

SAM—STANDARD ENTRIES

ENTRY NO. 22 - [CAPITAL ASSET IS ACQUIRED BY INSTALLMENT PURCHASE OR CAPITAL LEASE CONTRACT]

10522

(Revised 10/2015)

This entry is to record a capital asset acquired through a lease-purchase contract. Note: This entry would normally be included in Entry No. 20. It is shown here separately for clarity.

Information:

Capital asset is acquired by an installment purchase or capital lease (lease-purchase) contract. When a lease contract which is essentially an installment purchase or an actual installment purchase contract is executed, an asset is recorded in the Capital Asset Group of Accounts. Since there is also a long-term commitment to make the lease or installment payments, a liability is also recorded in the General Long-Term Debt Account Group. See SAM section [8632](#), Installment Purchase/Capital Lease Contracts.

Source Document:

Capital lease or installment purchase contract.

Journal Entry for General Ledger Accounts:

Debit:

2310 Land a/
2321 Buildings a/
2331 Improvements Other than Buildings a/
2333 Utility Plant in Service a/
2341 Equipment a/
2361 Infrastructure-Non-depreciable a/
2362 Infrastructure-Depreciable a/
2411 Computer Software—Amortizable a/
2412 Land Use Rights—Amortizable a/
2413 Patents, Copyrights, Trademarks—Amortizable a/
2414 Other Intangible Assets—Amortizable a/
2422 Land Use Rights—Non-Amortizable a/
2423 Patents, Copyrights, Trademarks—Non-Amortizable a/
2424 Other Intangible Assets—Non-Amortizable a/

Credit:

5200 Investment in Capital Assets b/

AND

Debit:

2920 Amount to be Provided for Other Long-Term Debt c/

Credit:

4210 Installment Contracts Payable c/

4220 Lease-Purchase Contracts c/

a/ specific asset type; recorded in appropriate general ledger account above recorded at lesser of fair value or present value of the minimum contract payments.

b/ offset to Capital Asset Group of Accounts.

c/ same amount as "a/" less any amount paid at inception of contract.