

### Asset Value-Residual Value

## Asset life

To calculate the value of a fixed asset (TMA) costing \$38,000.00 (INV 00210168) at the time of the accident using the “Straight Line Depreciation Method”.

Fixed Asset Cost	\$38,000.00
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Estimate Residual Value	\$200.00
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Estimated useful life 20 years

$$\text{Depreciation Charge p.a} = \frac{\text{Fixed Asset cost } \$38,000.00 - \text{Residual Value } \$200.00}{\text{Useful Life 5 years}}$$

Estimated useful life 20 years

= \$1,890.00 per year

i.e \$157.50 per month

Beginning 1 <sup>st</sup> year	\$38,000.00
Usage rate after 10 years 5mths (125months of \$157.50 x125=\$19,687.50)	<u>-\$19,687.50</u>
Balance Value	\$18,312.50

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