

College Acct. -- Review vocabulary

Accounting equation	Dividends
Accumulated depreciation	Depreciation expense--various methods
Allowance for doubtful accounts	Drawing account
Accounts receivable <i>turnover rate</i>	Debt ratio
Accrual basis of accounting	
Accrued income	Financial statements
Accrued interest	Fiscal year
Accounting period	
Adjusting entries (purpose)	
Assets (determining costs)	FICA tax
Average cost method	FIFO
Adequate disclosure	
	General ledger
Book value	Gross profit rate
Bank credit card sales	Gross profit
	Gross profit method
Capital stock	Generally accepted acct. principles
Closing entries	Half year convention
Corporate form of business	
Contra-revenue account	Inventory
Cash flow statement (captions)	Inventory shrinkage loss
Cost of goods sold calculation	Interest Revenue
Cost flow assumption	Internal control system
Controlling account	Interest computation

Intangible assets

Loss on disposal of plant asset

LIFO

Mark-to-market

Matching principal

MACRS

Notes payable

NSF check

Net income shown on worksheet

Notes receivable

Payroll--*journalizing*

Prepaid insurance

Purchases

Purchases Discount taken

Perpetual inventory system

Period inventory system

Petty cash fund

Retained earnings

Return on assets

Retained earnings

Retail method

Realization principal

Residual or salvage value

Sales returns and allowances

Sales discount

Special journals

Solvent

Sole proprietorship

Statement of owner's equity

Straight-line method of depreciation

200% declining balance

Terms of sale

Unearned revenue

Uncollectible accounts receivable

Units-of-output method of depreciation

Unexpired insurance

Uncollectible accounts receivable

voucher

Accounting Review

- A. Cash Receipts Journal
- B. Cash Payment Journal
- C. Sales Journal
- D. Purchases Journal
- E. General Journal

- ___ The owner, Mr. Lasser, invested in his store, Lasser Laser Tag.
- ___ Purchased office equipment on account
- ___ Sold merchandise for cash
- ___ Closed the income summary account
- ___ Purchased office supplies on account.
- ___ Recorded the adjusting entry for supplies expense
- ___ Returned damaged merchandise receiving credit memo
- ___ Paid freight charges on merchandise
- ___ Sold merchandise on account
- ___ Mr. Lasser, owner, withdrew money for his personal use.
- ___ Closed the Expense accounts to Income Summary.
- ___ Purchased supplies for cash
- ___ Recorded the entry for the monthly depreciation.
- ___ Received cash for a job to be performed at a later date.
- ___ The business issued a Note Receivable

Do Statements
& closing entries

ABC Corporation Work Sheet For the Year Ended December 31, 2012				
	Income		Balance	
	Statement		Sheet	
	Debit	Credit	Debit	Credit
Cash			30,000	
Accounts Receivable			6,090	
Allowance for Doubtful Accounts				2,300
Inventory			38,400	
Prepaid Rent			8,000	
Unexpired Insurance			3,400	
Supplies			800	
Office Furniture			8,400	
Accum. Depr.: Office Furniture				2,400
Store Equipment			13,675	
Accum. Depr.: Store Equipment				2,285
Accounts Payable				2,900
Salaries Payable				2,200
Ms. Romas, Capital				87,000
Ms. Romas, Drawings			1,000	
Sales		47,925		
Sales Returns & Allowances	1,950			
Sales Discounts	1,340			
Cost of Goods Sold	8,800			
Sales Salaries Expense	6,400			
Office Salaries Expense	1,300			
Advertising Expense	1,110			
Utilities Expense	1,850			
Rent Expense	5,000			
Insurance Expense	2,000			
Depr. Expense: Office Furniture	2,500			
Depr. Expense: Store Equip.	2,200			
Supplies Expense	1,570			
Purchases Discounts Lost	1,225			
	37,245	47,925	109,765	99,085
NET INCOME	10,680			10,680
	47,925	47,925	109,765	109,765

ABC Corporation Income Statement For the Year Ended December 31, 2012			
Gross Sales			\$
Sales Returns & Allowances		\$	
Sales Discounts			
Net Sales			\$
Less: Cost of Goods Sold			
Gross Profit			\$
Less: Operating Expenses:			
Selling Expenses			
Depreciation Expense: Store Equipment	\$		
Sales Salaries Expense			
Advertising Expense			
Utilities Expense			
Rent Expense			
Supplies Expense			
Total Selling Expenses		\$	
General & Administration Expenses:			
Office Salaries Expense	\$		
Depreciation Expense: Office Furniture			
Insurance Expense			
Total General & Admin. Expenses			
Total Operating Expenses			
Operating Income			\$
Less: Nonoperating Items			
Purchases Discount Lost			
Net Income			\$

