

Depreciation

Estimating Relative Age and Useful Lives

$$\text{Average Age} = \frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}}$$

$$\text{Average Age \%} = \frac{\text{Accumulated Depreciation}}{\text{Ending Gross Investment}} = \text{also referred to as Cost of PP\&E}$$

$$\text{Average depreciable life} = \frac{\text{Ending Gross Investment}}{\text{Depreciation Expense}}$$