Student name:\_\_\_\_\_\_\_\_\_\_

**1)** On January 1 of this year, SportsWorld purchased a new cash register for $5,400. This register has a useful life of 10 years and a residual value of $400. Using the double-declining-balance method, how much depreciation expense should SportsWorld recognize for next year?

A) $500   
 B) $540  
 C) $1,000  
 D) $864  
 E) $1,080

**2)** SportsWorld purchased equipment costing $10,000. The equipment has a residual value of $1,000, and an estimated useful life of 5 years or 36,000 shoes. Actual units produced during the year were 7,000 units. Calculate the annual depreciation using the straight line method.

A) $1,800   
 B) $4,000  
 C) $1,450  
 D) $2,000  
 E) $1,750

**3)** On October 1 of this year, SportsWorld purchased a delivery van for $23,000 with a residual value of $3,000. The van has an estimated useful life of 5 years. Using straight-line depreciation and the half-year rule, how much depreciation expense should SportsWorld recognize on December 31 of this year?

A) $4,600   
 B) $1,333  
 C) $1,465  
 D) $2,000  
 E) $4,000

**4)** SportsWorld uses the straight-line depreciation for a piece of equipment that cost $12,000. The asset had a trade-in value of $2,000, and a five-year service life. At the end of the third year, the trade-in value was revised to $1,200 and the useful life increased to a total of 6 years. Calculate the amount of depreciation expense for each of the remaining years of the asset's useful life.

A) $1,000   
 B) $1,467  
 C) $1,800  
 D) $1,600  
 E) $2,160

**5)** JoyCo acquired equipment on April 1, 2022, at a cost of $90,000 and with an estimated useful life of 10 years. The machine has a residual value of $10,000. JoyCo uses the double-declining-balance method of depreciation. How much depreciation should be recorded by JoyCo for the year ended December 31, 2022?

A) $8,000   
 B) $9,000  
 C) $10,000  
 D) $13,500  
 E) $12,000

**6)** SportsWorld bought a new display case for $12,000 and was given a trade-in of $2,000 on an old display case. The old case had an original cost of $7,000 and an accumulated depreciation of $4,000 to the date of trade-in. SportsWorld should record the new display case at:

A) $10,000   
 B) $10,500  
 C) $11,500  
 D) $11,700  
 E) $12,000

**7)** At the end of the year, SportsWorld completed an asset impairment test and noted that a piece of equipment, with a book value of 12,000, has a recoverable value of $2,000. Calculate the amount of impairment loss on the equipment.

A) $2,000   
 B) $2,160  
 C) $14,800  
 D) $12,800  
 E) $10,000

**8)** SportsWorld purchased property for a building site. The costs associated with the property were:

|  |  |
| --- | --- |
| Purchase Price | $175,000 |
| Real Estate Commissions | $15,000 |
| Legal Fees | $800 |
| Expense of clearing land | $2,000 |
| Expense to remove old building | $1,000 |

What portion of these costs should be allocated to the cost of the land and what portion should be allocated to the cost of the new building?

A) $150,000 to Land; $18,800 to Building   
 B) $190,000 to Land; $3,800 to Building  
 C) $190,800 to Land; $3,000 to Building  
 D) $192,800 to Land; $1,000 to Building  
 E) $193,800 to Land; $0 to Building

**9)** SportsWorld uses straight-line depreciation for a piece of equipment that cost $12,000. The asset had a salvage value of $2,000, and a five-year service life. At the end of the first year, an impairment loss of $2,000 was recognized on the asset. Calculate the amount of depreciation expense for each of the remaining years of the asset's useful life.

A) $1,500   
 B) $1,600  
 C) $2,500  
 D) $1,800  
 E) $2,000

**10)** Sports Med sold an X-ray machine that originally cost $100,000 for $60,000. The accumulated depreciation on the machine to the date of sale was $40,000. On this sale, Sports Med should recognize:

A) $0 gain or loss   
 B) $20,000 gain  
 C) $25,000 gain  
 D) $40,000 loss  
 E) $60,000 gain

**11)** Creek Construction purchased a machine for $26,000. It traded in an old machine and received a $4,200 trade-in allowance. The old machine costs $24,000 and had an accumulated depreciation of $16,000 to the date of trade-in. At what value should the new asset be recorded?

A) $21,800   
 B) $24,000  
 C) $26,000  
 D) $29,800  
 E) $30,200

**12)** SportsWorld purchased a machine for $190,000. The machine has a useful life of 8 years and a residual value of $10,000. SportsWorld estimates that the machine could produce 750,000 units of product over its useful life. In the first year, 95,000 units were produced. In the second year, production increased to 111,000 units. Using the units-of-production method, what is the amount of depreciation that should be recorded for the second year?

A) $26,640   
 B) $22,800  
 C) $28,000  
 D) $36,000  
 E) $49,440

**13)** SportsWorld purchased property for $100,000. The property included a building, parking lot, and land. The building was appraised at $65,000; the land at $40,000; and the parking lot at $10,000. To the nearest dollar, the value of the land to be recorded in the books should be

A) $56,522   
 B) $40,000  
 C) $34,783  
 D) $36,364  
 E) $48,696

**14)** A machine costs $40,000 and had an accumulated depreciation of $30,000. It was traded in on a new machine, which had an estimated 20-year life and a cash price of $50,000. If a $7,000 trade-in allowance was received on the old machine, the new machine should be valued at

A) $10,000   
 B) $40,000  
 C) $47,000  
 D) $50,000  
 E) $53,000

**15)** When originally purchased, a vehicle had a cost of $23,000, with an estimated residual value of $1,500. The estimated useful life is 8 years. After 4 years of straight-line depreciation, the estimated useful life was revised from 8 to 6 years, but with zero residual value. The depreciation expense in year 5 should be

A) $5,543.75   
 B) $2.687.50  
 C) $6,125.00  
 D) $10,750.00  
 E) $2,856.25

**16)** SportsWorld discarded a display case it had purchased for $8,000. $7,200 in accumulated depreciation had been recorded to the date of sale. SportsWorld should recognize a gain or loss on disposal of

A) $0   
 B) $800 loss  
 C) $800 gain  
 D) $8,000 loss  
 E) $7,200 loss

**17)** On April 3, 2022, Rainbow Studios purchased a patent for $56,000. Its remaining legal life is 7 years. Rainbow Studios estimates that the patent will be useful for another 4 years. The correct adjusting entry to record amortization of the patent on December 31, 2022 is

A)

|  |  |  |
| --- | --- | --- |
| Amortization Expense, Patent | 14,000 |  |
| Accumulated Amortization, Patent |  | 14,000 |

B)

|  |  |  |
| --- | --- | --- |
| Amortization Expense, Patent | 8,000 |  |
| Accumulated Amortization, Patent |  | 8,000 |

C)

|  |  |  |
| --- | --- | --- |
| Amortization Expense, Patent | 10,500 |  |
| Accumulated Amortization, Patent |  | 10,500 |

D)

|  |  |  |
| --- | --- | --- |
| Amortization Expense, Patent | 6,000 |  |
| Accumulated Amortization, Patent |  | 6,000 |

E)

|  |  |  |
| --- | --- | --- |
| Patent | 10,500 |  |
| Accumulated Amortization, Patent |  | 10,500 |

**18)** A machine originally had an estimated service life of 5 years, and after 3 years, it was decided that the original estimate should have been for 10 years. The remaining cost to be depreciated should be allocated over the next

A) 2 years   
 B) 5 years  
 C) 6 years  
 D) 7 years  
 E) 10 years

**19)** A change in accounting estimate is

A) Reflected only in current and future financial statements   
 B) Reflected in current and future financial statements and also requires modification of past statements  
 C) A change in a calculated amount used in the financial statements resulting from new information or subsequent developments and from better insight or improved judgment  
 D) Reflected in both current and future financial statements, and a change in a calculated amount is used in the financial statements resulting from new information or subsequent developments and from better insight or improved judgment  
 E) None of the choices are correct

**20)** Creek Construction owned a bulldozer which was destroyed by fire. The bulldozer originally cost $38,000. The accumulated depreciation recorded to the date of loss was $20,000. The proceeds from the insurance company were $20,000. Creek Construction should recognize

A) A loss of $2,000   
 B) An expense of $2,000  
 C) A loss of $38,000  
 D) A gain of $20,000  
 E) A gain of $2,000

**21)** A main accounting issue for property, plant and equipment is

A) The cost of property, plant and equipment   
 B) Testing property, plant and equipment for impairment  
 C) Accounting for repairs and improvements to property, plant and equipment  
 D) Disposal of property, plant and equipment  
 E) All of the choices are correct

**22)** If the book value (or carrying amount) of a PPE item is greater than the amount to be recovered through the asset's use or sale, the asset is said to be

A) Exchanged   
 B) Declined  
 C) Accumulated  
 D) Improved  
 E) Impaired

**23)** Inadequacy refers to

A) The condition where the capacity of a property, plant and equipment asset is too small to meet the company's productive demands   
 B) An asset that is worn out  
 C) An asset that is no longer useful  
 D) The same as obsolescence  
 E) All of these

**24)** Residual value is

A) The same as an asset's service life   
 B) The cost of an asset minus its accumulated depreciation  
 C) An estimate of the asset's value at the end of its useful life  
 D) Another name for market value  
 E) All of the choices are correct

**25)** Once the estimated depreciation for an asset is calculated

A) It cannot be changed due to the historical cost principle   
 B) It may be revised based on new information  
 C) Any changes are accumulated and recognized when the asset is sold  
 D) The estimate itself cannot be changed, however, new information should be disclosed in financial statement footnotes  
 E) It may be revised based on new information and any changes are accumulated and recognized when the asset is sold

