

E20-6 FA 4.2 Leases  
 BGN Mode 2<sup>nd</sup> BGN, 2<sup>nd</sup> Set  
 2<sup>nd</sup> Quit

7110971 Pmt 73580 - 247029  
 10 n  
 0 FV  
 12 i

Jan 1 CPT PV 450,000  
 Leased Equipment 450,000  
     Lease obligation 450,000  
 Lease obligation 7110971  
 Insurance Exp 247029  
     Cash 73580

Dec 31 2<sup>nd</sup> Amort P1=2, P2=2  
 Int Exp 4546683  
     Lease obligation 4546683

Dep<sup>n</sup> 450,000 - 0  
 10

Dep<sup>n</sup> Exp 45000  
 Acc Dep<sup>n</sup> Leased Equip 45000

2012  
 Jan 1 Ins Exp 247029  
     Lease obligation 7110971  
     Cash 73580

Dec 31 P1=3 P2=3  
 Int Exp 42390  
     Lease obligation 42390

Dec 31

Dep<sup>n</sup> Exp 45000

Acc Dep<sup>n</sup> Leased

Equip 45000

E 20-14

Castle - Lessor perspective

$PV$   $pmt$   $pmt$   
- 135,000  $FV 13000$

-135,000  $PV$   
13000  $FV$   
2  $n$   
10  $i$   
CPT  $pmt$

$$pmt = 7159524$$

b) Finance Lease to Both.  
Lessor  $\frac{2 \text{ yrs term}}{2 \text{ yrs life}}$

Lessor As above and point 5  
from question

c) Same - capital lease

d) 2<sup>nd</sup> Amort

	Interest	Prn	Bal
$P1=1 \quad P2=1$	13500	58095	76905
$P1=2 \quad P2=2$	7690	63905	13000

e) Castle

Jan 1 Lease Payment Rec 156190<sup>47</sup>  
 [(71,595.32 x 2) +  
 13000]

Inventory 135000  
 Unearned Rev 21190<sup>47</sup>

Dec 31 Cash 76595<sup>24</sup>  
 Other income 5000 -  
 Lease pmts rec 71595<sup>24</sup>

Unearned Rev 13500  
 Finance Rev 13500

f) Cash 13.000  
Lease pmts Receivable 13000

g) PV of MLP  
71595.24  
2%  
0 FU  
10%  
CPT PV 124256

E 20-15

a) "Duc"

- 415,000 PV

25000 FV

5 n

8 i

CPT pmt

92,294.46

b) Just Δ to end mode

CPT pmt 99678.02

Dec 31 end		Pvn	Int
P1=1	P2=1	66478	33200
2	2	71796	27882
3	3	77540	22138
4	4	83743	15935
5	5	90443	9235

Bal 25000

BOY Jan 1

P1=1 P2=1

2 2

3 3

4 4

5 5

Pvn Int

92295 0

66478 25816

71796 20498

77539 14755

83743 8551

Bal 23148 @ BOY 5

nl 25000 FV 5

c)

Vick

2011

2012

Jan 1

Inventory 415000

Cash 415000

Lease Receiv 486470

[ (92,294 × 5) + 25000 ]

Inventory 415000

Unearned revenue 71470

Cash 96294 96294

Other revenue 4000 4000

Lease receivable 92294 92294

Maint Exp 6000 6000

Cash 6000 6000

Dec 31 Unearned Rev 25816 20498

Finance Rev 25816 20498

20-16

PV of lease  $2^{nd}$  BGN

24736 pmt

6 n

8 i

0 FV

CPT PV = 123500

Cost of asset 99000

Sales type. 24500

of lease

Lease Receivable 148416

(24736 × 6)

COGS 99,000

at b

Inventory 99000

Sales 123500

Unearned Revenue 24916



E 20-23

a) SP 520,000  
CV 400,000  
120,000 deferred profit

b) SP 480,000  
CV 420,000  
60,000 likely a sale  
as an operating lease

c) SP 510,000  
CV 379,000  
121,000 defer + amortize  
over lease term

$$121,000 \div 10 = 12100/\text{yr.}$$

d) SP 212700  
CV 300,000  
(87300) immediate  
recognition

Given - operating lease

$$\text{Rent exp } 6000 \times 12 = 72000$$

