Department of Accountancy, John Molson School of Business
ACCO 320 – Financial Reporting II, Fall 2015
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Final Examination

Saturday, December 19, 2015, 2 PM - 5 PM

Student Name:___________________________ **Student ID:**____________ **Section**:_______________

Part		Marks	Proportionate Time	Score
Ques. I.	Accounting For Equity	(24 Marks)	36 minutes	
Ques. II.	Earnings per Share	(22 Marks)	33 minutes	
Ques. III.	Accounting For Pensions	(19 Marks)	29 minutes	
Ques. IV.	Accounting For Income Taxes	(29 Marks)	43 minutes	
Ques. V.	Accounting for Leases	(26 Marks)	39 minutes	
TOTAL		**120 Marks**	**180 minutes**	

Instructions:

1. Make sure you write your name, student ID, and section above as well as on the answer booklet AND put your ID on your desk, face up. **There are 5 Questions and 12 Pages including 3 pages for PV tables, in this booklet.**

2. There is partial credit available on all Questions. So make sure you **SHOW ALL YOUR WORK AND COMPUTATIONS**.

3. Financial calculators (non alphanumerical) and dictionaries are allowed; tables for time value of money are attached at the end of the exam. **One 8.5 x 11" sheet, written both sides, containing your notes may also be used during the exam.**

4. Allocate your time wisely…You have **3** hours to complete this exam. **You MUST STOP all your work** and turn in the exam when the invigilator says the time is up.

5. You MUST return (1) this document without any missing pages, (2) your answer booklet.

READ EACH PROBLEM AND THINK CAREFULLY.
GOOD LUCK!! WE WISH YOU WELL…

QUESTION I - Accounting for Equity (24 Marks)

You have now been employed with Oilz-N-Holzz, Inc. (a publically listed company which extracts and refines oil) for a bit over two years. One morning, early in January, 2016, Mr. A. Kount, the CFO, summons you into his office and hands you over a file. "Now ol' boy, all the celebrations for the New Year are long over so you should get busy. Here is a file with my notes pertaining to all those equity transactions we undertook last year. I would like you to deal with all those transactions appropriately and as per all IFRS requirements. And, oh yes, while you are at it, I have a question dealing with those cash dividends we declared and the Board is anxious to see some earnings per share figures. Do have this completed by lunch time."

The morning session

You then take the file into your office and you locate the company's Balance Sheet as at year end December 31, 2014 which includes the shareholders' equity section as follows:

$2 Preferred shares, 600,000 shares outstanding (since 2012), cumulative, convertible and partly participative	$ 8,557,500
Common shares, 4,000,000 shares issued and outstanding	28,600,000
Contributed capital on repurchase/retirement of $2 preferred shares	137,200
Contributed capital on repurchase/retirement of common shares	64,000
Contributed capital on expired options-common shares	100,000
Retained earnings	37,600,000

You find a note marked "IMPORTANT" which identifies all the share transactions which took place during the fiscal year ended December 31, 2015 in the following chronological order:

February 1:	Purchased and retired 30,000 common shares for $9.35 per share.
March 1:	Issue of 45,000 common shares having a market value of $8.40 each that day in exchange for equipment having an appraisal value of $351,000.
April 1:	Issue of subscription for 220,000 common shares at $8.50 per share. Subscribers were to pay $3 per share on April 1 (the issue was fully subscribed) and the balance on July 1.
July 1:	20,000 subscribers failed to pay the second instalment and forfeited their initial deposit to the company. The rest paid the second instalment of $5.50 per share subscribed. Shares were issued after full payment was received on the shares subscribed and paid.
August 1:	Declared and distributed a 10% stock dividend on common shares valued at $9.00 per share after the dividend (ex-dividend)
December 31:	Declared a cash dividend of $12 million to all shares outstanding as at December 31. The preferred shares participate in any excess dividend with common shares after the common shareholders initially receive $1.20 per common share. No dividends had been declared for 2013 and 2014.

Required:

1. Prepare all required journal entries, in proper format, for the transactions listed above.

2. On December 31, how much cash would be distributable to each class of shares, as per the plan described above? Show your computations in a neatly organized schedule.