**26)** Subsequent capital expenditures

A) Are expenditures making a property, plant and equipment asset more efficient   
 B) Are often called improvements  
 C) Are added to the cost of the asset  
 D) Often extend an asset's useful life  
 E) All of the choices are correct

**27)** Natural resources

A) Include trees, mineral deposits, and oil and gas fields   
 B) Are consumed when used  
 C) Are long-term assets  
 D) Can be amortized.  
 E) All of the choices are correct

**28)** Property, plant and equipment include

A) Land   
 B) Land improvements  
 C) Buildings  
 D) Machinery and equipment  
 E) All of the choices are correct

**29)** Intangible assets

A) Are rights, privileges, and competitive advantages to the owner, used in operations, having no physical substance   
 B) Include patents, leaseholds, and land improvements  
 C) Can be amortized  
 D) Are rights, privileges, and competitive advantages to the owner, used in operations, having no physical substance and can be amortized  
 E) All of the choices are correct

**30)** Additional subsequent expenditures that result in future economic benefits and can be reliably measured should be treated as a(n)

A) Revenue expenditure   
 B) Asset expenditure  
 C) Capital expenditure  
 D) Contributed capital expenditure  
 E) Balance sheet expenditure

**31)** Factor(s) that might limit an intangible asset's useful life include

A) Legal   
 B) Regulatory  
 C) Contractual  
 D) Economic  
 E) All of the choices are correct

**32)** The cost of land can include

A) Purchase price   
 B) Back property taxes  
 C) Costs of removing existing buildings  
 D) Real estate commissions  
 E) All of the choices are correct

**33)** Each year goodwill is examined to see if its value has been impaired. If the value has been impaired goodwill will

A) Increase   
 B) Not change  
 C) Decrease  
 D) Be amortized  
 E) Be depreciated

**34)** The formula for calculating straight-line depreciation is

A) Depreciable cost divided by the useful life in years   
 B) Cost plus residual value divided by the useful life in years  
 C) Depreciable cost divided by useful life in units  
 D) Cost divided by useful life in years  
 E) Cost divided by useful life in units

**35)** Ordinary repairs

A) Are expenditures to keep an asset in normal operating condition   
 B) Do not extend an asset's useful life  
 C) Do not materially increase the asset's life or productive capabilities  
 D) Maintain an asset  
 E) All of these

**36)** The straight-line method and the double-declining-balance method of depreciation

A) Produce the same total depreciation over an asset's useful life   
 B) Allocate an asset's cost in a systematic and rational manner  
 C) Do not produce the same book value each year  
 D) Are both acceptable for GAAP  
 E) All of the choices are correct

**37)** The appropriate way to amortize goodwill is

A) Straight-line over a maximum of 40 years   
 B) Straight-line over a maximum of 20 years  
 C) Double-declining-balance over a period not to exceed 20 years  
 D) Over the estimated useful life of the goodwill  
 E) Goodwill is not amortized or depreciated

**38)** Legal permissions for the extraction of oil and gas from the earth are known as

A) Trademarks   
 B) Patents  
 C) Drilling rights  
 D) Copyrights  
 E) Leaseholds

**39)** An asset can be disposed of by

A) Discarding   
 B) Selling  
 C) Exchanging  
 D) Donating it to charity  
 E) All of these

**40)** Revenue expenditures

A) Are additional costs related to property, plant and equipment that do not materially increase the asset's life   
 B) Are balance sheet expenditures  
 C) Extend the asset's useful life  
 D) Benefit future periods  
 E) Are debited to asset accounts

**41)** Depreciation is usually recorded

A) From the beginning of the accounting year in which an asset is purchased   
 B) From the actual date of purchase  
 C) From the first of the month nearest the actual purchase date  
 D) From the end of the month nearest the actual purchase date  
 E) By any of the above methods

**42)** Land improvements are

A) Assets that increase the usefulness of land, but that have a limited useful life   
 B) Assets that increase the usefulness of land, and like land are not depreciated  
 C) Included in the land account  
 D) Expensed in the period incurred  
 E) Never depreciated

**43)** Which of the following statements is true with respect to intangible assets?

A) Goodwill is an intangible asset that is amortized and tested for impairment.   
 B) Intangible assets are amortized over a period of 50 years.  
 C) Intangible assets should be evaluated each year to determine if there has been any impairment in their value.  
 D) Intangible assets are expensed to income in the year they are acquired.  
 E) An intangible asset is recorded at market value when the asset is acquired.

**44)** A patent

A) Gives the owner the exclusive right to publish and sell a musical or literary work during the life of the creator plus 50 years   
 B) Is an exclusive right granted to its owner to manufacture and sell a machine or device, or to use a process, for 20 years  
 C) Is an exclusive right granted to its owner to manufacture and sell a machine or device, or to use a process, for 50 years  
 D) The amount by which the value of a company exceeds the fair market value of a company's net assets if purchased separately  
 E) Gives the owner the exclusive right to publish and sell a musical or literary work during the life of the creator plus 20 years

**45)** A copyright

A) Gives the owner the exclusive right to publish and sell a musical or literary work during the life of the creator plus 50 years   
 B) Is an exclusive right granted to its owner to manufacture and sell a machine or device, or to use a process, for 20 years  
 C) Is an exclusive right granted to its owner to manufacture and sell a machine or device, or to use a process, for 50 years  
 D) The amount by which the value of a company exceeds the fair market value of a company's net assets if purchased separately  
 E) Gives the owner the exclusive right to publish and sell a musical or literary work during the life of the creator plus 20 years

**46)** Capital cost allowance

A) Is the income tax act equivalent of depreciation   
 B) Is acceptable for financial reporting  
 C) Is not required for tax reporting  
 D) Is not used in Canada  
 E) All of these

**47)** Depreciation

A) Measures the decline in market value of an asset   
 B) Measures physical deterioration of an asset  
 C) Is the process of allocating to expense the cost of property, plant and equipment  
 D) Is a cause of obsolescence  
 E) All of these

**48)** SportsWorld paid $140,000 for a property. The property included land appraised at $67,500, land improvements appraised at $25,000, and a building appraised at $55,500. What should be the allocation of costs in the accounting records (round calculations to 3 decimals)?

A) Land $62,000; land improvements, $23,000; building, $45,000   
 B) Land $62,000; land improvements, $23,800; building, $46,200  
 C) Land $63,840; land improvements, $23,660; building, $52,500  
 D) Land $79,500; land improvements, $32,600; building, $47,700  
 E) Land $87,500; land improvements; $35,000; building; $52,500

**49)** Property, plant and equipment are

A) Tangible assets used in the operation of a business having a useful life of more than one accounting period   
 B) Current assets  
 C) Long-term investments  
 D) Intangible assets used in the operations of a business having a useful life of more than one accounting period  
 E) Tangible assets used in the operation of business having a useful life of less than one accounting period

**50)** Treating low-cost asset purchases as expenses is allowed by which principle?

A) Cost   
 B) Prudence  
 C) Materiality  
 D) Matching  
 E) Timeliness

**51)** The useful life of a property, plant and equipment asset is

A) The length of time it is productively used in a company's operations   
 B) Another term for its residual value  
 C) Measured by its potential inadequacy  
 D) Is impossible to estimate  
 E) All of the choices are correct

**52)** Property, plant and equipment are

A) Current assets   
 B) Used in business operations  
 C) Natural resources  
 D) Long-term investments  
 E) Never depreciated

**53)** The original cost of an asset minus accumulated depreciation is called

A) Historical cost   
 B) Book value  
 C) Present value  
 D) Current value  
 E) Replacement cost

**54)** Obsolescence

A) Occurs when an asset is at the end of its useful life   
 B) Refers to a condition where a property, plant and equipment asset is no longer useful in producing goods and services  
 C) Refers to a condition where the capacity of a property, plant and equipment asset is too small to meet the company's productive demands  
 D) Is the same as inadequacy  
 E) None of the choices are correct

**55)** A leasehold

A) Is a short-term rental agreement   
 B) Is not an intangible asset  
 C) Refers to the rights granted to the lessee by the lessor in a lease  
 D) Is initially recorded as rent expense  
 E) Is an investment

**56)** A method that allocates an equal portion of the total depreciation for a property, plant and equipment asset to each accounting period during its useful life is called

A) Accelerated depreciation   
 B) Double-declining-balance depreciation  
 C) Straight-line depreciation  
 D) Units-of-production depreciation  
 E) Capital cost allowance

**57)** A method that allocates an equal portion of the total depreciation for a property, plant and equipment asset to each unit produced is called

A) Accelerated depreciation   
 B) Double-declining-balance depreciation  
 C) Straight-line depreciation  
 D) Units-of-production depreciation  
 E) Capital cost allowance

**58)** A depreciation method in which a property, plant and equipment asset's depreciation expense for the period is determined by applying a constant depreciation rate each year to the asset's beginning book value is called

A) Book value depreciation   
 B) Double-declining-balance depreciation  
 C) Straight-line depreciation  
 D) Units-of-production depreciation  
 E) Capital cost allowance

**59)** A depreciation method that produces larger depreciation charges during the early years of an asset's life and smaller charges in the later years is

A) Accelerated depreciation   
 B) Book value depreciation  
 C) Straight-line depreciation  
 D) Units-of-production depreciation  
 E) Capital cost allowance

**60)** CamCo Ltd. leased a floor space in a new office building. Rent will cost $10,000 per month for a ten-year lease, but some renovations are needed and will be paid by CamCo to customize the space. The renovations include installing walls to create a new office and boardroom (cost $8,000), new flooring (cost $5,800), painting (cost $1,500) and updated wiring to accommodate computer servers (cost $8,700). How should these costs be handled for accounting purposes by CamCo?