Additional Information needed to complete the Owner's Equity Statement:

***There were no investments made during the year

ABC Corporation			
Statement of Owner's Equity			
For the Year Ended December 31, 2012			
Ms. Romas Capital, Jan. 1, 2012			\$
Add: Net Income			
Subtotal			\$
Less: Ms. Romas Drawings			
Ms. Romas Capital, Dec. 31, 2012			\$

ABC Corporation
Balance Sheet
December 31, 2012

Assets			
Current Assets:			
Cash		\$	
Accounts Receivable	\$		
Less: Allow. For Doubtful Accounts			
Inventory			
Prepaid Rent			
Unexpired Insurance			
Supplies			
Total Current Assets			\$
Plant Assets			
Office Furniture	\$		
Less Accum. Depreciation: Office Furniture			
Store Equipment	\$		
Less Accum. Depreciation: Store Equipment			
Total Plant Assets			
Total Assets			\$
Liabilities & Owner's Equity			
Current Liabilities			
Accounts Payable		\$	
Salaries Payable			
Total Current Liabilities			\$
Owner's Equity			
Mr. Lasser, Capital			
Total Owner's Equity			\$
Total Liabilities & Owner's Equity			\$

[illegible]

Work Page

Do Statements
& closing entries

XYZ Corporation Work Sheet For the Year Ended December 31, 2012				
	Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit
Cash			29,720	
Accounts Receivable			6,090	
Allowance for Doubtful Accounts				700
Inventory			38,400	
Prepaid Rent			8,000	
Unexpred Insurance			3,400	
Supplies			800	
Office Furniture			8,400	
Accum. Depr.: Office Furniture				2,400
Store Equipment			13,675	
Accum. Depr.: Store Equipment				2,285
Accounts Payable				2,500
Salaries Payable				2,200
Mr. Lasser, Capital				90,900
Mr. Lasser, Drawings			2,000	
Sales		47,925		
Sales Returns & Allowances	1,950			
Sales Discounts	1,340			
Cost of Goods Sold	10,500			
Sales Salaries Expense	8,100			
Office Salaries Expense	2,000			
Advertising Expense	1,340			
Utilities Expense	1,275			
Rent Expense	4,000			
Insurance Expense	1,625			
Depr. Expense: Office Furniture	1,800			
Depr. Expense: Store Equip.	1,700			
Supplies Expense	1,570			
Purchases Discounts Lost	1,225			
	38,425	47,925	110,485	100,985
NET INCOME	9,500			9,500
	47,925	47,925	110,485	110,485

XYZ Corporation
Income Statement
For the Year Ended December 31, 2012

Gross Sales			\$
Sales Returns & Allowances		\$	
Sales Discounts			
Net Sales			\$
Less: Cost of Goods Sold			
Gross Profit			\$
Less: Operating Expenses:			
Selling Expenses			
Depreciation Expense: Store Equipment	\$		
Sales Salaries Expense			
Advertising Expense			
Utilities Expense			
Rent Expense			
Supplies Expense			
Total Selling Expenses		\$	
General & Administration Expenses:			
Office Salaries Expense	\$		
Depreciation Expense: Office Furniture			
Insurance Expense			
Total General & Admin. Expenses			
Total Operating Expenses			
Operating Income			\$
Less: Nonoperating Items			
Purchases Discount Lost			
Net Income			\$

Additional Information needed to complete the Owner's Equity Statement:

***There were no investments made during the year

XYZ Corporation			
Statement of Owner's Equity			
For the Year Ended December 31, 2012			
Mr. Lasser Capital, Jan. 1, 2012			\$
Add: Net Income			
Subtotal			\$
Less: Mr. Lasser Drawings			
Mr. Lasser Capital, Dec. 31, 2012			\$

XYZ Corporation
Balance Sheet
December 31, 2012

Assets			
Current Assets:			
Cash		\$	
Accounts Receivable	\$		
Less: Allow. For Doubtful Accounts			
Inventory			
Prepaid Rent			
Unexpired Insurance			
Supplies			
Total Current Assets			\$
Plant Assets			
Office Furniture	\$		
Less Accum. Depreciation: Office Furniture			
Store Equipment	\$		
Less Accum. Depreciation: Store Equipment			
Total Plant Assets			
Total Assets			\$
Liabilities & Owner's Equity			
Current Liabilities			
Accounts Payable		\$	
Salaries Payable			
Total Current Liabilities			\$
Owner's Equity			
Mr. Lasser, Capital			
Total Owner's Equity			\$
Total Liabilities & Owner's Equity			\$

[illegible]

.....

