IV. DISPOSAL OF PLANT ASSETS

A number of possibilities existed when disposing of the company's television diagnostic equipment costing $16,000, with $1,000 residual value and originally expected to last 5 years. Assume Straight Line Method. Make the Journal Entry to dispose of the asset given the following independent situations.

A.  DR.  CR.  
No Gain or Loss

Read First---

B.  Disposal of fully-depreciated Equipment receiving $1,000.  
Loss: $4,000

C.  Disposal of 4-year-old worthless Equipment.  
Loss: $2,000

D.  To record destruction of the 4-year-old 
Equipment and Insurance proceeds of $2,000.  
Loss: $3,500

E.  After 4 years, Equipment sold for $500, loss recorded.  
Gain: $2,500

F.  After 4 years, Equipment sold for $6,500, gain recorded.  
Loss: $2,000

G.  To record trade-in of 4-year-old Equipment 
paying $12,000 for the new $14,000 Equipment, 
material loss recognized.  
Hint: The historical cost of the 
new equipment was $1,000 more in 
alternative F compared to alter-
native G.