

#	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					

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## 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				