SOLUTION QUESTION I - (24 Marks)

Requirement 1

1/2/15	Common shares (($28,600,000/4,000,000) × 30,000)	214,500	
	Contributed capital-common shares repurchases-bal	64,000	
	Contributed capital-common share exp options (30/4000*100K)	750	
	Retained earnings	1,250	
	Cash ($9.35 × 30,000)		280,500
1/3/15	Equipment	351,000	
	Common shares		351,000
1/4/15	Common Shares Subscription Receivable	1,870,000	
	Common Shares Subscribed		1,870,000
	[$8.5 x 220,000]		
	Cash [$3 x 220,000]	660,000	
	Common Shares Subscription Receivable		660,000
15/6/15	Cash [$5.5 x 200,000]	1,100,000	
	Common Shares Subscription Receivable		1,100,000
	Common Shares Subscribed	170,000	
	Common Shares Subscription Receivable		110,000
	Contributed Surplus - Subscriptions		60,000
	[$8.5 x 20,000]; [$5.5 x 20,000]; [$3 x 20,000]		
1/7/15	Common Shares Subscribed [$8.5 x 200,000]	1,700,000	
	Common Shares		1,700,000
31/7/15	Retained earnings	3,793,500	
	Common Shares		3,793,500
	[$9 x 0.1 x (4,000K - 30K + 45K + 200K)]		
31/12/15	Retained earnings	12,000,000	
	Dividend payable		12,000,000

Requirement 2

No. of common shares O/S, 31/12/15 [4,000K - 30K + 45K + 200K +421.5] = **4,636,500 shares**
Common share capital, 31/12/15 [28,600K-214.5K+351K+1,700K+3,793.5K]] = **$34,230,000**
Preferred share capital 31/12/15 = **$8,557,500**

Distribution Of Dividends

Item	Preferred	Common	Total
Declared			
Preferred Arrears (2 x $2 x 600,000)	2,400,000		2,400,000
Current Dividend Preferred ($2 x 600,000)	1,200,000		1,200,000
Minimum Dividend Common [1.20 x 4,636,500]		5,563,800	5,563,800
Distribute Surplus: ratio [8,557.5:34,230]	567,240	2,268,960	2,836,200 remainder
Total Dividends Distributed	4,167,240	7,832,760	**12,000,000**

QUESTION II - **The Afternoon Session**- **Earnings per Share** **(22 Marks)**

NOTE: For this question, you will need to refer to the information related to common share issuances and repurchases contained in Question I. In addition, for this question only, you should assume that the preferred shares were NON- participative.

You had completed all the issues as contained in the boss' list. You, by now famished, pulled out this huge tuna sandwich and were preparing to enjoy your hard earned lunch break when you hear the familiar roar, "Come on in for I need you resolve some really urgent issues coming out of the morning's session!" You gulp down the sandwich without the chocolate milkshake. Grabbing a notebook and a pencil, you scramble into Mr. Kount's office. "Again taking all those long breaks as usual, eh? Tsk, Tsk, not good." He then goes on to inform you that he had some puzzling questions regarding earnings per share.

"Now that employee you supervise, what's his name- sitting in the room next to you, did some earnings per share computations for me yesterday. Not sure of his work. The auditors disagreed with his figures. I don't like giving incorrect information and then receiving negative feedback from those senior guys in the Board Room. So please check it out for me." With that he gives you some hand written notes which Mr. Kount had received from the employee who did the earnings per share calculations which read as follows:

> ***"This year's net income per the December 31, 2015 income statement ($XXX) divided by the number of shares outstanding as per the December 31, 2014 (last year) Balance Sheet would be the 2015 basic earnings per share. Thus, we would use the following figures for computing the Basic Earnings Per Share:***
>
> **$XXX ÷ [4,000,000 (common) + 600,000 (Preferred)] = The 2015 Basic EPS = $1.5558**
>
> ***There is no need to compute any additional figures since IAS-33 clearly indicates that diluted EPS computations do not apply for our company."***

You quickly glance through these notes and politely inquire to Mr. Kount about the annual earnings. He replies: "Do you expect me to remember all the details? Can you not resolve this simple issue by yourself without burdening me with your trivial questions? Okay, the auditors mentioned this morning that computations for the Basic EPS were totally inaccurate. They also insist that Diluted EPS computations are required too."