A) Painting costs should be charged to rent expense and the other costs should be capitalized to leasehold improvements   
 B) They should all be capitalized as leasehold improvements  
 C) They should all be charged to rent expense  
 D) They should be capitalized as development costs  
 E) Painting costs should be capitalized to leasehold improvements and other costs should be charged to rent expense

**61)** Intangible assets do not include

A) Patents   
 B) Copyrights  
 C) Trademarks  
 D) Goodwill  
 E) Leaseholds

**62)** The relevant factor(s) in calculating depreciation is(are)

A) Cost   
 B) Residual value  
 C) Useful life  
 D) Both cost and useful life  
 E) All of these

**63)** August Co. bought land for a warehouse for $70,000. This land contains an old garage that is removed at a cost of $5,000. Closing costs include legal fees of $1,000 and brokerage fees of $ 2,000. The cost of the land will be

A) $70,000   
 B) $78,000  
 C) $75,000  
 D) $76,000  
 E) $73,000

**64)** June Co. bought land for a retail store for $80,000. This land contains an old structure that is removed at a cost of $10,000.  
 June Co. spends $10,000 for a parking lot and $3,000 for fencing around the property.  
 Which of the following is correct?

A) The cost of the land is $90,000 and the cost of the land improvements is $13,000   
 B) The cost of the land is $80,000 and the cost of the land improvements is $13,000.  
 C) The cost of the land is $80,000 and the cost of the land improvements is $23,000  
 D) The cost of the land is $80,000 and the cost of the land improvements is $10,000  
 E) The cost of the land is $90,000 and the cost of the land improvements is $10,000

**65)** July Enterprises purchased equipment on March 1, 2022, for $75,000. The company also paid the following amounts: $500 for freight charges; $2,100 to train employees to use the new equipment; and $2,800 for testing and installation. The equipment will be depreciated on a straight-line basis over 10 years. At December 31, 2022, July will have depreciation expense for the equipment in the amount of

A) $7,830   
 B) $6,525  
 C) $8,040  
 D) $6,700  
 E) $6,250

**66)** On January 1, 2023, PetraCo ordered a new machine to help increase production for one of its most popular products. The machine had an invoice price of $30,000 and PetraCo was required to pay shipping ($1,200) and insurance during shipping ($300) by boat from British Columbia to Toronto. The machine arrived on January 5, 2023 and was installed at a cost of $800 and calibrated and tested for a cost of $200. On February 1, 2023 it was put into operation. PetraCo's fiscal year runs from January to December. Round all final answers to the nearest dollar.

**66.1)** Prepare a journal entry (or entries) to record all costs associated with the new machine

**66.2)** The machine was expected to last 10 years with a salvage value of $2,500. Prepare the journal entry to record depreciation for 2023 using the double-declining balance method of depreciation.

**66.3)** Petra Co. sold the machine on July 1, 2024 for $19,000. Prepare all journal entries required by HRO in 2024 relating to the machine and its disposal.

**67)** High Quality Company's president would like to set up an amount of goodwill on its balance sheet as an intangible asset for 2022. The president believes that this internally created goodwill in the amount of $1,500,000 is justified as the company has been in business for over five years and has excellent competitive advantages including superior products, skilled workforce and customer loyalty. What will you tell the president?

**68)** Deep Mining Company estimates that there will be 250,000 tons of available iron ore to be mined in a mineral deposit purchased for $1,100,000. Salvage value is expected to be $100,000.  
If 90,000 tons are mined and sold in 2022, what is total depletion charge for the year?

**69)** Discuss the four issues in accounting for property, plant and equipment.

**70)** Explain the difference between revenue and capital expenditures and how they are recorded in the accounting system.

**71)** Mandy Manufacturing purchased a machine on August 1, 2021, and it was installed and ready to run on January 1, 2022. The following costs were incurred in the purchase and installation of the machine.

|  |  |
| --- | --- |
| Invoice Price | $1,400,000 |
| Freight costs | 8,000 |
| Purchase discount | 3,000 |
| Installation costs | 68,000 |
| Electrical and power connections | 33,000 |
| Repairs to correct damage incurred during uncrating | 13,000 |
| Adjustments costs | 46,000 |
| Spare parts for future use | 26,000 |
| Provincial sales tax | 84,000 |
| Fines incurred during the transport and uploading of the machine | 100 |
| Cost of special foundation for the machine | 7,000 |

Calculate the depreciable cost of the machine.

**72)** Primadonna Company paid $870,000 plus $10,000 in legal costs for a parcel of real estate. This included land appraised at $450,000; land improvements appraised at $170,000; and a building appraised at $380,000. The plan is to use the building as a manufacturing plant. Determine the amounts that should be debited to:

|  |  |
| --- | --- |
| (a) Land | $ \_\_\_\_\_\_\_\_\_\_ |
| (b) Land Improvements | $ \_\_\_\_\_\_\_\_\_\_ |
| (c) Building | $ \_\_\_\_\_\_\_\_\_\_ |

**73)** Prepare journal entries to record the following transactions of Salem Sales Co. during the current year:

|  |  |
| --- | --- |
| Mar 1 | Purchased a truck for $60,000 with a 6 year useful life and a $10,000 residual value. Salem also paid 7% provincial sales tax, a $500 annual truck license, $4,000 to paint the truck and $2,300 for spare parts. All payments were in cash. |
| Mar 12 | Purchased a garage from a neighbouring business with a $60,000 note payable. The seller’s book value for the garage was $57,000 and the garage was appraised at $68,000. The estimated useful life is 12 years. Salem also paid a $4,000 cash for real estate commission. |
| June 5 | Paid $750 to replace garage windows broken during a hail storm. |
| Aug 23 | Purchase used office equipment for $13,500 plus provincial sales tax of $945 terms 2/10, n 30 from Great West Office Supplies. As well, Salem paid freight of $300 and reconditioning cost of $850 on credit. Estimated useful life of 4 years and a residual value of $1,000. |
| Sept 12 | Paid for office equipment purchased on August 23’d. |
| Oct 5 | Purchased store equipment for $28,000 plus $1,960 in provincial sales tax. As well, Salem paid $1,750 for repairs incurred from an accident during installation. $5,200 for a special base for the equipment and $3,700 of supplies to be used for regular preventive maintenance. Estimated useful life is 9 years and residual value is $1,300. |

**74)** Shady Lanes installed automatic sprinkler systems. The electrical work for the installation was $24,000. The invoice price of the sprinkler equipment was $280,000. Additional costs were $5,000 for delivery and $800 for insurance during transportation. During installation a sprinkler line was punctured and was replaced for $200. What is the cost of the sprinkler equipment?

**75)** Timing Investments purchased land with a building for a total cost of $6,000,000 ($500,000 paid in cash and the balance on a long-term note). The appraised cost of the land and building were $3,510,000 and $1,890,000, respectively. Calculate the costs to be allocated to the land and the building and prepare the appropriate journal entry to record the acquisition.

**76)** Honey Crisp Co needed a new building, and found a suitable piece of land which had an old building on it. Honey Crisp made an agreement to buy the land and the building for $860,000 cash. The old building was demolished to make way for the new building. The following is information regarding the demolishing of the old building and construction of the new one:

|  |  |
| --- | --- |
| Cost of construction of new building, including $600,000 for a parking lot | 5,260,000 |
| Demolition of old building | 150,000 |
| Proceeds from salvage materials | 20,000 |

Prepare a single journal entry to record the above cost (assume paid cash).

**77)** Prime Co paid $200,000 to purchase a piece of land on which to build a new building. Additional costs incurred were:

|  |  |
| --- | --- |
| Real estate broker’s commissions | $10,800 |
| Legal fees of purchasing the real estate | 1,400 |
| Landscaping expenses | 6,000 |
| Expense to demolish old house located on land | 1,500 |
| Proceeds from selling materials salvaged from old house | 900 |

What dollar amount of the above costs should be allocated to Land and what amount should be allocated to the new Building?

**78)** ACS Company made the following expenditures in connection with the construction of its new cross fit facility:

|  |  |
| --- | --- |
| Architect’s fees | 9,000 |
| Cash paid for land and old building | 140,000 |
| Removal of old building | 20,000 |
| Survey to site the new building | (8,000) |
| Legal fees for title search | 1,000 |
| Excavation for construction of basement | 2,500 |
| Machinery purchased | 72,000 |
| Storage charges on machinery because building was not ready when machinery was delivered | 600 |
| Freight on machinery purchased | 2,000 |
| Hauling charges to deliver machinery from storage to new building | 800 |
| Construction costs of new building | 615,000 |
| Landscaping | 7,050 |
| Installation of machinery | 9,000 |

Prepare a schedule showing the amounts to be recorded as Land, Building, and Machinery and Equipment and Expenses.

**79)** How is the cost principle applied to property, plant and equipment?

**80)** RoboCop Company paid $31,400 for a machine that was expected to last 5 years and have a residual value of $5,000. During the third year of the machine's life, $3,700 was paid for replacement parts that were expected to increase the machine's productivity by 20% each year. Prepare the general journal entry to record this transaction.

**81)** RoboCop Company paid $31,400 for a machine that was expected to last 5 years and have a residual value of $5,000. During the fourth year of the machine's life, $5,400 was paid for repairs that were expected to increase the service life of the machine from 5 to 7 years. Prepare the general journal entry to record this transaction.

