

Solution:

(1)

Accumulated depreciation = \$55 *million*

On balance sheet, the following effects will be shown:

Assets	= Liabilities	+ Stockholders' Equity
+\$5 million		-\$46.5 million
(increase in cash)		(Increase in depreciation)
-\$60 million		-\$8.5 million
(decrease in equipment)		(loss in sales)

(2)

(a)

JOURNAL ENTRIES FOR SALE OF THE EQUIPMENT (in millions of \$)		
Particulars	Debit	Credit
Cash	5	
Loss in Sale of Assets	8.5	
To Equipment		13.5

(b)

JOURNAL ENTRIES FOR SALE OF THE EQUIPMENT (in millions of \$)		
Particulars	Debit	Credit
Cash	18	
To Equipment		13.5
To Gain in Sale of Assets		4.5