Solution:

(1)

By using straight line depreciation, we can see that the book value for the equipment at the end of 4th year becomes:

$$Book\ Value = \$29{,}000 - \frac{4}{5} \times (29{,}000 - 4{,}000) = \$9{,}000$$

Since we sold the equipment at a price greater than $9,000, we had a net capital gain on the assets. Thus, the gain will be

$$Net\ Capital\ Gain = \$14{,}000 - \$9{,}000 = \$5{,}000$$

BALANCE SHEET EFFECTS ON THE SALE	
Particulars	Effect on Balance Sheet (Assets = Liabilities + SE)
Sale of the equipment	+$14,000 (Increase in cash: asset) -$9,000 (Decrease in equipment: asset) +$5,000 (Increase in stockholders' equity: capital gain)

(2)

(a) The journal entry (In $) is given by:

Particulars	Debit	Credit
Cash	14,000	
To Equipment		9,000
To Capital Gains		5,000
(Being sale of the equipment)		

(b) The journal entry (in $) is given by:

Particulars	Debit	Credit
Cash	8,500	
Capital Loss	500	
To Equipment		9,000
(Being sale of the equipment)		