**82)** Xeno Co. incurred the following transactions concerning its machinery:

|  |  |
| --- | --- |
| Jan 1, 2021 | Purchased a machine for $60,000 cash, and also paid $3,000 cash to have it installed. Estimated useful life is 10 years and residual value is $3,000. Straight line depreciation is used. |
| Jan 1, 2022 | The machine’s useful life was changed from 10 years to 9. |
| Jan 8, 2023 | Paid $3,800 to replace a motor in the machine. This was considered a major overhaul. |

Xeno Co uses the calendar year as its fiscal year. Prepare the journal entry to record depreciation expense for 2021, 2022 and 2023. Round all values to the nearest dollar.

**83)** On January 1, 2019, Friar Company purchased a machine for $180,000 that was expected to last 6 years and have a residual value of $16,000. On January 4, 2022, Friar Company paid $25,000 for improvements to the machine, which increased the total estimated useful life from 6 to 10 years and increased the residual value to $19,500. Friar uses straight-line depreciation. (1) What account should be debited in the journal entry to record the $25,000 improvements? (2) What amount of depreciation expense should be recorded for 2022?

**84)** Explain depreciation and the elements affecting its calculation.

**85)** Compare the three different depreciation methods: straight-line, units of production, and double-declining balance.

**86)** Explain how each of the following depreciation methods is calculated: straight-line, units-of-production, and double-declining-balance.

**87)** Chervinski Industries recently paid $560,000 to buy a building that has an estimated useful life of 40 years and a residual value of $116,000. Calculate the depreciation expense for the third year after acquisition using double-declining-balance depreciation. Assume a full year of depreciation in the first year.

**88)** Dersch Co. purchased a machine on January 1, 2019, for $2,500,000. Using the table below, calculate the annual depreciation expense for each year of the machine's life (estimated at 5 years or 50,000 hours with a residual value of $150,000). During the machine's life, it was used 15,000; 14,000; 10,000; 9,000; and 6,000 hours.

**89)** Twilight Manufacturing's property, plant and equipment records reveal the following information:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Equipment** | **Cost** | **Residual Value** | **Purchase Date** | **Depreciation Method** | **Estimated Useful Life** | **Units Produced in 2014** |
| (1) | 60,000 | 12,000 | December 1, 2019 | Straight Line | 5 years | 2,000 |
| (2) | 70,000 | 8,000 | October 18, 2020 | Units of Production | 50,000 units | 5,000 |
| (3) | 130,000 | - | June 12, 2020 | Double Declining Balance | 10 years | 6,000 |
| (4) | 100,000 | 10,000 | May 3, 2020 | Straight Line | 8 Years | 8,000 |

Calculate the depreciation expense for each equipment item for the year ended December 31, 2020, using the nearest whole month method.

**90)** Voltarin Co purchased a machine for $625,000 on November 2, 2022. The company expects the machine to last for 10 years or 50,000 hours of operation, with an estimated residual value of $15,000. During 2022 the computer was operated for 3,000 hours, while in 2023 it was operated for 2,600 hours. Calculate the depreciation expense for the computer for 2022 and 2023 using the following depreciation methods:  
  
(a) Straight-line  
(b) Double-declining-balance  
(c) Units-of-production

**91)** On January 1, 2022 a machine costing $330,000 with a 4-year service life and an estimated $3,000 residual value was purchased. It was also estimated that the machine would produce 50,000 units during its life. The actual units produced during its first 2 years of operation were 9,000 and 10,000 respectively. Calculate the amount of depreciation expense for the 2022 and 2023 under each of the following assumptions:  
  
(a) Straight-line.  
(b) Double-declining-balance.  
(c) Units-of-production.

**92)** Fisherman Company purchased a light truck on October 1, 2022 at a cost of $72,000. The truck is expected to last six years and have a residual value of $5,200. Fisherman Company uses the calendar year as their fiscal year, and the nearest whole month method for depreciation.  
(a) What is the depreciation expense for 2022, assuming the straight-line method is used?  
(b) What is the depreciation expense for 2023, assuming the double-declining-balance method at twice the straight-line rate is used?

**93)** A new machine is expected to produce 60,000 units of product during its 5-year life. The machine cost $180,000 and is estimated to have a $20,000 residual value. If the machine produces 7,200 units of product during its first year, what is the depreciation for the year calculated by the units-of-production method (round rate to 2 decimals)?

**94)** A new machine is expected to produce 40,000 units of product during its 5-year life. The machine cost $180,000 and is estimated to have a $20,000 residual value. If depreciation on the machine is calculated by the double-declining-balance method, what is the depreciation for the first year?

**95)** A new machine is expected to produce 40,000 units of product during its 5-year life. The machine cost $38,000 and is estimated to have a $6,000 residual value. What is the first year's depreciation on the machine calculated by the straight-line method?

**96)** On January 1, 2022, Swooper Corp acquired and placed in service a plane at a cost of $10,000,000. The plane's service life and residual value were estimated at 5 years and $1,500,000, respectively. Assume the company earns $3,200,000 each year before depreciation and taxes. Calculate depreciation for 2020-2024, assuming the following alternative depreciation methods are used.  
(a) The straight-line method of depreciation.  
(b) The double declining balance method of depreciation.

**97)** On July 1, 2022, Suntera Corp. purchased and placed in service a machine with a cost of $460,000. Suntera estimated the service life to be 5 years or 30,000 units of output, with an estimated residual value of $6,000. During 2020, 2,600 units were produced.  
(a) The straight-line method of depreciation  
(b) The units-of-production method of depreciation

**98)** On July 1, 2022, Delta Company purchased and placed in service a machine with a cost of $460,000. Delta estimated the service life to be 6 years or 60,000 units of output, with an estimated residual value of $80,000. During 2022, 15,000 units were produced. Prepare the necessary December 31, 2022, adjusting journal entry to record depreciation for 2020 assuming Delta uses the double-declining-balance method to the nearest whole month. Round all calculations to 4 decimals.

**99)** On September 30, 2022, Sarina Industries acquired and placed in service a machine that cost $950,000. It was estimated that the machine has a service life of five years and a residual value of $77,566. Using the double-declining-balance method of depreciation, prepare a schedule showing the depreciation amounts for the years 222 through 2027 (use the nearest whole month method and round answers to the nearest dollar). Sarina closes its books on December 31 of every year.

**100)** Ad Hock had the following property, plant and equipment purchases during 2022:  
  
(1) On April 4, equipment costing $250,000 with a 5-year service life and an estimated $40,000 residual value was purchased.  
(2) On October 4, a machine costing $330,000 with a 5-year service life and an estimated $50,000 residual value was purchased. Assuming Ad Hock has a December 31 year end, prepare the necessary adjusting journal entries at December 31, 2022 to record depreciation under the following depreciation methods (using the nearest whole month method):  
  
(a) Straight-line  
(b) Double-declining-balance

**101)** On January 1, 2022, Boone Company purchased a machine for $75,000 that had a 6-year life and a residual value of $6,000. After 3 years of use, on January 1, 2025, Boone Company paid $7,500 to improve the efficiency of the machine. The effect of the expenditure was to increase the productivity of the machine without increasing its remaining useful life or changing its residual value. Boone uses straight-line depreciation.  
(1) What account should be debited in recording the $7,500 expenditure?  
(2) What amount of depreciation expense should be reported for 2025?

**102)** Explain (1) depreciation for partial years and (2) revision of depreciation when estimates change.

**103)** A machine was purchased for $37,000 and depreciated for 5 years on a straight-line basis under the assumption it would have a 10-year life and a $1,000 residual value. At the beginning of the machine's sixth year, it was recognized that it had 3 years of remaining life left, instead of five, and that at the end of the 3 years its residual value would be $1,600. What should the annual depreciation be for the machine's remaining years?

**104)** On January 1, 2022, Bailey Company purchased a machine for $106,000 that was expected to last five years and has a residual value of $6,000. At the beginning of 2025, Bailey decided that the machine's estimated useful life should be revised to a total of 6 years instead of 5. Also, the residual value was now estimated to be $5,500. Straight-line depreciation was used. Calculate the depreciation expense for 2025.

**105)** Wildway Company purchased a heating system on January 2, 2010, for $425,000. The system had an estimated useful life of 15 years, with no residual value. On January 2, 2022, the company completed a complete renovation of the system at a cost of $43,000 cash, and now expects the system to last 5 years beyond the original estimate. The company uses the straight-line method of depreciation.**Required:**  
  
a) Prepare the journal entry on January 2, 2022 for the renovation of the heating system  
b) Calculate the revised annual depreciation expense after the system renovation and prepare the entry to record the depreciation expense on December 31, 2022.

**106)** FNT Company purchased land and a building on January 1, 2023, at a cost of $950,000. The land was appraised at $150,000 and the building at $900,000. FNT renovated the building from January 1 to March 31, 2023, at a cost of $125,000. It also paid the local government an assessment of $55,000 to have a sidewalk and improved sewer system put into place. The new building opened on April 1, 2023, with a customer reception that cost JMT $7,000. FNT estimates the building will be used for 25 years and will use the straight-line method to depreciate the asset Required: Prepare all journal entries relating to the land, building, and related activities, for JMT's January 1 to December 31, 2023, fiscal year. Round the final answer to the nearest dollar.

**107)** At December 31, 2022, Great Coast Coffee Company's adjusted trial balance shows an espresso machine with a book value of $22,000. As part of the year end procedures GCC completed the asset impairment test on the machine and noted that the recoverable value of the machine was $6,000. Record the impairment loss on the asset.

