

B-11.07

The general journal of Kevin Berry Industries included the following entries relating to various expenditures during 20X5. Review this information and prepare corresponding entries to record any necessary straight-line amortization or other impairment for the year ending December 31.

GENERAL JOURNAL				
Date	Accounts	Debit	Credit	
1-Jan	Patent	30,000		
	Cash		30,000	
	<i>Acquired a patent from an inventor. The patent has a 15-year remaining legal life, but it is expected that Berry will utilize the patent for only 5 years.</i>			
15-May	Research Expense	12,000		
	Cash		12,000	
	<i>Incurred costs in research and development activity. It is possible these costs will result in new product with a 48-month life.</i>			
1-Sep	Inventory	25,000		
	Building	75,000		
	Goodwill	50,000		
	Cash		150,000	
	<i>To record purchase of business, expected to be operated successfully for an indefinite number of future years.</i>			
20-Dec	Copyright	10,000		
	Cash		10,000	
	<i>Purchased copyright to a video production, but concluded that it was worthless by year's end.</i>			