

# Practice Set

# NATURAL RESOURCES AND INTANGIBLES

## I. NATURAL RESOURCES

Instructions: Calculate the depletion per ton and make the Journal Entries given the transaction description.

Assume a mine containing 9,000,000 tons costs \$15,000,000. Development costs were \$3,000,000.

A. What would be the depletion per ton?

B. Make the Journal Entry necessary to record depletion for a 1,000,000 ton withdrawal.

DR.

CR.

## II. INTANGIBLES

Make the Journal Entry necessary to record the Cash purchase of a \$5,000,000 patent. Also, make the first year's amortization entry assuming the patent is expected to provide financial benefits for 5 years.