

## I-10.04

Grant Price is conducting an audit of the property, plant, and equipment records of Wellron Corporation. Grant selected three specific assets for closer inspection. Grant has examined documentation related to each asset's original purchase and compared it to the recorded cost, physically inspected the item to determine that it is still in the possession of the company, and conducted other similar assurance procedures.

The final step in the audit of these accounts is to test the calculations of depreciation expense and accumulated depreciation. Grant has asked you to perform this final procedure for 20X8. Below is a schedule of the three assets, with the depreciation values determined by Wellron. The building was depreciated by the straight-line method, the truck by the double-declining balance method, and the lathe by the sum-of-the-years'-digits method. Determine if the indicated depreciation values are correct.

ITEM	COST	PURCHASE DATE	SERVICE LIFE	SALVAGE VALUE	DEPRECIATION EXPENSE FOR 20X8	ACCUMULATED DEPRECIATION AT 12/31/X8
Building	\$1,200,000	July 1, 20X1	25 years	\$ 400,000	\$ 32,000	\$ 256,000
Truck	\$ 80,000	Oct. 1, 20X6	8 years	\$ 5,000	\$ 13,184	\$ 35,449
Lathe	\$ 250,000	April 1, 20X7	4 years	\$ 50,000	\$ 65,000	\$ 130,000