QUESTION II (continued)

You now retreat to your office, glance at the milkshake and decide you had better not risk it. Upon checking other backup files, you ascertain the following:

- The 2015 tax rate is 30%.
- Each preferred share is convertible into 3 common shares.
- On February 1, 2015, the company issued $20 million (face value) 8% convertible bonds ($1,000 face value), for proceeds of $20,700,000 to yield 7.6% with interest payable December 31 of each year. Each $1,000 bond is convertible into 80 common shares, at the option of the holder, at any time before December 31, 2025.
- The company has written call options outstanding all year for 180,000 common shares at an exercise price of $7 per share. The average market value of common shares throughout the year was $9.

Required: Mr. Kount had listed the following items to complete by evening. You should show your work in sufficient detail.

1. Determine the net income and net income available to common shareholders for the fiscal year ended December 31, 2015.
2. Determine the Basic earnings per share. Be sure to show in detail, your computations for the denominator, viz., the weighted average number of shares.
3. Determine the Diluted earnings per share. For each potentially dilutive security, be sure to provide incremental earnings per share with appropriate rankings. Present your computations in an organized schedule.

SOLUTION QUESTION II

1. **Net income for F/Y 2015:** $1.5558 x (4,000,000 (common) + 600,000) = **$7,156,680**
   Net income available to common shareholders for F/Y 2015: $7,156,680 - $1,200,000 (PF Dividends-non participative)= $5,956,680

2. **Basic EPS**: Weighted Average Shares

Date	#C/S	ratio	spl/div	WACS
1/1	4,000,000	1/12	1.10	366,666.67
2/1	3,970,000	1/12	1.10	363,916.67
3/1	4,015,000	4/12	1.10	1,472,166.67
7/1	4,215,000	1/12	1.10	386,375
8/1	4,636,500	5/12	--	1,931,875
				4,521,000

EPS = (5,956,680)/4,521,000 = **$1.31756**

3. **Individual Effects:**

Preferred Shares:

Dividends avoided	$1,200,000	
Shares issued (600K x 3)	1,800,000	
Incremental	**$0.66667**	**R2**

Options- in the money to holder, ex price $7, avg mkt $9

Shares issued	180,000 * $7 =	$1,260,000 cash in	
Shares repurchased	140,000*$9 =	(1,260,000) cash out	
Diff.	**40,000**		
Incremental EPS	**0**		**R1**

Bonds:

After tax Interest avoided		
$20,700,000 x (1-.3) x 0.076	$1,101,240 * 11/12 =	$1,009,470
Shares issued (20,000 x 80)	1,600,000 * 11/12 =	1,466,667
Incremental EPS		**$0.68827 R3**

Diluted EPS:

Basic EPS	$5,956,680	4,521,000	$1.31756
Options	0	40,000	
Sub-total	$5,956,680	4,561,000	$1.306
PF shares	$1,200,000	1,800,000	
Sub-total	$7,156,680	6,361,000	$1.1251
Bonds	$1,009,470	1,466,667	
Total	$8,166,150	7,827,667	$1.04324

Diluted EPS = $1.04324

<u>QUESTION III</u> - <u>The Overtime Session - Accounting for Pensions</u>   <u>(19 Marks)</u>

You spent a lot of time presenting all your work and reasoning in an organized manner. Now it is evening time and time to go home. Just while you were hoping to sneak away quietly without being noticed, the familiar voice boomed out, "ole boy, leaving early, eh? Remember my famous words: No hard work, no pay! I want you to quickly deal with this pension stuff before my morning meeting. If you work diligently at it, I am sure you can get it done by 10:00 tonight. Besides you will only be wasting your time in front of a TV. Instead now you have the golden opportunity to learn something new." And with that, your plans for a dinner date faded away rapidly.

Mr. Kount pulled out a ragged looking sheet of paper with several holes punched all over it. See Exhibit I. "Last night I accidently gave this worksheet for the annual accounts of our pension plan to my grandson. Clever kid he is, just like his granddad. He was practicing using the new paper punch machine I gave to him as a birthday present."

Mr. Kount informs you that the sheet had holes where there ought to have been figures. Since he did not have the time to reconstruct the worksheet, he was happy to hand it over to you. He offers the following additional information from his memory -

- The discount rate as well as the expected rate of return on plan assets was set at an annual rate of 5%.

- You were unable to see any figures for the beginning balances of either the Defined Benefits Obligation or the Plan Assets as these had been punched out. Other numbers were equally mutilated.

