$b = 91\% = .91$$

A. \$5,196.51

B. \$4,811.58

C. \$52,542.49

D. \$18,619.41