

ACCY493-Fall 2003
12/10/2003
Prof. Doogar

QUIZ #6

NAME: _____

Section: D1 D2 MSA

Question

DKH Co. reports the following amounts related to its defined benefit pension plan:

	<u>12/31/2003</u>	<u>12/31/2002</u>
Accumulated benefit obligation	\$2,750,000	\$2,500,000
Projected benefit obligation	\$3,175,000	\$2,850,000
Fair value of plan assets	\$2,600,000	\$2,450,000
Additional information:		
Prior service cost	\$1,100,000	\$ 856,000
Prepaid pension cost	\$ 103,000	\$ 74,000
Settlement rate		8%
Expected rate of return on plan assets		9%
Average remaining service life– years		20
Service cost for 2003		\$ 300,000

Required:

Assuming that both prior service cost and cumulative gain/loss are amortized (if necessary) over the average remaining service life, what will DKH Co. report for

- (a) Pension Expense at 12/31/2003
- (b) Minimum Pension Liability at 12/31/2003
- (c) Additional Liability at 12/31/2003

Scratch Paper