

	Land	Building	Total
Fair market value	20,000,000	4,700,000	24,700,000
Stamp duty	2,000,000	470,000	2,470,000
Commission	200,000	47,000	247,000
	22,200,000	5,217,000	27,417,000
FMV of the buiding		10,000,000	
Salvage value		1,000,000	
Depreciable cost		9,000,000	
Life		20 years	
Yearly depreciation (SLM)		450,000	

<u>Cost of Machine</u>		<u>Cost of truck</u>	
cost price	500,000	Cost of truck	100,000
Freight & Insurance	10,000	Certificate of entitlement	20,000
Custom duty	5,000	Sales tax	7,000
Delivery cost	200	Painting the truck	500
Installatio cost	1,000		
Damage restoration cost	200		
Engineer's cost	750		
Total attributable cost of machine	517,150	Total attributable cost of truck	127,500
Salvage value	200,000		10,000
Depreciable value	517,150		117,500

Life of machine	10 years			100,000 km
Double declining depreciation	103,430	Depreciation using units of production method		11,750
Computation of double declining balance depreciation				
	Year 1	Year 2	Year 3	Year 4
Beginning book value	517,150	413,720	330,976	264,781
Depreciation expenses	103,430	82,744	66,195	64,781
Ending book value	413,720	330,976	264,781	200,000

At the end of 4 years machine will be fully depreciated.