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| **Exercise 12-14 (Part Level Submission)**Presented below is net asset information related to the Metlock Division of Santana, Inc.

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| **METLOCK DIVISIONNET ASSETSAS OF DECEMBER 31, 2017(IN MILLIONS)** |
| Cash |  | $65 |  |
| Accounts receivable |  | 214 |  |
| Property, plant, and equipment (net) |  | 2,609 |  |
| Goodwill |  | 215 |  |
| Less: Notes payable |  | (2,604 | ) |
| Net assets |  | $499 |  |

The purpose of the Metlock Division is to develop a nuclear-powered aircraft. If successful, traveling delays associated with refueling could be substantially reduced. Many other benefits would also occur. To date, management has not had much success and is deciding whether a write-down at this time is appropriate. Management estimated its future net cash flows from the project to be $420 million. Management has also received an offer to purchase the division for $335 million. All identifiable assets’ and liabilities’ book and fair value amounts are the same.

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| Collapse question part**(a)**Prepare the journal entry to record the impairment at December 31, 2017. ***(If no entry is required, select "No Entry" for the account titles and enter 0 for the amounts. Credit account titles are automatically indented when amount is entered. Do not indent manually.)***

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| **Account Titles and Explanation** | **Debit** | **Credit** |
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