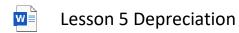
# Lesson 5 Depreciation

Friday, October 7, 2022 8:54 AM



## Lesson 5 Vehicle Depreciation

Most vehicles lose some of their value every year. This is called depreciation.

A new car often depreciates by 20-30% in the first year and by approximately 15-20% each year after that.

Vehicle depreciation affects the vehicle's resale value.

#### **Example 1**

A new vehicle worth \$28 500 depreciates by 30% in the first year and 20% in the second year.

a.) Determine the depreciation value after the first year.

30 -100

b.) Determine the resale value of the vehicle after the first year.

28 500 - 8550  
# 19 950  
c.) Determine the resale value of the vehicle after the second year.  

$$10 \text{ ses } a0\%$$
  
# 19950 × 0.20 = # 3990  
 $19950 - 3990$   
# 15 960  
The vehicle is worth # 15 960  
after 2 years

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#### Example 2

A new truck valued at \$45 700 depreciates by 20% in the first year and 15% each year after that. Determine the resale value of the truck after 3

years.  
1<sup>st</sup> year 20%  
45700 
$$\times$$
 0.20 = \$9140  
45700  $-9140$  = \$36560  
2<sup>nd</sup> year 15%  
\$36560  $\times$  0.15 = \$4661.40  
31076 - 4661.40 = \$26414,60  
31076 - 4661.40 = \$26414,60

### Example 3

A used van worth \$11 200 depreciates by 15% each year. Determine the total amount of depreciation after two years.