**108)** Gold Grain Construction (GGC) exchanged a three-year-old excavator for a new excavator that had a list price of $73,000, which was its fair value. The old excavator originally cost $85,000 and has accumulated depreciation of $45,000 to the date of exchange. In addition to the $45,000 trade-in given for the old excavator, GGC paid $8,000 cash to complete the deal.  
Record the asset exchange.

**109)** Headstrom Industries (HI) exchanged a three-year-old truck for a new truck that had a list price of $50,000, which was its fair value. The old truck originally cost $65,000 and has accumulated depreciation of $25,000 to the date of exchange. In addition to the $45,000 trade-in given for the old truck, HI paid $8,000 cash to complete the deal.  
Record the asset exchange.

**110)** Discuss the accounting procedures involved for asset disposal through discarding, selling, or exchanging an asset.

**111)** Game Company's computer was destroyed by fire. The computer originally cost $6,000, and accumulated depreciation to the date of the fire was $1,900. The company received $2,000 from an insurance policy that covered the computer and will use that money to help pay for a new computer. Prepare the general journal entry to record the loss of the computer and the receipt of cash from the insurance company.

**112)** Vroom Company sold for $60,000 a machine that originally cost $100,000. The accumulated depreciation on this machine to date of sale was $47,000. What was Vroom Company's gain or loss on this sale?

**113)** Aye Company's computer was destroyed by fire. The computer originally cost $5,000, and accumulated depreciation to the date of the fire was $900. The company received $2,000 from an insurance policy that covered the computer and will use that money to help pay for a new computer. Prepare the general journal entry to record the loss of the computer and the receipt of cash from the insurance company.

**114)** The $60,000 original cost of a machine is recorded in an account called Old Machine. After $45,000 of depreciation was recorded, the machine was traded in on a new machine with a cash price of $85,000. A $10,500 trade-in allowance was received on the old machine and the balance was paid in cash. This transaction has commercial substance. Prepare the general journal entry to record the trade; the cost of the new machine should be debited to a New Machine account.

**115)** Robertson Company exchanged a used machine for a new machine. The old machine cost $80,000, and the new one had a cash price of $95,000. Robertson had recorded a total of $75,000 depreciation on the old machine and was allowed a $4,500 trade-in allowance. This transaction has commercial substance. What gain or loss should be recorded on the exchange?

**116)** Wilkins Company exchanged its old computer for a newer model. The Old Computer was purchased for $22,000, with related accumulated depreciation of $15,500 to the date of the exchange. The new computer had a cash price of $30,200, and Wilkins Company was given a $7,500 trade-in allowance. This transaction has commercial substance. Prepare the general journal entry to record the exchange, recording the new computer in an account called New Computer.

**117)** On January 2, 2020, Mullins Company purchased a delivery truck for $45,000 cash. The truck had an estimated useful life of seven years and an estimated residual value of $3,000. Straight-line depreciation was used. Assuming the transactions have commercial substance, prepare the journal entries to record the disposition of the truck on September 1, 2024, under each of the following assumptions:  
  
(a) The truck and $55,000 cash were exchanged for equipment that had a fair value of $70,000. Assume the appropriate depreciation expense entry was made on August 31, 2024 just prior to the disposition of the old delivery truck.  
(b) The truck and $40,000 cash were exchanged for a new delivery truck that had a fair value of $70,000. Assume the appropriate depreciation expense entry was made on August 31, 2024 just prior to the disposition of the old delivery truck.

**118)** On April 1, 2022, Hogan Industries scrapped a machine that cost $10,000 and had accumulated depreciation through December 31, 2019, of $10,000. Prepare the journal entry to record the disposal of the machine.

**119)** On April 1, 2023, Lockhart Company discarded equipment that cost $80,000, had a useful life of 5 years, a residual value of $14,000, and, under straight-line depreciation, accumulated depreciation as of December 31, 2022 of $26,400.  
(a) Prepare the journal entry to record depreciation up to the date of disposal of the equipment.  
(b) Prepare the journal entry to record the disposal of the equipment.

**120)** On April 1, 2022, Sagan Realty disposed of an automobile that had cost $50,000 on January 1, 2020. The automobile had a residual value of $8,000, and a useful life of 5 years. The accounting records showed accumulated depreciation for this asset of $16,800 at December 31, 2021. The asset was discarded after an accident, and $11,500 was received from an insurance claim. Prepare the journal entry to record the disposal of the automobile.

**121)** On April 1, 2022, Thunderbird Co sold a piece of equipment that had cost $35,000 on January 1, 2013. The equipment had a residual value of $5,000, a useful life 10 years, and double-declining-balance depreciation at twice the straight-line rate was used. On December 31, 2021, accumulated depreciation was $20,664. The asset was sold for $14,200. Prepare the journal entry to record depreciation up to the date of disposal of the equipment, and the journal entry to record the disposal of the equipment.

**122)** During 2022, Melanie's Emporium exchanged an old truck costing $18,000 with accumulated depreciation of $13,000 to the date of exchange for a new truck. The new truck had a cash price of $30,000 and Melanie received a $6,000 trade-in allowance on the old truck. This transaction has commercial substance. Prepare the journal entry to record the exchange.

**123)** During 2022, Storey Company acquired a new computer with a cash price of $12,800 by exchanging an old one on which Storey received a $1,500 trade-in. The old computer had cost $9,000 and its accumulated depreciation to the date of exchange was $5,500. This transaction has commercial substance. Prepare the journal entry to record the exchange.

**124)** Upside Down Company purchased new office equipment for $4,300, by trading in old equipment with a cost of $2,000 and accumulated depreciation to the date of trade of $1,900. Upside Down received a $50 trade-in allowance for the old equipment. This transaction has commercial substance. Prepare the journal entry to record the transaction.

**125)** On April 1, Fog Company traded an old machine that originally cost $32,000 and had been depreciated $24,000 to date, for a new machine that had a cash price of $40,000. Assuming that this transaction has commercial substance, (1) Prepare the journal entry to record the exchange under the assumption that a $5,000 trade-in allowance was received and the balance was paid in cash. (2) Prepare the journal entry to record the exchange under the assumption that instead of a $5,000 trade-in allowance, a $12,500 trade-in allowance was received and the balance was paid in cash.

**126)** Natsuko Company traded an old forklift for a new forklift, receiving a $10,500 trade-in allowance and paying the remaining $37,200 in cash. The old forklift cost $39,000, and straight-line depreciation of $27,200 had been recorded to the date of trade under the assumption it would last 5 years and have a $5,000 residual value. At the date of trade, the fair value of the old forklift is $11,000, however the fair value of the new forklift is not known.(1) What was the book value of the old forklift?(2) At what amount should the new forklift be recorded?

**127)** Hertzog Company purchased and installed a machine on January 1, 2019, at a total cost of $72,000. Straight-line depreciation was calculated based on the assumption of a five-year life and no residual value. The machine was disposed of on July 31, 2022. Assuming the machine was sold for $22,000, prepare the general journal entry to record the disposal

**128)** Hertzog Company purchased and installed a machine on January 1, 2019, at a total cost of $72,000. Straight-line depreciation was calculated based on the assumption of a five-year life and no residual value. The machine was disposed of on July 31, 2022. Assuming the machine was sold for $15,000, prepare the general journal entry to record the disposal.

**129)** Hertzog Company purchased and installed a machine on January 1, 2019, at a total cost of $72,000. Straight-line depreciation was calculated based on the assumption of a five-year life and no residual value. The machine was disposed of on July 31, 2022. Assuming the machine was totally destroyed in a fire and the insurance company settled the claim for $18,000 cash, prepare the general journal entry to record the disposal.

**130)** Danner Co. purchased a computer on January 1, 2021, for $1,600,000. The straight-line method of depreciation was used, based on an expected life of 6 years and a residual value of $130,000. Prepare the journal entries to record depreciation for the first 6 months of 2023 and the sale of the computer on July 1, 2023, for $1,000,000.

**131)** Discuss accounting for an impairment of property, plant and equipment.

**132)** Matador & Company was preparing the annual financial statements and, as part of its year-end procedures, prepared the following schedule based on adjusted values at March 31, 2023:

|  |  |  |  |
| --- | --- | --- | --- |
| **Asset** | **Cost** | **Accumulated Depreciation** | **Recoverable Amount** |
| Furniture | $25,000 | $20,000 | $15,000 |
| Computer | $2,000 | $1,000 | $- |
| Land | $105,000 | $- | $125,000 |
| Machine | $90,000 | $25,000 | $45,000 |

Record the entry for any impairment loss assuming that Matador & Company recorded no impairment losses in previous years.

**133)** Matador & Company was preparing the annual financial statements and, as part of its year-end procedures, prepared the following schedule based on adjusted values at March 31, 2023:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Asset** | **Cost** | **Accumulated Depreciation** | **Recoverable Amount** |  |  |  |
|  | **Residual Value** | **Depreciation Method** | **Remaining Life** |  |  |  |
| Furniture | $25,000 | $20,000 | $10,000 | $500 | Straight Line | 3 years |
| Computer | $2,000 | $1,000 | $500 | $- | Double Declining | 5 years |
| Land | $105,000 | $- | $90,000 | N/A | N/A | Unlimited |
| Machine | $90,000 | $25,000 | $35,000 | $5,000 | Straight Line | 3 years |

Record the entry for any impairment loss assuming that Matador & Company recorded no impairment losses in previous years. Record the entry for depreciation on each of the assets at March 31, 2023. Assume there was no change in residual or useful lives regardless of impairment losses.