Work Page

Accounting I
Review for College Exam

ADJUSTING ENTRIES ON THE WORKSHEET

On the worksheet provided for Tamden Technology, Inc., complete the adjustments section using the following information. Use the letter preceding the data to identify each adjustment. You are to complete the adjustments section **ONLY**—Do not complete the worksheet.

- a) An aging accounts receivable indicates probable uncollectible accounts totaling \$400.
- b) Insurance expired during May, \$350.
- c) Supplies on hand are estimated to amount to \$1,000
- d) Depreciation on the store equipment for the month was \$800.
- e) Salaries accrued since last payday in May, \$1,500.
- f) 15 days (one half a month) has accrued on a \$40,000, 10% note payable.
- g) Inventory shrinkage loss for the month amounted to \$745.
- h) ~~An aging of accounts receivable indicates probable uncollectible accounts totaling \$500.~~

Tandem Technology, Inc.

Work Sheet

For the Month Ended May 30, 2000

	Trial Balance	Adjustments	Adjusted Trial Balance	Income Statement	Balance Sheet
Cash	115,000				
Accounts Receivable	14,500				
Allowance for Doubtful Accounts	2,100				
Interest Receivable					
Inventory	148,000				
Unexpired Insurance	3,400				
Store Supplies	1,500				
Store Equipment	24,500				
Accum. Depr. : Store Equipment	14,500				
Accounts Payable	16,430				
Salaries Payable					
Interest Payable					
Tom Silver, Capital	274,001				
Tom Silver, Drawing	4,500				
Sales					
Sale Returns & Allowances	1,300				
Sales Discounts	980				
Cost of the Goods Sold	21,840				
Depr. Expense: Store Equipment					
Utilities Expense	316				
Rent Expense	1,200				
Store Supplies Expense	660				
Inventory Shrinkage Losses	4,870				
Salaries Expense					
Insurance Expense					
Uncollectible Accounts Expense					
Interest Expense	685				
Interest Revenue	180				
Purchases Discounts Lost					
	343,431				
	343,431				

Name: _____
Worksheet

Below is the unadjusted trial balance for Ken Hensley Enterprises.
Create and complete a worksheet based on the following data.

	Trial Balance	
	Dr	Cr
Cash	44,850	
Accounts Receivable	81,400	
Studio supplies	7,600	
Unexpired insurance	500	
prepaid studio rent	4,000	
Recording equipment	90,000	
Accumulated depreciation: recording equipment		52,500
Notes payable		16,000
Interest payable		840
Income taxes payable		3,200
Unearned studio revenue		89,600
Ken Hensley Capital		38,000
<i>Salaries payable</i>		
Studio Revenue Earned		107,000
Salaries expense	18,000	
Supplies expense	1,200	
Insurance expense	1,000	
Depreciation expense: recording equipment	16,500	
Studio rent expense	21,000	
Interest expense	840	
Utilities expense	2,350	
Income taxes expense	17,900	
Totals	307,140	307,140

Create and complete a worksheet based on the following data.

- Records show that \$4,400 in studio revenue had not yet been billed or recorded as of December 31.
- Studio Supplies on hand at December 31 amount to \$6,900
- On August 1, 2002 the studio purchased a six-month insurance policy for \$1,500. The entire premium was initially debited to Unexpired Insurance.
- The studio is located in a rented building on November 1, 2002, the studio paid \$6000 rent in advance for November, December, and January. The entire amount was debited to Prepaid studio rent.
- The useful life of the studio's recording equipment is estimated to be five year (or 60 months). The straight line method of depreciation is used.
- On May 1, 2002 the studio borrowed \$16,000 by signing a 12-month, 9% note payable to First Federal Bank of St. Louis. The entire \$16,000 plus 12 months interest is due in full on April 30, 2003.
- Records show that \$3,600 of cash receipts originally recorded as Unearned Studio Revenue had been earned as of December 31.

