

(b) Journalize the following, and then balance the Journalizing.)

Dec. 31, 2011

- 1. 1,000,000 Treasury notes for Depreciation Compensation Expense (20,000)
 Depreciation Expense (980,000)

“Each year the company is required to make a contribution to the Depreciation Compensation Expense. The notes are to be issued in three equal payments. The depreciation expense will be paid in quarters during 2012, starting with the first quarter of 2012. Each quarter the Depreciation Expense of the notes will be paid in cash.”

The company will pay the interest on the notes semi-annually. The interest rate is 10 percent per year, and the payments throughout the term will be made in cash and evenly divided between the two periods.

The company has a 10 percent cost of capital. Assume that the company's cost of capital is 10 percent. The company has a 10 percent cost of capital. Assume that the company's cost of capital is 10 percent. Assume that the company's cost of capital is 10 percent. Assume that the company's cost of capital is 10 percent.

Calculate the present value of the cash flows from the company with Depreciation Expense as a result of the Depreciation Expense. The cash flows are the cash flows from the company. The cash flows are the cash flows from the company. The cash flows are the cash flows from the company. The cash flows are the cash flows from the company.

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