**134)** Discuss accounting for intangible assets.

**135)** On January 4, 2022, SportsWorld purchased a patent for $35,000 with a useful life of 10 years. Prepare the journal entry to amortize the patent for the calendar year 2023.

**136)** Hawaii Kai purchased a leasehold property for $8,500,000. The leasehold expires in 15 years. Prepare the journal entry to record the first year's depreciation expense.

**137)** GenX Music purchased a music distributor's collection of songs for $1,423,000. The copyrights are expected to last another 34 years. Prepare the journal entry to record the amortization expense for the first year.

**138)** Explain what could cause the impairment of goodwill. How often should goodwill be tested to see if it is impaired?

**139)** The following information is available for a piece of A Company's machinery:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Machine:** | | | | | | |
| **Component** | **Date of Purchase** | **Depreciation Method** | **Cost** | **Est. Residual** | **Est. Life** | **Accum. Dep. at Dec. 31, 2021, Year-End** |
| Electronic Controller | April 1/22 | Straight-line | $ 5,000 | $ 0 | 5 years | $750 |
| Motor | April 1/22 | Units of Production | 100,000 | 10,000 | 50,000 hours | 2,700 |
|  |  |  | $105,000 |  |  | $3,450 |

On November 1, 2022, the electronic controller was replaced with a new one costing $8,000 purchased for cash. The new controller had an estimated residual value of $1,000 and an estimated useful life of 5 years. During 2022 the machinery was used for 3,200 hours from January 1 to October 31 and 650 hours from November 1 to December 31. Required: Record depreciation on machinery and the controller replacement for 2022. Round depreciation amounts to the nearest dollar.

**140)** Property, plant and equipment are assets held for sale.

⊚ true  
 ⊚ false

**141)** Non-current assets can be divided into two groups including tangible and intangible assets. These assets are generally used in operations of a business and have useful lives extending over more than one accounting period.

⊚ true  
 ⊚ false

**142)** Land purchased as a building site is a tangible asset called property, plant and equipment and is classified under the "Long-term Investments" section on the balance sheet.

⊚ true  
 ⊚ false

**143)** The cost of an asset includes all normal and reasonable expenditures necessary to get the asset in place and ready for its intended use.

⊚ true  
 ⊚ false

**144)** If a machine is damaged during unpacking, the repairs are added to its cost.

⊚ true  
 ⊚ false

**145)** To be charged to and reported as part of the cost of property, plant and equipment, an expenditure must be normal, reasonable, and necessary in preparing the asset for its intended use.

⊚ true  
 ⊚ false

**146)** The purchase of real estate that includes land, building, and land improvements is called a lump-sum purchase.

⊚ true  
 ⊚ false

**147)** Any expenditures for legal fees, surveying, and accrued property taxes should not be included in the cost of land.

⊚ true  
 ⊚ false

**148)** Revenue expenditures are additional costs of property, plant and equipment that provide material benefits extending beyond the current period.

⊚ true  
 ⊚ false

**149)** Revenue expenditures are expenditures to keep assets in normal operating condition.

⊚ true  
 ⊚ false

**150)** Capital expenditures are also called balance sheet expenditures.

⊚ true  
 ⊚ false

**151)** SportsWorld spent $17,000 to remodel its store. This cost will be recognized with a debit to Store Building.

⊚ true  
 ⊚ false

**152)** Treating small-dollar-amount capital expenditures as revenue expenditures is likely to mislead users of financial statements.

⊚ true  
 ⊚ false

**153)** The cost principle requires that an asset be recorded at the cash or cash equivalent amount given in exchange.

⊚ true  
 ⊚ false

**154)** Subsequent expenditures are purchases made after the acquisition of equipment to operate, maintain, repair, and improve it.

⊚ true  
 ⊚ false

**155)** Because land has unlimited life, it is not subject to depreciation. Therefore, items that increase the usefulness of the land such as parking lots are also not depreciated.

⊚ true  
 ⊚ false

**156)** Depreciation is the process of allocating the cost of a tangible asset in a rational and systematic manner over the asset's estimated useful life.

⊚ true  
 ⊚ false

**157)** Residual value is an estimate of an asset's value at the end of its useful life.

⊚ true  
 ⊚ false

**158)** Inadequacy refers to the condition where the capacity of a property, plant and equipment item is too small to meet the company's productive demands.

⊚ true  
 ⊚ false

**159)** Depreciation should always be recorded as soon as an asset is purchased.

⊚ true  
 ⊚ false

**160)** Depreciation measures the decline in market value of an asset.

⊚ true  
 ⊚ false

**161)** On the balance sheet, it is not necessary to report both the cost and the accumulated depreciation of an asset.

⊚ true  
 ⊚ false

**162)** Accumulated depreciation represents funds set aside to buy new assets when the assets currently owned are replaced.

⊚ true  
 ⊚ false

**163)** The full disclosure principle allows us to record an asset costing $50 as a revenue expenditure

⊚ true  
 ⊚ false

**164)** Regardless of the method of depreciation, total depreciation expense will be the same over an asset's useful life.

⊚ true  
 ⊚ false

**165)** Financial accounting and tax accounting require the same recordkeeping; therefore, there should be no difference in results between the two accounting systems.

⊚ true  
 ⊚ false

**166)** Companies are required to use the straight-line depreciation method for tax purposes because this method yields the lowest depreciation expense and results in the highest payment of tax.

⊚ true  
 ⊚ false

**167)** The Income Tax Act requires that companies use a declining-balance method for calculating the maximum capital cost allowance that may be claimed in any period

⊚ true  
 ⊚ false

**168)** The most frequently used method of depreciation is the straight-line method.

⊚ true  
 ⊚ false

**169)** The cost of an asset plus its accumulated depreciation equals the asset's book value.

⊚ true  
 ⊚ false

**170)** The units of production method of depreciation charges a varying amount of expense for each period of an asset's useful life depending on its usage.

⊚ true  
 ⊚ false

**171)** An accelerated depreciation method yields smaller depreciation expense in the early years of an asset's life and larger charges in later years.

⊚ true  
 ⊚ false

**172)** The double-declining balance method is applied by (1) calculating the asset's straight-line depreciation rate, (2) doubling it, (3) subtracting residual value from cost, and (4) multiplying the rate times the cost.

⊚ true  
 ⊚ false

**173)** SportsWorld purchased store equipment for $65,000. The equipment has an estimated residual value of $6,000. With an estimated useful life of 10 years, the annual depreciation using the straight-line method will be $3,900 per year.

⊚ true  
 ⊚ false

**174)** A company is required to purchase all assets at the beginning of an accounting period so that a full year's worth of depreciation can be taken.

⊚ true  
 ⊚ false

**175)** Machinery having a four-year useful life and a residual value of $5,000 was acquired for $65,000 cash on June 28. Using the nearest whole month method, the company would recognize $11,250 for depreciation expense at the end of the first year, December 31.

⊚ true  
 ⊚ false

**176)** A depreciable asset that is purchased on March 18 would be depreciated for nine months of the first year, if the fiscal year ends on December 31 using nearest whole month method.

⊚ true  
 ⊚ false

**177)** The half year rule is the partial-year depreciation method that calculates depreciation by determining if the asset was used for more than half of the month.

⊚ true  
 ⊚ false

**178)** Because depreciation is based on predictions of residual value and useful life, depreciation is an estimate.

⊚ true  
 ⊚ false

**179)** Machinery after two years' worth of depreciation has an opening book value of $6,400. At the beginning of the third year, the predicted number of years remaining in its useful life changes from three years to four years and its estimated residual value changes from the original $1,000 to $400. The revised annual depreciation using the straight-line method is $1,500.

⊚ true  
 ⊚ false

**180)** An asset that cost $5,000 has a current book value of $2,000. A revision of the useful life of the asset estimated that the asset has a remaining useful life of four years and a residual value of $400. Using the straight-line method, the revised depreciation will be $500 per year.

⊚ true  
 ⊚ false

**181)** When the cost of the asset changes because of a subsequent capital expenditure, revised depreciation for current and future periods must be calculated and adjusted.

⊚ true  
 ⊚ false

**182)** Depreciation amounts can be revised because of changes in the estimates for residual value, useful life or because of subsequent revenue expenditures.

⊚ true  
 ⊚ false

**183)** An asset with a current book value of $5,000 has a current market value of $2,000. The company should recognize an impairment loss of $3,000.

⊚ true  
 ⊚ false

**184)** If the book value of a property, plant and equipment item is less than the amount to be recovered through the asset's use or sale, the difference is an impairment loss and the asset is described as impaired.

⊚ true  
 ⊚ false

**185)** Impairment can result from a variety of situations that include a significant decline in an asset's market value or a major adverse effect caused by technological, economic, or legal factors.

⊚ true  
 ⊚ false

**186)** Impairment losses must be assessed by companies on an annual basis.

⊚ true  
 ⊚ false

**187)** The gain or loss from disposal of property, plant and equipment is the difference between an asset's book value and the value received.

⊚ true  
 ⊚ false

**188)** Property, plant and equipment can be disposed of by discarding, sale, or exchange of the asset.

⊚ true  
 ⊚ false

**189)** The first step in accounting for the disposal of property, plant and equipment is calculating the gain or loss on disposal.

⊚ true  
 ⊚ false

**190)** Equipment costing $14,000 with accumulated depreciation of $10,000 was sold for $3,000. The company should recognize a $1,000 loss on disposal of the equipment.

⊚ true  
 ⊚ false

**191)** At the time a plant asset is being discarded or sold, it is necessary to update the accumulated depreciation of the plant asset to the date of disposal.

⊚ true  
 ⊚ false

**192)** When accumulated depreciation equals the asset's cost, the asset is fully depreciated. The entry to record the removal of the asset is called exchanging the equipment.

