

(Comprehensive 2-Year Worksheet) Glesen Company sponsors a defined benefit pension plan for its employees. The following data relate to the operation of the plan for the years 2008 and 2009.

	2008	2009
Projected benefit obligation, January 1	\$650,000	
Plan assets (fair value and market related value), January 1	410,000	
Prepaid/accrued pension cost (credit), January 1	80,000	
Additional pension liability, January 1	12,300	
Intangible asset-deferred pension cost, January 1	12,300	
Unrecognized prior service cost, January 1	160,000	
Service cost	40,000	\$59,000
Settlement rate	10%	10%
Expected rate of return	10%	10%
Actual return on plan assets	36,000	61,000
Amortization of prior service cost	70,000	55,000
Annual contributions	72,000	81,000
Benefits paid retirees	31,500	54,000
Increase in projected benefit obligation due to changes in actuarial assumptions	87,000	0
Accumulated benefit obligation at December 31	721,800	789,000
Average service life of all employees		20
Vested benefit obligation at December 31		464,000

employees.

a. Prepare a pension worksheet presenting both years 2008

years

Items	Annual Pension Expense
Balance, Dec. 31, 2007	
Service cost	40,000 Dr.
Interest cost	65,000 Dr.
Actual return	36,000 Cr.
Unexpected loss	5,000 Cr.
Amortization of PSC	70,000 Dr.
Contributions	
Benefits	
Liability change (decr.)	
Minimum liab. adj.	
Journal entry for 2008	<u>134,000</u> Dr.
Balance, Dec. 31, 2008	
Service cost	59,000 Dr.
Interest cost	81,050 Dr.
Actual return	61,000 Cr.
Unexpected gain	12,350 Dr.
Amortization of PSC	55,000 Dr.
Contributions	
Benefits	
Unrecog. loss amort.	548 Dr.
Minimum liab. adj.	
Journal entry for 2009	<u>146,948</u> Dr.
Balance, Dec. 31, 2009	

b. Prepare the journal entries (from the worksheet) to reflect

	D
Pension expense	
Cash	
Prepaid/Accrued Pension Cost	
Intangible Asset-Deferred Pension Cost	
Excess of Additional Pension Liability over	
Unrecognized Prior Service Cost	
Additional Pension Liability	
	C
Pension Expense	
Cash	
Prepaid/Accrued Pension Cost	
Additional Pension Liability	
Intangible Asset-Deferred Pension Cost	
Excess of Additional Pension Liability over	
Unrecognized Prior Service Cost	