

HOMEWORK PROBLEMS 5-1 AND 5-2

Problem 5-1

The Walter Co. purchased patent rights at a cost of \$10,000 at the beginning of 20x1. It was assumed that the patents would be useful during their full legal life. At the beginning of 20x3, the company paid \$7,200 in successfully prosecuting an attempted infringement of these patent rights.

Required:

1. Give the entries to record the expenditures relative to patents at the beginning of 20x1 and 20x3.
2. Give the entries to record patent amortization for the years 20x1 and 20x3.

Problem 5-2

The Glenallen Company, whose fiscal year is the calendar year, purchased a copyright at a cost of \$72,000 at the beginning of 20x4. It was assumed that the copyright would be useful for 9 more years. At the beginning of 20x7, the company paid \$18,000 in successfully prosecuting an attempted infringement of this copyright. Assuming the proper adjusting entries had been recorded in prior years, indicate the appropriate adjusting entry at the end of 20x7 related to the amortization of patents.