⊚ true  
 ⊚ false

**193)** When assigning values to an exchange of assets you should use the fair value of the asset given up.

⊚ true  
 ⊚ false

**194)** When assigning values to an exchange of assets you should always use the fair value of the asset received.

⊚ true  
 ⊚ false

**195)** A patent is an exclusive right granted to its owner to manufacture and sell a patented machine or device, or to use a process, for a specified period of time.

⊚ true  
 ⊚ false

**196)** Intangible assets should be amortized over their anticipated legal, regulatory, contractual, competitive or economic life.

⊚ true  
 ⊚ false

**197)** Amortization is the process of allocating the cost of intangibles over their estimated useful life.

⊚ true  
 ⊚ false

**198)** Drilling rights are legal permissions to extract natural resources from the earth and are treated as intangible assets.

⊚ true  
 ⊚ false

**199)** Intangible assets provide rights, privileges, and competitive advantages to the owner, are used in operations, and have no physical substance and can be amortized

⊚ true  
 ⊚ false

**200)** A copyright gives its owner the exclusive right to publish and sell a musical, literary, or artistic work during the life of the creator plus 20 years.

⊚ true  
 ⊚ false

**201)** The cost of developing, maintaining, or enhancing the value of a trademark is capitalized, or added to the value of the asset when incurred.

⊚ true  
 ⊚ false

**202)** Goodwill is an intangible asset.

⊚ true  
 ⊚ false

**203)** Goodwill is not depreciated or amortized but is instead decreased only if its value has been determined by management to be impaired.

⊚ true  
 ⊚ false

**204)** Goodwill is depreciated over its useful life as estimated by the business's management.

⊚ true  
 ⊚ false

**205)** Goodwill is written down to its fair value if the fair value is less than its carrying value.

⊚ true  
 ⊚ false

**206)** The impairment of goodwill appears directly on the statement of changes in equity and not on the income statement.

⊚ true  
 ⊚ false

**207)** A machine originally had an estimated useful life of 9 years, but after 3 complete years, it was decided that the original estimate of useful life should have been 13 years. At that point the remaining cost to be depreciated should be allocated over the remaining:

A) 10 years.   
 B) 7 years.  
 C) 9 years.  
 D) 6 years.  
 E) 13 years.

**208)** When originally purchased, a vehicle costing $25,020 had an estimated useful life of 8 years and an estimated salvage value of $2,700. After 4 years of straight-line depreciation, the asset's total estimated useful life was revised from 8 years to 6 years and there was no change in the estimated salvage value. The depreciation expense in year 5 equals:

A) $5,580.00.   
 B) $11,160.00.  
 C) $2,790.00.  
 D) $5,748.00.  
 E) $2,958.00.

**209)** A company used straight-line depreciation for an item of equipment that cost $21,000, had a salvage value of $6,000 and a six-year useful life. After depreciating the asset for three complete years, the salvage value was reduced to $2,100 but its total useful life remained the same. Determine the amount of depreciation to be charged against the equipment during each of the remaining years of its useful life:

A) $3,800.   
 B) $8,300.  
 C) $5,400.  
 D) $1,500.  
 E) $6,000.

**210)** Beckman Enterprises purchased a depreciable asset on October 1, Year 1 at a cost of $156,000. The asset is expected to have a salvage value of $16,400 at the end of its five-year useful life. If the asset is depreciated on the double-declining-balance method, the asset's *book value* on December 31, Year 2 will be:

A) $84,240   
 B) $33,696  
 C) $45,684  
 D) $30,456  
 E) $140,400

**211)** Peavey Enterprises purchased a depreciable asset for $23,500 on April 1, Year 1. The asset will be depreciated using the straight-line method over its four-year useful life. Assuming the asset's salvage value is $2,300, what will be the amount of *accumulated depreciation* on this asset on December 31, Year 3?

A) $14,575   
 B) $4,417  
 C) $17,667  
 D) $5,300  
 E) $21,200

**212)** Peavey Enterprises purchased a depreciable asset for $29,500 on April 1, Year 1. The asset will be depreciated using the straight-line method over its four-year useful life. Assuming the asset's salvage value is $3,500, Peavey Enterprises should recognize *depreciation expense* in Year 2 in the amount of:

A) $5,416.67   
 B) $26,000.00  
 C) $24,916.67  
 D) $7,375.00  
 E) $6,500.00

**213)** The following information is available on a depreciable asset:

|  |  |
| --- | --- |
| Purchase date | January 1, Year 1 |
| Purchase price | $68,000 |
| Salvage value | $10,000 |
| Useful life | 10 years |
| Depreciation method | straight-line |

The asset's book value is $56,400 on January 1, Year 3. On that date, management determines that the asset's salvage value should be $5,000 rather than the original estimate of $10,000. Based on this information, the amount of *depreciation expense* the company should recognize during Year 3 would be:

A) $5,800.00   
 B) $6,425.00  
 C) $7,050.00  
 D) $5,140.00  
 E) $5,640.00

**214)** Merchant Company purchased land for a building site. The costs associated with the property were:

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Purchase price | $ | 191,000 |
| Real estate commissions |  | 16,600 |
| Legal fees |  | 2,400 |
| Expenses of clearing the land |  | 3,600 |
|  | | |

What is the total recorded cost of the land?

A) $207,600   
 B) $213,600  
 C) $191,000  
 D) $195,400  
 E) $210,000

**215)** A company purchased property for $100,000. The property included a building, a parking lot, and land. The building was appraised at $58,500; the land at $47,800, and the parking lot at $18,700. Land should be recorded in the accounting records with an allocated cost of:

A) $38,240.   
 B) $47,800.  
 C) $44,240.  
 D) $0.  
 E) $100,000.

**216)** A company purchased a delivery van for $26,600 with a salvage value of $3,600 on October 1, Year 1. It has an estimated useful life of 5 years. Using the straight-line method, how much depreciation expense should the company recognize on December 31, Year 1?

A) $1,150.   
 B) $5,320.  
 C) $4,600.  
 D) $1,773.  
 E) $96.

**217)** Marlow Company purchased a point of sale system on January 1 for $6,700. This system has a useful life of 5 years and a salvage value of $1,050. What would be the *depreciation expense* for the second year of its useful life using the double-declining-balance method?

A) $2,680.   
 B) $1,608.  
 C) $1,544.  
 D) $1,130.  
 E) $2,260.

**218)** A company purchased a weaving machine for $298,810. The machine has a useful life of 8 years and a salvage value of $16,500. It is estimated that the machine could produce 763,000 bolts of woven fabric over its useful life. In the first year, 111,500 bolts were produced. In the second year, production increased to 115,500 units. Using the units-of-production method, what is the amount of *depreciation expense* that should be recorded for the second year?

A) $83,990.   
 B) $42,735.  
 C) $43,666.  
 D) $41,255.  
 E) $45,233.

**219)** An asset's book value is $18,300 on December 31, Year 5. Assuming the asset is sold on December 31, Year 5 for $14,700, the company should record:

A) A loss on sale of $3,600.   
 B) A gain on sale of $3,600.  
 C) Neither a gain nor a loss is recognized on this transaction.  
 D) A loss on sale of $13,350.  
 E) A gain on sale of $13,350.

**220)** An asset's book value is $25,200 on January 1, Year 6. The asset is being depreciated $350 per month using the straight-line method. Assuming the asset is sold on July 1, Year 7 for $16,900, the company should record:

A) Neither a gain or loss is recognized on this type of transaction.   
 B) A gain on sale of $2,000.  
 C) A loss on sale of $1,000.  
 D) A gain on sale of $1,000.  
 E) A loss on sale of $2,000.

**221)** A company sold equipment that originally cost $360,000 for $180,000 cash. The accumulated depreciation on the equipment was $180,000. The company should recognize a:

A) $180,000 gain.   
 B) $180,000 loss.  
 C) $90,000 loss.  
 D) $0 gain or loss.  
 E) $90,000 gain.

**222)** A company discarded a computer system originally purchased for $9,000. The accumulated depreciation was $6,200. The company should recognize a (an):

A) $0 gain or loss.   
 B) $2,800 loss.  
 C) $2,800 gain.  
 D) $9,000 gain.  
 E) $6,200 loss.

**223)** A company sold a tractor that originally cost $127,000 for $22,000 cash. The accumulated depreciation on the tractor was $61,800. The company should recognize:

A) A loss of $43,200.   
 B) A gain of $43,200.  
 C) A loss of $22,000.  
 D) A gain of $65,200.  
 E) A gain of $22,000.

**224)** A company purchased a tract of land for its natural resources at a cost of $1,772,000. It expects to mine 2,100,000 tons of ore from this land. The salvage value of the land is expected to be $260,000. The depletion expense per ton of ore is:

A) $0.720.   
 B) $6.815.  
 C) $8.077.  
 D) $0.968.  
 E) $0.844.

**225)** A company's old machine that cost $54,000 and had accumulated depreciation of $42,600 was traded in on a new machine having an estimated 20-year life with an invoice price of $65,400. The company also paid $55,600 cash, along with its old machine to acquire the new machine. If this transaction has commercial substance, the new machine should be recorded at:

A) $67,000.   
 B) $54,000.  
 C) $65,400.  
 D) $11,400.  
 E) $63,800.

**226)** Hunter Sailing Company exchanged an old sailboat for a new one. The old sailboat had a cost of $210,000 and accumulated depreciation of $105,000. The new sailboat had an invoice price of $230,000. Hunter received a trade in allowance of $115,000 on the old sailboat, which meant the company paid $115,000 in addition to the old sailboat to acquire the new sailboat. If this transaction has commercial substance, what amount of gain or loss should be recorded on this exchange?

