**Solution:**

(1)

$$Book\ Value = 25 - \frac{8}{10} \times (25 - 3.5) = \$7.8\ million$$

Thus, the gain on these 7 planes will be:

$$Gain\ on\ Sale = 7 \times (25 - 7.8) = \$120.4\ million$$

(2)

| JOURNAL ENTRY FOR SALE OF THE PLANE (in millions of $) | | |
|---|---|---|
| Cash | 175 | |
| To Airplane | | 54.6 |
| To Gain in Sale of Assets | | 120.4 |