ABE19-1

In 2012, Amirante Corporation had pretax financial income of $240,200 and taxable income of $191,600. The difference is due to the use of different depreciation methods for tax and accounting purposes. The effective tax rate is 40%. Compute the amount to be reported as income taxes payable at December 31, 2012.

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ABE19-11

At December 31, 2012, Fell Corporation had a deferred tax liability of $725,628, resulting from future taxable amounts of $2,134,200 and an enacted tax rate of 34%. In May 2013, a new income tax act is signed into law that raises the tax rate to 39% for 2013 and future years. Prepare the journal entry for Fell to adjust the deferred tax liability.

 Description/Account Debit Credit

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ABE20-1

AMR Corporation (parent company of American Airlines) reported the following for 2009 (in millions).

 Service cost $396

 Interest cost on P.B.O 738

 Return on plan assets 786

 Amortization of service cost 25

 Amortization of loss 29

Compute AMR Corporation's 2009 pension expense (in millions).

$ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_million

ABE20-2

For Warren Corporation, year-end plan assets were $2,166,400. At the beginning of the year, plan assets were $1,690,600. During the year, contributions to the pension fund were $120,000, and benefits paid were $200,000. Compute Warren's actual return on plan assets.

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ABE20-4

For 2010, Campbell Soup Company had pension expense of $42 million and contributed $271 million to the pension fund. Prepare Campbell Soup Company's journal entry to record pension expense and funding.

Description/Account Debit Credit

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ABE20-10

Lahey Corp. has three defined-benefit pension plans as follows.

 Pension Assets Projected Benefit

 (at Fair Value ) Obligation

Plan X $642,100 $536,300

Plan Y 914,300 760,100

Plan Z 580,800 748,900

How will Lahey report these multiple plans in its financial statements?

Pension Asset $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Pension Liability $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ABE20-12

For 2012, Sampsell Inc. computed its annual postretirement expense as $243,640. Sampsell's contribution to the plan during 2012 was $191,580. Prepare Sampsell's 2012 entry to record postretirement expense. (List multiple debit/credit entries from largest to smallest amount, e.g. 10, 5, 2.)

 Description/Account Debit Credit

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ABE20-11

Manno Corporation has the following information available concerning its postretirement benefit plan for 2012.

 Service cost $57,490

 Interest cost 61,670

 Actual return on plan assets 36,220

Compute Manno's 2012 postretirement expense.

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ABE15-4

Ravonette Corporation issued 310 shares of $13 par value common stock and 150 shares of $46 par value preferred stock for a lump sum of $17,600. The common stock has a market price of $22 per share, and the preferred stock has a market price of $95 per share. Prepare the journal entry to record the issuance. (List multiple debit/credit entries from largest to smallest amount, e.g. 10, 5, 2. Round answers to zero decimal places, e.g. 16,210.)

 Description/Account Debit Credit

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ABE17-1

Garfield Company purchased, as a held-to-maturity investment, $83,800 of the 9%, 9-year bonds of Chester Corporation for $74,520, which provides an 11% return. Prepare Garfield's journal entries for (a) the purchase of the investment and (b) the receipt of annual interest and discount amortization. Assume effective interest amortization is used. (Round answers to zero decimal places, e.g. 25,000. List multiple debit/credit entries from largest to smallest amount, e.g. 10, 5, 2.)

 Description/Account Debit Credit

(a) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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(b) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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ABE19-10

Clydesdale Corporation has a cumulative temporary difference related to depreciation of $616,400 at December 31, 2012. This difference will reverse as follows: 2013, $46,400; 2014, $259,200; and 2015, $310,800. Enacted tax rates are 34% for 2013 and 2014, and 40% for 2015. Compute the amount Clydesdale should report as a deferred tax liability at December 31, 2012.

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 Problem 20-4

Gordon Company sponsors a defined benefit pension plan. The following information related to the pension plan is available for 2012 and 2013.

 2012 2013

Plan assets (fair value), December 31 $936,660 $1,137,660

Projected benefit obligation, January 1 938,000 1,072,000

Pension asset/liability, January 1 187,600 Cr. ?

Prior service cost, January 1 335,000 321,600

Service cost 80,400 120,600

Actual and expected return on plan assets 32,160 40,200

Amortization of prior service cost 13,400 16,080

Contributions (funding) 154,100 160,800

Accumulated benefit obligation, December 31 670,000 737,000

Interest/settlement rate 8 % 8%

(a)

Compute pension expense for 2012 and 2013.

Pension expense for 2012 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Pension expense for 2013 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_