

Answer to Quiz #6

a. Pension expense = \$350,300

Service cost	\$300,000
Interest cost	228,000
Expected return on plan assets	(220,500)
Amortization of prior service cost	<u>42,800</u>
Pension expense	\$350,300
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b. Minimum pension liability = \$150,000

c. Additional liability = \$253,000

Accumulated benefit obligation, 12/31/03	\$2,750,000
Fair value of plan assets, 12/31/03	<u>(2,600,000)</u>
Minimum liability	\$ 150,000
Prepaid pension cost	<u>103,000</u>
Additional liability	\$ 253,000
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