

Chapter 12



Focus on Financial Statements Online

Refer to the financial statements and notes to the financial statements for each of Leon's and WestJet on pages I-3 to I-9 and I-12 to I-27, respectively, in Appendix I at the end of the textbook.

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Required

Answer the following questions.

Part 1

The December 31, 2002, balance sheet for Leon's reports \$136,584 (thousand) of capital assets, net.

- a. What does the \$136,584 (thousand) represent (i.e., is it the cost of the capital assets)?
- b. Which generally accepted accounting principle (GAAP) requires that information in addition to the \$136,584 (thousand) must be reported and where must it be reported?
- c. What amount did Leon's report as amortization expense for the year ended December 31, 2002? Identify where this has been reported.
- d. What method(s) of amortization did Leon's use to record 2002 amortization? Identify where this information is located in the financial statements.

Part 2

The December 31, 2002, balance sheet for WestJet reports \$605,124 (thousand) of capital assets, net.

- a. What was the total cost of the capital assets at December 31, 2002? What was the total accumulated amortization (depreciation)?
- b. What was the total amortization expense recorded for the year ended December 31, 2002?
- c. What method(s) of amortization did WestJet use to record 2002 amortization? Identify where this information is located in the financial statements.

CHC Helicopter Corporation has its head office in St. John's, Newfoundland. Its core business is providing global offshore oil and gas helicopter transportation. The following selected items were reported in CHC's April 30, 2003, financial statements:

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(in thousands of Canadian dollars)

Property and equipment, net.....	\$537,318
Gain on disposals of assets.....	2,413
Amortization expense	22,585

Required

Answer the following questions.

1. What does the *net* in *Property and equipment, net* refer to?
2. On what statement is *Property and equipment, net* reported?
3. On what statement is *Gain on disposals of assets* reported?
4. When the *Gain on disposals of assets* was recorded, what other accounts were included in this entry? Identify the effect of this entry on each of the affected financial statement accounts.
5. What effect does the recording of amortization have on the financial statements?

Riverside Forest Products Limited is Canada's leading producer of softwood plywood and veneer, and a major manufacturer of other lumber products. Its head office is located in Kelowna, British Columbia.

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Required

Answer the following questions.

1. Riverside reports total capital assets of \$214,942 (thousand) on its September 30, 2003, balance sheet. Chapter 12 of the textbook discusses different types of tangible capital assets. Which of these tangible capital assets are included in Riverside's total capital assets?
2. What method is used by Riverside to amortize its natural resource holdings?