



**Solution**

$$\text{Amount of Annual Depreciation} = \frac{\text{Total Cost of Asset} - \text{Estimated Scrap Value}}{\text{Estimated Useful Life of Asset in Years}}$$

$$\text{Amount of Annual Depreciation} = \frac{96,000 + 24,000 - 72,000}{4} = \frac{48,000}{4} = 12,000$$

