

Depreciation - Double Declining Balance Method

YEAR	COST	ACCUM DEPR @ BEG OF YEAR	BOOK VALUE @ BEG OF YEAR	DDB RATE	DEPR EXP FOR YEAR	ACCUM DEPR @ END OF YEAR	BOOK VALUE @ END OF YEAR
	(A)	(B) Prior Year (B) + Prior Year (E) or Prior Year F	(C) (A) - (B)	(D) (100% / Est Useful Life) * 2	(E) (C) * (D)	(F) (B) + (E)	(G) (A) - (E)
1	50,000	-	50,000	40%	20,000	20,000	30,000
2	50,000	20,000	30,000	40%	12,000	32,000	18,000
3	50,000	32,000	18,000	40%	7,200	39,200	10,800
4	50,000	39,200	10,800	40%	4,320	43,520	6,480
5	50,000	43,520	6,480	N/A	6,480	50,000	-

Step 1: Determine the straight-line percentage using the expected useful life

Step 2: Determine the double-declining-balance (DDB) rate by multiplying the straight-line rate from Step 1 by two

Step 3: Compute the depreciation expense by multiplying the DDB rate from Step 2 times the book value of the asset

Step 4: Take final zero book value or amount necessary to depreciate down to salvage (residual) value

NOTE: Unlike straight-line depreciation, the DDB method does not automatically stop depreciating at the salvage value so you must be sure not to depreciate below the salvage value manually