

(a)

**HARRINGTON COMPANY**  
Pension Worksheet—2012 and 2013

| Items                          | General Journal Entries |                    |                        |                   |                         | Memo Record                  |                      |
|--------------------------------|-------------------------|--------------------|------------------------|-------------------|-------------------------|------------------------------|----------------------|
|                                | Annual Pension Expense  | Cash               | OCI—Prior Service Cost | OCI—Gain/Loss     | Pension Asset/Liability | Projected Benefit Obligation | Plan Assets          |
| Balance, Jan. 1, 2012          |                         |                    |                        |                   | 300,000 Cr.             | 4,500,000 Cr.                | 4,200,000 Dr.        |
| Service cost                   | 150,000 Dr.             |                    |                        |                   |                         | 150,000 Cr.                  |                      |
| Interest cost*                 | 450,000 Dr.             |                    |                        |                   |                         | 450,000 Cr.                  |                      |
| Actual return                  | 252,000 Cr.             |                    |                        |                   |                         |                              | 252,000 Dr.          |
| Contributions                  |                         | 240,000 Cr.        |                        |                   |                         |                              | 240,000 Dr.          |
| Benefits                       |                         |                    |                        |                   |                         | 200,000 Dr.                  | 200,000 Cr.          |
| Journal entry for 2012         | <u>348,000</u> Dr.      | <u>240,000</u> Cr. | 0                      | 0                 | 108,000 Cr.             |                              |                      |
| Accumulated OCI, Dec. 31, 2011 |                         |                    |                        |                   |                         |                              |                      |
| Balance, Dec. 31, 2012         |                         |                    |                        |                   | 408,000 Cr.             | 4,900,000 Cr.                | 4,492,000 Dr.        |
| Additional PSC, 1/1/2013       |                         |                    | 500,000 Dr.            |                   |                         | 500,000 Cr.                  |                      |
| Balance, Jan. 1, 2013          |                         |                    |                        |                   |                         | 5,400,000 Cr.                |                      |
| Service cost                   | 180,000 Dr.             |                    |                        |                   |                         | 180,000 Cr.                  |                      |
| Interest cost**                | 540,000 Dr.             |                    |                        |                   |                         | 540,000 Cr.                  |                      |
| Actual return                  | 260,000 Cr.             |                    |                        |                   |                         |                              | 260,000 Dr.          |
| Unexpected loss***             | 99,360 Cr.              |                    |                        | 99,360 Dr.        |                         |                              |                      |
| Amortization of PSC            | 90,000 Dr.              |                    | 90,000 Cr.             |                   |                         |                              |                      |
| Contributions                  |                         | 285,000 Cr.        |                        |                   |                         |                              | 285,000 Dr.          |
| Benefits                       |                         |                    |                        |                   |                         | 280,000 Dr.                  | 280,000 Cr.          |
| Journal entry for 2013         | <u>450,640</u> Dr.      | <u>285,000</u> Cr. | 410,000 Dr.            | 99,360 Dr.        | 675,000 Cr.             |                              |                      |
| Accumulated OCI, Dec. 31, 2012 |                         |                    | 0                      | 0                 |                         |                              |                      |
| Balance, Dec. 31, 2013         |                         |                    | <u>410,000</u> Dr.     | <u>99,360</u> Dr. | <u>1,083,000</u> Cr.    | <u>5,840,000</u> Cr.         | <u>4,757,000</u> Dr. |

\* $\$450,000 = \$4,500,000 \times 10\%$ .\*\* $\$540,000 = \$5,400,000 \times 10\%$ .\*\*\* $\$99,360 = (\$4,492,000 \times .08) - \$260,000$ .(b) Journal Entry (2013)

|  |         |
|--|---------|
| Pension Expense .....                  | 450,640 |
| Other Comprehensive Income (PSC) ..... | 410,000 |
| Other Comprehensive Income (G/L) ..... | 99,360  |
| Cash .....                             | 285,000 |
| Pension Asset/Liability .....          | 675,000 |