

### Appendix 1 Ex. 10–23

$$\text{Sum of Years of Useful Life} = \frac{N(N+1)}{2} = \frac{20(20+1)}{2} = 210$$

$$\text{First year: } 20/210 \times \$75,000 = \$7,143$$

$$\text{Second year: } 19/210 \times \$75,000 = \$6,786$$

### Appendix 1 Ex. 10–24

$$\text{Sum of Years of Useful Life} = \frac{N(N+1)}{2} = \frac{8(8+1)}{2} = 36$$

$$\text{First year: } 8/36 \times (\$172,000 - \$20,000) = \$33,778$$

$$\text{Second year: } 7/36 \times (\$172,000 - \$20,000) = \$29,556$$

### Appendix 1 Ex. 10–25

$$\text{Sum of Years of Useful Life} = \frac{N(N+1)}{2} = \frac{10(10+1)}{2} = 55$$

$$\text{First year: } 3/12 \times 10/55 \times (\$85,000 - \$5,000) = \$3,636$$

Second year:

$$[(9/12 \times 10/55 \times (\$85,000 - \$5,000))] + [(3/12 \times 9/55 \times (\$85,000 - \$5,000))] = \$10,909 + \$3,273 = \$14,182$$

### Appendix 2 Ex. 10–26

a.

Price (fair market value) of new equipment .....	<b>\$300,000</b>
Trade-in allowance of old equipment .....	<b><u>120,000</u></b>
Cash paid on the date of exchange .....	<b><u>\$180,000</u></b>

b.

Price (fair market value) of new equipment .....		<b>\$300,000</b>
Less assets given up in exchange:		
Book value of old equipment .....	<b>\$115,500</b>	
Cash paid on the exchange .....	<b><u>180,000</u></b>	<b><u>295,500</u></b>
Gain on exchange of equipment .....		<b><u>\$ 4,500</u></b>