- Every odd numbered year, the defined benefit obligation arising from the Plan's operations were re-measured. For 2015, he recollected that the actuary revised the Defined Benefits Obligation. He estimated this would have to be increased by 10% of the actual ending 2015 balance just before this adjustment. This increase was recommended based upon his estimates of the lower mortality rate of retirees of the Plan.

- The Plan Assets produced an actual return of 4.5% for 2015.

QUESTION III (continued)

In search of information you send out two emails, one to the Treasurer and the other to the Plan Administrator provided some quick responses from both.

The Treasurer was able to send you the following figures:

- the total actual return on Plan Assets for 2015 amounted to $29,700 and she confirmed that she had remitted $120,000 towards funding the plan.

The **Plan Administrator** responded with the following information:

- The current service costs amounted to $105,000 and past service costs (incurred on January 1) amounted to $30,000 for 2015. In addition, he mentioned that $156,000 was paid towards existing retiree claims.

- He apologized that he did not have any prior year-end (December 31, 2014) balances readily on hand but did remember that the fund was underfunded then by an amount of $175,000.

Required: Mr. Kount had lists the following items to complete by evening. You should show all your work in sufficient detail in your answer booklet.

1. Complete the pension worksheet (in Exhibit I), **in proper format**, reflecting the results of all the transactions stated above. All "●" denote missing numbers.

2. Prepare any necessary journal entries **in proper format**, which would be required to record the aggregate effects of the pension fund activities in the books of the company for 2015.

QUESTION III (continued)

EXHIBIT I
Mr. A. Kount's Worksheet

Pension Plan, 2015 - Immediate Recognition Requirement

					Plan Accounts	
Items	**Annual Post-retirement Expense**	**OCI**	**Cash**	**Accrued Post-retirement Asset/Liability**	**Post-retirement Benefit Obligation (DBO)**	**Plan Assets (PA)**
Balance, Jan. 1, 2015				(●●●,000)	(●●●,000)	●●●,000
(a) Current service cost	●●●,000				(●●●,●00)	
(b) Past Service Costs	●●,000				(●●,000)	
(c) Interest cost	●●,●●●				(●●,●●●)	
(d) Net returns on assets	(●●,000)	●,●00				●●,●00
(e) Contributions			(●●0,000)			●●0,000
(f) Benefits Paid					●●●,000	(●●●,000)
(g) Actuarial loss on DBO		●●,●●●			(●●,●●●)	
Expense/OCI entry for 2015	●●●,●●0	●●,●●0		(234,275)		
Funding entry for 2015			(120,000)	●●0,000		
Balance, Dec. 31, 2015				(●●●,●●●)	(●●●,●●●)	653,700

SOLUTION - QUESTION III

Pension Plan, 2015 - Immediate Recognition Requirement

					Plan Accounts	
Items	**Annual Post-retirement Benefit/Expense**	**OCI**	**Cash**	**Accrued Post-retirement Asset/Liability**	**Post-retirement Benefit/Obligation (DBO)**	**Plan Assets (PA)**
Balance, Jan. 1, 2015				(175,000)	(835,000)	660,000
(a) Current service cost	105,000				(105,000)	
(b) Past Service Costs (1/1)	30,000				(30,000)	
(c) Interest cost (865K*0.05)	43,250				(43,250)	
(d) Net returns on assets	(33,000)	3,300dr				29,700
(e) Contributions			(120,000)			120,000
(f) Benefits Paid					156,000	(156,000)
(g) Actuarial loss on DBO(857.25K*10%)		85,725dr			(85,725)	
Expense/OCI entry for 2015	145,250	89,025dr		(234,275)		
Funding entry for 2015			(120,000)	120,000		
Balance, Dec. 31, 2015						
				(289,275)	(942,975)	653,700

Requirement 2

Pension Expense	145,250	
OCI	89,025	
Accrued Net Pension Asset/Liability		114,275
Cash		120,000

QUESTION IV -The next day –Accounting for Income Taxes (29 Marks)

At the beginning of 2015, Caprioli Trucking Corporation (CTC) -which uses ASPE, had a deferred income tax liability on its balance sheet of $60,000. This reflects the tax impact of gross accumulated temporary differences of $95,000 relating to CCA/depreciation and $55,000 relating to pension costs. The tax deduction had been higher, that is, CCA and pension funding have been higher than the accounting expense (depreciation expense and pension expense). Over the past three years taxes have been due and paid as follows;

