

On January 1, 20X1, Pagoda Pond Construction acquired a small excavator for \$85,000. This device had a 4-year service life to Pagoda, at which time it is expected that the equipment will be sold for a \$10,000 salvage value.

Pagoda uses the double-declining balance depreciation method.

- (a) Prepare a schedule showing annual depreciation expense, accumulated depreciation, and related calculations for each year.
- (b) Show how the asset and related accumulated depreciation would appear on a balance sheet at December 31, 20X3.
- (c) Prepare journal entries to record the asset's acquisition, annual depreciation for each year, and the asset's eventual sale for \$10,000.