On January 2, 2011, Kinnaird Hospital purchased a $92,000 special radiology scanner from Faital Inc. The scanner has a useful life of 5 years and will have no disposal value at the end of its useful life. The straight-line method of depreciation is used on this scanner. Annual operating costs with this scanner are $105,060.   
      Approximately one year later, the hospital is approached by Harmon Technology salesperson, Jane Black, who indicated that purchasing the scanner in 2011 from Faital Inc. was a mistake. She points out that Harmon has a scanner that will save Kinnaird Hospital $26,520 a year in operating expenses over its 4-year useful life. She notes that the new scanner will cost $120,200 and has the same capabilities as the scanner purchased last year. The hospital agrees that both scanners are of equal quality. The new scanner will have no disposal value. Black agrees to buy the old scanner from Kinnaird Hospital for $33,080.

If Kinnaird Hospital sells its old scanner on January 2, 2012, compute the gain or loss on the sale. ***(Enter the answer as a positive number and indicate profit or loss.)***

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Using incremental analysis, determine if Kinnaird Hospital should purchase the new scanner on January 2, 2012. ***(If answer is zero, please enter 0. Do not leave any fields blank. If amount decreases the income, use either a negative sign preceding the number e.g. -45 or parentheses e.g. (45). Enter cost amounts as positive in the columns "Retain Scanner" and "Replace Scanner". To enter salvage value amount in columns "Retain Scanner" and "Replace Scanner" use either a negative sign preceding the number e.g. -45 or parentheses e.g. (45).)***

***Retain scanner* Replace Scanner Net Income  
Increase ( decrease**

|  |  |  |  |
| --- | --- | --- | --- |
| Annual operating costs | $ | $ | $ |
| New scanner cost |  |  |  |
| Old scanner salvage |  |  |  |
| Total | $ | $ | $ |

Kinnaird Hospital should the old scanner.

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