Year	Taxable income	Taxes Due	
2012	$60,000	$22,000	
2013	$20,000	$ 7,600	
2014	$40,000	$16,000	
			$45,600

In 2015 CTC suffered the first loss in recent history. The accounting loss amounted to $300,000 pre-tax. In computing accounting income, CTC has depreciation expense of $20,000 every year. Further information relating to 2015 activity is as follows:

-On its 2015 tax return CTC did not claim any CCA (while depreciation expense was at $20,000);

-Pension expense was $30,000 and pension funding (tax deductible) was $60,000;

-CTC accrued a contingent loss of $50,000 for non-insured damages caused when a truck driven by Mr. Kount's son (Z. Kount) got lost and ended up delivering perishable goods (which spoiled) two days late. Mr. Kount agrees to the amount, and states "at least we will get a tax deduction once it is paid in 2016!"

-Meals and entertainment incurred by Z. Kount (employee) was $20,000 which is 50% tax deductible;

The income tax rate which had gradually increased over several years to 40% in 2014 remained at 40% for 2015 taxable income. However, in 2015 a new tax rate of 37% was enacted to be effective for 2016 and future years.

In management's judgement it is probable that any tax loss carryforward will be fully utilized in the carryforward period.

Mr. A. Kount tells you: "Good morning- now I have a mandate for you to help out with some accounting work for CTC in which I am a majority shareholder- all before lunch of course!" "I want to maximize any refunds available now if possible."

Required:

1) Determine the taxable income or loss for 2015 including any loss carryovers if applicable.

2) Prepare the journal entries required to record income tax related effects for 2015.

3) Prepare the CTC statement of profit and loss starting with "earnings before income tax."

SOLUTION - QUESTION IV (29 Marks)

1)Accounting income (loss)		($300,000)	2)	
PD- M&E (0.5*20K)		10,000→	no entry	
Depreciation		$ 20,000→	(dr)FIT liab	$8,000(reverse opening)
			(cr) Prov-I/T-F	$8,000
Pension expense (not deductible)		30,000→	(dr)Prov-I/T-F	$12,000
Pension funding (deductible)	(60,000)		(cr) FIT liab	$12,000
Contingent loss		50,000→	(dr) FIT asset	$20,000
			(cr) Prov-I/T-F	$20,000
Loss for tax purposes	<u>($250,000)</u>			

2015-	$(250)			
LCB 2012-14	<u>120</u>→	I/T recoverable	45,600	
LCF	<u>$(130)</u>	Prov-I/T-C		45,600
	(LCF)	FIT asset (130K*.37)	48,100	
		Prov-I/T-F		48,100

Tax rate change to ending accum TD- (150-20+30-50)= 110*(.37-.4)= $3,300

FIT liab	3,300	
Prov-I/T-F		3,300

OR to split betw FIT asset and liability:

FIT liab (TD = 160K)	4,800	
Prov- I/T-F		4,800
And		
Prov-I/T-F (TD=50K)	1,500	
FIT liab	1,500	

3)	NIBT		(300)
	Prov-I/T-C	45.60	
	Prov-I/T-F	67.4	**113.0**
	Net loss		<u>(187.0)</u>

<u>Rate reconciliation, not required:</u>

Stat rate = 300 * 0.4 <u>($120,000)</u>

Proof-

PD= 10K*0.4=	4,000	
.38-.4*120LCB =	$2,400	
.37-.4*130LCF =	3,900	
110K*.37-.4 =	<u>(3,300)</u>	
Net effect on tax prov		7,000

Tax prov = **<u>($113,000)</u>**

QUESTION V - Accounting for Leases (26 Marks)

Maycheene Company, the lessee, enters into a lease agreement with Phree-Zee Company, the lessor, on July 1, 2008, for equipment. Both companies have December 31 year-ends. The following data are relevant to the lease agreement:

a] The term of the non-cancellable lease is 4 years, with no renewal option. The equipment reverts to Phree-Zee, the lessor, at the termination of the lease. No residual value is expected then.
b] Payments of $126,807 are due on June 30 of each year.
c] The fair value of the equipment on July 1, 2008 is $420,000. The equipment has an economic life of 6 years with no salvage value.
d] Maycheene amortizes similar machinery it owns on a straight-line basis.
e] The lessee directly pays all additional executory costs which are $4,000 per annum incurred evenly through each year.
f] Maycheene's incremental borrowing rate is 10% per year. The lessee (uses ASPE) is aware that the lessor used an implicit rate of 8% in calculating the lease payments.

