

# Cost of a Plant Asset

Your company is purchasing a machine for your business. The list price is \$2,000,000, terms 2/10, n/60. The following additional costs were incurred in the purchase & installation of the machine:

Freight:	\$4,000
Installation:	\$20,000
Electrical & power connections:	\$7,500
Repairs to fix damage during the set up:	\$2,500
Cost to test and adjust the machine to your specs:	\$5,500
Spare parts for future use:	\$87,500
Sales tax:	\$140,000
Fines incurred during the transport of the machine:	\$500
Cost for a special foundation required for machine installation:	\$30,000

Determine the **TOTAL COST** to be recorded for this machine. You are to **show how you arrived at this cost**. The company paid for the machine **within the cash discount period**.