1) Building
- buying price
- labour, direct materials, construction
- interest costs to fund construction
↑ while asset still not ready for use

Equipment
- buying price, tax, shipping, assembly, installation

2)

year	depr cost	annual depr. amount	accumulated depreciation	book value
2015	550 K	55 K	55K	545 K
2016			110 K	490 K
2017			165 K	435 K
2018			220 K	380 K

depreciation expense = $\frac{600k - 50k}{10} = 55K$

BV = 600k - accumulated depreciation

3)

year	units activity	annual depr. amount	accumulated depreciation	book value
2015	5k	(5K x 3.6) = 18K	18k	182 K
2016	7K	(7K x 3.6) = 25.2K	43.2K	156.8 K

depreciable cost per unit = $\frac{200k - 20k}{50,000} = 3.6$

4/ BV = $400 k

2/useful life = 0.2

year	begin BV	2/useful life	depreciation exp	accumulated depreciation	end BV
2015	400k	0.2	0.2(400k) = 80k	80k	320 k
2016	320k	0.2	0.2(320k) = 64k	144k	256 k
2017	256 k	0.2	0.2(256k) = 51.2k	195.2	204.8 k

5/ BV after 3 years = $300k − (3 × $12.5k) = $262.5 K

old depreciation expense = $300k − $50k / 20 = $12.5 K

remaining useful life = 25 − 3 = 22 years

new depreciation expense = ($262.5k − $40k) / 22 = $ 10.11 k

6/ depreciation expense = (90k − 10k) / 10 = 8k

BV at time of sale = 90k − (3 × 8k) = 66k

if sold for $66 K

Dr Cash 66k

Dr Accum Depreciation 24k

Cr Machine 90 k

if sold for $60 k

Dr Cash 60 k

Dr Accum Depreciation 24k

Dr Loss on sale 6k

Cr Machine 90 k

if sold for $ 70 K

Dr Cash 70 K

Dr Accum Depreciation 24K

Cr Machine 90 K

Cr Gain on sale 4K

7) $\frac{\$120K}{12} = \$10$/year amortization

Dr Amortization Exp 10K
Cr Patent 10K

8) asset turnover = $\frac{\text{net sales}}{\text{avg assets}} = \frac{3.2M}{(5.4+4.8)/2} = 0.63$

9) Dr Cash 200K
Cr Notes Payable 200K
at grant

Dr Interest Expense 2.5K ($200K \times 0.15 \times \frac{1}{12}$)
Cr Interest Payable 2.5K
1 month interest

Dr Notes Payable 200K
Dr Interest Payable 2.5K
Dr Interest Expense 10K ($200K \times 0.15 \times \frac{4}{12}$)
Cr Cash 212.5K

10) Dr Cash 4K (at the start)
Cr Unearned rent revenue 4K

Dr Unearned rent revenue 333.33 ($4K \times \frac{1}{12}$)
Cr Rent revenue 333.33
every month

11) first, Dr Warranty Expense 15K
Cr provisions for Warranties 15K

later Dr Provisions for Warranties 10K
Cr Cash 10K

12) $PV = 50k(1.1)^{-3} + 5k\left(\frac{1-(1.1)^{-3}}{0.1}\right) = 50k$

on issuing the bond Dr Cash 50K
Cr Bonds payable 50K

interest payments
Dr Interest Expense 5K
Cr Interest Payable 5K

maturity date
Dr Bonds Payable 50K
Cr Cash 50K

13) $PV = 50k(1.11)^{-3} + 5k\left(\frac{1-(1.11)^{-3}}{0.11}\right) = \$48,778$

on issuing the bond Dr cash 48,778
Dr Discounts on bonds payable 1222
Cr Bonds payable 50K

interest payments Dr Interest Expense $(48,778)0.11 = 5366$
Cr Discount on Bonds Payable (+XL) 366
Cr Interest Payable 5K

$50K - 1222 = 48,778$

next interest payment

Dr Interest Expense $0.11(50k-1222+366) = 5406$
Cr Discount on Bonds Payable 406
Cr Interest Payable 5k

(4) $PV = 50k(1.09)^{-3} + 5k\left(\frac{1-1.09^{-3}}{0.09}\right) = 51,266$

on issuing the bond Dr Cash 51,266
Cr Bonds Payable 50k
Cr Premium on Bonds Payable 1,266
(+L)

interest payment Dr Interest expense $0.09(50k+1266) = 4614$
Dr Premium on Bonds payable 386
Cr Interest payable 5k

next interest payment Dr Interest expense $0.09(50k+1266-386) = 4579$
Dr Premium on bonds payable 421
Cr Interest payable 5k

(5) Dr Equipment $30k
Cr Common shares $30K

Dr Consulting expense 20k
Dr Common shares 20K

(6) Dr Common Shares $(12K \times 2.4) = 28,800$
Cr Cash 28,800

avg. issuance price $= \frac{300k}{125k} = 2.4$

17) avg. issuance price = $\frac{400k}{100k} = \$4$

Dr Common Shares 48 k (4 x 12K)
Cr Cash 28.8 K (2.4 x 12K)
Cr Contributed Surplus 19.2 K (1.6 x 12 K)

18) avg. issuance price = $\frac{250k}{140k} = \$1.79$

Dr Common Shares (1.79 x 12k) 21,429
Dr Contributed Surplus (0.61 x 12K) 7,371 => rounding
Cr Cash 28.8k (2.4 x 12K) 28.8k

19) total amount of cash dividends payed out

1.45 x 2,400,000 = $ 3,480,000

Feb 1
Dr Dividends Declared 3.48M
Cr Pividends Payable 3.48M

Feb 24
Dr Dividends Payable 3.48 M
Cr Cash 3.48 M

20) 0.15(2,100,000) = 315,000 shares issued

sept 3
Dr Stock Dividends Declared 107.1 M (34 x 315 k)
Cr Common Stock dividends distributable 107.1 M

Sept 29
Dr Common stock dividends distributable 107.1 M
Cr Common Shares 107.1 M