

## MANAGEMENT ACCOUNTING QUIZ 1 TRADE IN FOR SIMILAR ASSET

1. A vehicle that cost \$14,000 and had accumulated amortization of \$10,000 was traded in for a new vehicle. The list price of the new vehicle was \$30,000 and the dealer allowed a trade-in allowance of \$1,900. Prepare the journal entry to record the transaction.

	DEBIT	CREDIT

2. A piece of equipment that cost \$200,000 and had accumulated amortization of \$110,000 was traded in for a new piece of equipment. The list price of the new piece of equipment was \$300,000 and the dealer allowed a trade-in allowance of \$90,200. Prepare the journal entry to record the transaction.

	DEBIT	CREDIT

3. A vehicle that cost \$60,000 and had accumulated amortization of \$55,000 was traded in for a new vehicle. The list price of the new vehicle was \$85,000 and the dealer allowed a trade-in allowance of \$4,800. Prepare the journal entry to record the transaction.

	DEBIT	CREDIT

# MANAGEMENT ACCOUNTING QUIZ 1 TRADE IN FOR SIMILAR ASSET

## Answers:

1. A vehicle that cost \$14,000 and had accumulated amortization of \$10,000 was traded in for a new vehicle. The list price of the new vehicle was \$30,000 and the dealer allowed a trade-in allowance of \$1,900. Prepare the journal entry to record the transaction.

	DEBIT	CREDIT
Vehicle – Old		14,000
Accumulated Amortization	10,000	
Cash		28,100
Vehicle – New	32,100	

2. A piece of equipment that cost \$200,000 and had accumulated amortization of \$110,000 was traded in for a new piece of equipment. The list price of the new piece of equipment was \$300,000 and the dealer allowed a trade-in allowance of \$90,200. Prepare the journal entry to record the transaction.

	DEBIT	CREDIT
Equipment – Old		200,000
Accumulated Amortization	110,000	
Cash		209,800
Equipment – New	299,800	

3. A vehicle that cost \$60,000 and had accumulated amortization of \$55,000 was traded in for a new vehicle. The list price of the new vehicle was \$85,000 and the dealer allowed a trade-in allowance of \$4,800. Prepare the journal entry to record the transaction.

	DEBIT	CREDIT
Vehicle – Old		60,000
Accumulated Amortization	55,000	
Cash		80,200
Vehicle – New	85,200	