A) $115,000 gain   
 B) $0 gain or loss  
 C) $10,000 gain  
 D) $10,000 loss  
 E) $105,000 loss

**227)** Cliff Company traded in an old truck for a new one. The old truck had a cost of $82,000 and accumulated depreciation of $65,600. The new truck had an invoice price of $132,000. Huffington was given a $13,120 trade-in allowance on the old truck, which meant they paid $118,880 in addition to the old truck to acquire the new truck. If this transaction has commercial substance, what is the recorded value of the new truck?

A) $16,400   
 B) $82,000  
 C) $118,880  
 D) $132,000  
 E) $135,280

**228)** A company bought a new $64,000 heating system. The company paid $60,600 cash and was given a trade-in of $3,400 on an old heating system. The old system had an original cost of $57,800 and accumulated depreciation of $52,200. If the transaction has commercial substance, the company should record the new heating system at:

A) $3,400.   
 B) $5,600.  
 C) $60,600.  
 D) $64,000.  
 E) $66,200.

**229)** A company purchased equipment valued at $120,000. It traded in old equipment for a $95,000 trade-in allowance and the company paid $25,000 cash with the trade-in. The old equipment cost $110,000 and had accumulated depreciation of $33,000. This transaction has commercial substance. What is the recorded value of the new equipment?

A) $77,000.   
 B) $95,000.  
 C) $25,000.  
 D) $102,000.  
 E) $120,000.

**230)** Granite Company purchased a machine costing $136,620. Granite paid freight charges of $3,800. The machine requires special mounting and wiring connections costing $11,800. When installing the machine, $3,300 in damages occurred. Compute the cost recorded for this machine.

A) $160,000.   
 B) $152,220.  
 C) $136,620.  
 D) $152,420.  
 E) $151,720.

**231)** Wickland Company installs a manufacturing machine in its production facility at the beginning of the year at a cost of $117,000. The machine's useful life is estimated to be 10 years, or 130,000 units of product, with a $3,000 salvage value. During its second year, the machine produces 10,400 units of product. Determine the machines' second year depreciation under the straight-line method.

A) $9,120.   
 B) $11,400.  
 C) $11,700.  
 D) $9,360.  
 E) $12,000.

**232)** Wickland Company installs a manufacturing machine in its production facility at the beginning of the year at a cost of $82,000. The machine's useful life is estimated to be 10 years, or 260,000 units of product, with a $8,000 salvage value. During its second year, the machine produces 20,800 units of product. Determine the machines' second year depreciation under the units-of-production method. **(Do not round intermediate calculations.)**

A) $5,920.   
 B) $7,400.  
 C) $8,200.  
 D) $6,560.  
 E) $9,000.

**233)** Phoenix Agency leases office space. On January 3, Phoenix incurs $88,200 to improve the leased office space. These improvements are expected to yield benefits for 9 years. Phoenix has 7 years remaining on its lease. Compute the amount of amortization expense that should be recorded the first year related to the improvements.

A) $12,600.   
 B) $16,900.  
 C) $19,700.  
 D) $7,100.  
 E) $9,800.

**234)** Crestfield leases office space. On January 3, the company incurs $15,000 to improve the leased office space. These improvements are expected to yield benefits for 10 years. Crestfield has 5 years remaining on its lease. What journal entry would be needed to record the expense for the first year related to the improvements?

A) Debit Amortization Expense—Leasehold Improvements $1,500; credit Accumulated Amortization—Leasehold Improvements $1,500.   
 B) Debit Depletion Expense $3,000; credit Accumulated Depletion $3,000.  
 C) Debit Depreciation Expense $1,500; credit Accumulated Depreciation $1,500.  
 D) Debit Depletion Expense $15,000; credit Accumulated Depletion $15,000.  
 E) Debit Amortization Expense—Leasehold Improvements $3,000; credit Accumulated Amortization—Leasehold Improvements $3,000.

**235)** Nike owns equipment that cost $100,100 with accumulated depreciation of $68,400. Nike asks $36,650 for the equipment but sells the equipment for $34,100. Compute the amount of gain or loss on the sale.

A) $4,950 loss.   
 B) $4,950 gain.  
 C) $2,400 gain.  
 D) $2,550 gain.  
 E) $2,400 loss.

**236)** Gaston owns equipment that cost $32,000 with accumulated depreciation of $25,600. Gaston sells the equipment for $5,800. Which of the following would *not* be part of the journal entry to record the disposal of the equipment?

A) Debit Accumulated Depreciation $25,600.   
 B) Credit Equipment $32,000.  
 C) Debit Loss on Disposal of Equipment $600.  
 D) Credit Gain on Disposal of Equipment $600.  
 E) Debit Cash $5,800.

**237)** Riverboat Adventures pays $480,000 plus $10,000 in closing costs to purchase real estate. The real estate consists of land appraised at $51,000, a building appraised at $209,100, and land improvements appraised at $249,900. Compute the cost that should be allocated to the building.

A) $200,900.   
 B) $196,800.  
 C) $209,100.  
 D) $303,359.  
 E) $106,641.

**238)** Mohr Company purchases a machine at the beginning of the year at a cost of $34,000. The machine is depreciated using the straight-line method. The machine’s useful life is estimated to be 8 years with a $4,000 salvage value. Depreciation expense in year 2 is:

A) $4,250.   
 B) $3,750.  
 C) $8,500.  
 D) $30,000.  
 E) $0.

**239)** Mohr Company purchases a machine at the beginning of the year at a cost of $27,000. The machine is depreciated using the straight-line method. The machine’s useful life is estimated to be 8 years with a $5,000 salvage value. The book value of the machine at the end of year 2 is:

A) $2,750.   
 B) $5,500.  
 C) $16,500.  
 D) $21,500.  
 E) $22,000.

**240)** Mohr Company purchases a machine at the beginning of the year at a cost of $44,000. The machine is depreciated using the double-declining-balance method. The machine’s useful life is estimated to be 8 years with a $3,000 salvage value. Depreciation expense in year 2 is:

A) $5,500.   
 B) $10,250.  
 C) $11,000.  
 D) $8,250.  
 E) $33,000.

**241)** Mohr Company purchases a machine at the beginning of the year at a cost of $28,000. The machine is depreciated using the double-declining-balance method. The machine’s useful life is estimated to be 5 years with a $2,000 salvage value. The machine’s book value at the end of year 2 is:

A) $15,600.   
 B) $6,800.  
 C) $11,200.  
 D) $10,080.  
 E) $16,800.

**242)** Mohr Company purchases a machine at the beginning of the year at a cost of $40,000. The machine is depreciated using the units-of-production method. The company estimates it will use the machine for 5 years, during which time it anticipates producing 85,000 units. The machine is estimated to have a $6,000 salvage value. The company produces 10,300 units in year 1 and 7,300 units in year 2. Depreciation expense in year 2 is:

A) $6,000.   
 B) $6,800.  
 C) $16,000.  
 D) $2,920.  
 E) $24,000.

**243)** Martin Company purchases a machine at the beginning of the year at a cost of $78,000. The machine is depreciated using the straight-line method. The machine’s useful life is estimated to be 5 years with a $4,000 salvage value. Depreciation expense in year 4 is:

A) $15,600.   
 B) $14,800.  
 C) $74,000.  
 D) $62,400.  
 E) $0.

**244)** Martin Company purchases a machine at the beginning of the year at a cost of $70,000. The machine is depreciated using the straight-line method. The machine’s useful life is estimated to be 4 years with a $4,000 salvage value. The book value of the machine at the end of year 4 is:

A) $16,500.   
 B) $66,000.  
 C) $35,000.  
 D) $4,000.  
 E) $0.

**245)** Martin Company purchases a machine at the beginning of the year at a cost of $130,000. The machine is depreciated using the double-declining-balance method. The machine’s useful life is estimated to be 4 years with a $10,800 salvage value. Depreciation expense in year 4 is:

A) $29,925.   
 B) $8,125.  
 C) $65,000.  
 D) $5,450.  
 E) $10,900.

**246)** Martin Company purchases a machine at the beginning of the year at a cost of $140,000. The machine is depreciated using the double-declining-balance method. The machine’s useful life is estimated to be 4 years with a $11,600 salvage value. The machine’s book value at the end of year 3 is:

A) $70,000.   
 B) $105,000.  
 C) $122,500.  
 D) $17,500.  
 E) $16,025.

**Answer Key**Test name: Larson17CeCh09

1) D

2) A

3) D

4) D

5) D

6) E

7) E

8) E

9) A

10) A

11) C

12) A

13) C

14) D

15) C

16) B

17) C

18) D

19) D

20) E

21) E

22) E

23) A

24) C

25) B

26) E

27) E

28) E

29) D

30) C

31) E

32) E

33) C

34) A

35) E

36) E

37) E

38) C

39) E

40) A

41) C

42) A

43) C

44) B

45) A

46) A

47) C

48) C

49) A

50) C

51) A

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59) A

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61) D

62) E

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66) Section Break

140) FALSE

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204) FALSE

205) TRUE

206) FALSE

207) A

208) A

209) A

210) A

211) A

212) E

213) B

214) B

215) A

216) A

217) B

218) B

219) A

220) E

221) D

222) B

223) A

224) A

225) C

226) C

227) D

228) D

229) E

230) B

231) B

232) A

233) A

234) E

235) C

236) D

237) A

238) B

239) D

240) D

241) D

242) D

243) B

244) D

245) D

246) D