Required:

1] Indicate the type of lease Maycheene Company has entered into. Similarly, indicate the relevant classification for Phree-Zee. Support your conclusions by applying the appropriate criteria under ASPE.

2] Prepare the lease related journal entries on the accounting books of
   a) Maycheene (lessee) and
   b) Phree-Zee (lessor)

for the following dates:

July 1, 2008;
December 31, 2008;
June 30, 2009;

Round all amounts to the nearest dollar.

3] Show how the lease would appear on Phree-Zee's (the lessor) December 31, 2008 balance sheet with appropriate classification.

Section V SOLUTION - (26 Marks)

[1] It is a finance lease because one of the four criteria below is met.

1. Transfer of ownership or bargain purchase option by the end of the lease term? **No.**
2. Lease term majority of economic life?
   No. Lease term of 4 years does not account for the majority (>75%) of the economic life of 6 years.
3. Is present value of minimum lease payments substantially all of fair value?
   Yes. PV of minimum lease payments is equivalent to the fair value of $420,000.
   Payment $126,807 x PV factor of ordinary annuity 3.31213 (n=4, i=8%)-end of year payments = 420,001
4. Is the leased asset so specialized in nature that only the lessee can use them without major modifications?
   No (this factor is unknown.)

AND

It is a capital lease because any one of the four criteria below is met.

1. There is reasonable assurance that the lessee will obtain ownership of the leased property by the end of the leased term. **No.**
2. If there is a bargain purchase option in the lease, it is assumed that the lessee will exercise it and obtain ownership. **No. There was no bargain purchase option.**
3. The lease term is long enough that the lessee will receive substantially all of the economic benefits that are expected to be derived from the use of the leased property over its life. This is assumed to occur if the lease term is 75% or more of the leased property's economic life.
   NO. Lease term of 4 years does not account for the majority (>75%) of the economic life of 6 years.
4. The lease allows the lessor to recover its investment in the leased property and to earn a return on the investment. This is assumed to occur if the present value of the minimum lease payments (excluding executor costs) is equal to substantially all (usually 90% or more) of the fair value of the leased property.
   Yes. PV of minimum lease payments>= 0.9 (FV of 420K).
   Payment $126,807 x PV factor of ordinary annuity 3.31213 (n=4, i=8%) = 420,001

(b) (1) Maycheene Company (lessee) [Total 6 marks]

July 1, 2008

Equipment under finance leases	420,000	
Obligation under finance leases		420,000

December 31, 2008

Amortization expense – leased equipment	52,500	
Accumulated amortization – leased equipment		52,500
($420,000 ÷ 4 × 6/12)		
Interest expense ($33,600 × 6/12)	16,800	
Interest payable		16,800
Exec cost expense (4K * 0.5 yr)	2,000	
A/P or cash		2,000

Lease Amortization Schedule

Date	Annual Lease Payment	Interest on Unpaid Obligation	Reduction of Lease Obligation	Balance of Lease Obligation
7/1/08				$420,000
6/30/09	$126,807	$33,600	$ 93,207	326,793

June 30, 2009		
Interest expense	16,800	
Interest payable	16,800	
Obligations under finance lease	93,207	
Cash		126,807
Exec. Cost expense	2,000	
Cash		2,000

(1) Phree-Zee Company (lessor)

July 1, 2008

Gross Investment in Lease (4*126,807)	507,228	
Unearned interest		87,228
Equipment for lease		420,000

December 31, 2008

Unearned interest	16,800	
Interest revenue		16,800
($420,000 ÷ 4 × 6/12)		

Lease Amortization Schedule

Date	Annual Lease Payment	Interest rev	Reduction of Lease	Balance of Lease
7/1/08				$420,000
6/30/09	$126,807	$33,600	$ 93,207	326,793

June 30, 2009

Unearned interest	16,800	
Interest revenue		16,800
Gross investment in lease		126,807
Cash	126,807	

2) December 31, 2008- Lessor Balance sheet

GIL-	$507,228	
Unearned int	(70,428)	(87,228-16,800)
Net invest in lease	436,800	
Current	126,807	
Non current	309,993	