|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 21.The following information is available from the financial statements of Bluebird Enterprises for the years ended on December 31, 2004 and 2005:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2005  |  | 2004 |
| Buildings | $1,500,000  |  | $2,250,000 |
| Accumulated depreciation | 550,000 |  | 660,000 |

Loss on sale of building in 2005 was $10,000.The book value of the building sold was $600,000. There were no buildings purchased in 2005.**Required:**a. Record the journal entries required to record the sale of the building by Bluebird. |

22.Acme Sales Corporation sold a delivery truck on December 30, 2005, for $15,000.

The truck was purchased for $65,000 on January 1, 2003. At the time Acme

estimated its useful life at five years and its residual value at $5,000. Depreciation is recorded annually on December 31.

Required:

1. Prepare the necessary journal entries to record the sale assuming Acme uses the straight-line depreciation method.

 b. Prepare the necessary journal entries to record the sale assuming Acme uses the double-declining balance method of depreciation.

23. — Depreciation Methods.

A high-speed multiple-bit drill press costing $240,000 has an estimated salvage value of $20,000 and a life of ten years. What is the annual depreciation for each of the first two full years under the following depreciation methods?

1. Double-declining-balance method:

a. Year one:

b. Year two:

2. Units of production (activity) method (lifetime output is estimated at 110,000 units; the press produced 12,000 units in year one and 18,000 in year two):

a. Year one:

b. Year two:

3. Sum-of-the-years'-digits method:

a. Year one:

b. Year two:

4. Straight-line depreciation method:

a. Year one:

b. Year two:

24.— Lower of Cost or Market

Presented below is data relative to the 12/31/08 inventory of Kidd Company:

 Number Units Original Cost Total Current

 Item In Inventory Per Unit Original Cost Replacement Cost

 A 3,000 $1.09 $3,270 $1.08

 B 3,000 1.30 3,900 1.15

 C 3,000 1.50 4,500 1.05

 D 3,000 1.60 4,800 1.65

 E 3,000 1.80 5,400 1.70

 Total 15,000 $21,870

 Appropriate

 Upper Lower Inventory

 Limit Limit Designated Valuation

 Item ("Ceiling") ("Floor") Market (Totals)

 A

 B

 C

 D

 E

 Total

Additional Data:

Selling price is $2.00/unit for all items. Disposal costs amount to 10% of selling price and a "normal" profit is 35% of selling price.

**Instructions**

Complete the four columns above for each item.