|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **#** | **Transaction Description** | **Amount (CZK)** | **Debit (Dr)** | **Credit (Cr)** |
| 1 | Machine purchase on invoice | 500 |  |  |
| 2 | Software purchase – paid by bank | 120 |  |  |
| 3 | Capital improvement of a building | 300 |  |  |
| 4 | Annual depreciation of a machine | 50 |  |  |
| 5 | Sale of vehicle (NBV 40,000 CZK, sale 60,000 CZK) | 60 |  |  |
| 6 | Disposal of fully depreciated computer | 25 |  |  |
| 7 | Machine destroyed (NBV 80,000 CZK, insurance 50,000 CZK) | 80 |  |  |
| 8 | Capitalization of internally developed software | 250 |  |  |
| 9 | Machine acquired via finance lease | 400 |  |  |
| 10 | Annual depreciation of a building | 120 |  |  |

| **#** | **Transaction Description** | **Amount (CZK)** | **Debit (Dr)** | **Credit (Cr)** |
| --- | --- | --- | --- | --- |
| 1 | Purchase of machinery | 600,000 |  |  |
| 2 | Annual depreciation expense |  |  |  |

**Depreciation Example Using the Straight-Line Method**

* **Acquisition Cost:** 600,000 CZK
* **Residual Value:** 0 CZK
* **Useful Life:** 5 years

| **Year** | **Acquisition Cost (CZK)** | **Residual Value (CZK)** | **Useful Life (Years)** | **Annual Depreciation (CZK)** | **Book Value at Year-End (CZK)** |
| --- | --- | --- | --- | --- | --- |
| 1 |  |  |  |  |  |
| 2 |  |  |  |  |  |
| 3 |  |  |  |  |  |
| 4 |  |  |  |  |  |
| 5 |  |  |  |  |  |

**Depreciation Example Using the Reducing Balance Method**

* **Acquisition Cost:** 600,000 CZK
* **Residual Value:** 0 CZK
* **Depreciation Rate:** 25% annually
* **Method:** Reducing Balance

| **Year** | **Opening Book Value (CZK)** | **Depreciation Rate (%)** | **Annual Depreciation (CZK)** | **Closing Book Value (CZK)** |
| --- | --- | --- | --- | --- |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |
| 4 |  |  |  |  |
| 5 |  |  |  |  |