SOUTH-WESTERN
CENGAGE Learning

Prob. 10–6A

1. a. Loss on impairment of goodwill, $20,000,000

   b. $675,000/10 years = $67,500; 1/2 of $67,500 = $33,750

   c. $1,665,000/9,000,000 board feet = $0.185 per board foot; 2,400,000 board feet × $0.185 per board foot = $444,000

2. a.

Loss on Impairment of Goodwill	20,000,000	
Goodwill		20,000,000

   b.

Amortization Expense—Patents	33,750	
Patents.....		33,750
Patent amortization.		

   c.

Depletion Expense	444,000	
Accumulated Depletion		444,000
Depletion of timber rights.		

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