8. Salaries earned by recording technicians that remain unpaid at December 31 amount to \$540
9. The studio's accountant estimates that income taxes expense for the *entire year* ended December 31, 2002, is \$19,600 (Note that \$17,900 of this amount has already been recorded).
10. An aging of accounts receivable indicates probable uncollectable accounts totaling \$800

Ken Hensley Enterprises, INC.
Worksheet
For the year ended 12/31/02

Problem 4.5 (Check the bold adjustments)

	Trial Balance		Dr	Cr	Dr	Adjustments		Adjusted Trial Balance	Dr	Cr
	Dr	Cr				Dr	Cr			
Cash	44,850									
Accounts Receivable	81,400									
Allowance for doubtful accounts		3,000								
Studio supplies	7,600									
Unexpired insurance	500									
prepaid studio rent	4,000									
Recording equipment	90,000									
Accumulated depreciation: recording equipment		52,500								
Notes payable		16,000								
Interest payable		840								
Income taxes payable		3,200								
Unearned studio revenue		89,600								
Ken Hensley Capital		35,000								
Salaries payable										
Studio Revenue Earned		107,000								
Salaries expense	18,000									
Supplies expense	1,200									
Insurance expense	1,000									
Depreciation expense: recording equipment	16,500									
Studio rent expense	21,000									
Interest expense	840									
Utilities expense	2,350									
Income taxes expense	17,900									
Uncollectable Accounts Expense										
Totals	307,140	307,140								

- Checks outstanding totaled \$11,021.50.
- A deposit of \$6,215.50, representing receipts of February 28, had been made too late to appear on the bank statement.
- The bank had collected \$6,300 on a note left for collection. The face of the note was \$6,000.
- A check for \$1,275 returned with the statement had been incorrectly recorded by Showtime Systems as \$2,175. The check was for the payment of an obligation to Wilson Co. for the purchase of office supplies on account.
- A check drawn for \$855 had been incorrectly charged by the bank as \$585.
- Bank service charges for February amounted to \$28.75.

1. Prepare a bank reconciliation.
2. Journalize the necessary entries. The accounts have not been closed.

[illegible]

[illegible]

- Checks outstanding totaled \$7,169.75.
- A deposit of \$5,189.40, representing receipts of April 30, had been made too late to appear on the bank statement.
- The bank had collected \$3,240 on a note left for collection. The face of the note was \$3,000.
- A check for \$1,960 returned with the statement had been incorrectly recorded by Pickron Co. as \$1,690. The check was for the payment of an obligation to Jones Co. for the purchase of office equipment on account.
- A check drawn for \$1,680 had been erroneously charged by the bank as \$1,860.
- Bank service charges for April amounted to \$45.00.

1. Prepare a bank reconciliation.
2. Journalize the necessary entries. The accounts have not been closed.

24

[illegible]

25

Accounting Final Review

Directions: Complete the bank reconciliation below using the information provided.

BANK RECONCILIATION

April 30, 2012

Balance per Bank Statement	\$27,678.25
Balance per Depositor's Records	\$29,424.75
Bank Service Charge	\$15.00
NSF Check/M. Ott	\$450.00
Outstanding Checks	\$1,418.50
Collection of Note Receivable by Bank from Customer	\$4,500.00
Deposits in Transit	\$7,200.00

Use this form to complete the bank reconciliation.

Balance per Bank Statement	\$27,678.25
Add: _____	_____
Subtotal	_____
Deduct: _____	_____
Adjusted Balance per Bank Statement	_____

Balance per Depositor's Records	\$29,424.75
Add: _____	_____
Subtotal	_____
Deduct: _____	_____
_____	_____
Adjusted Balance per Depositor's Records	_____

[illegible]

27

ACCOUNTING
Notes Payable

During the fiscal year ended December 31, 2010, GW Co. carried out the following transactions involving notes payable.

- ☐ Prepare journal entries using the general journal form provided
- ☐ Use a 360-day year in making interest calculations
- ☐ Prepare the adjusting entry needed at December 31 to accrue interest owed on notes payable. (Assume adjusting entries are annually) Use one entry for both notes

- Aug 6 Borrowed \$10,000 from Grace Loans, issuing a 45-day, 10% note payable.
- Sept. 16 Purchased office equipment from Flowers Furniture. The invoice amount was \$20,000, and Flowers Furniture agreed to accept as full payment a 14%, 3-month note for the invoice amount.
- Sept. 20 Paid the Grace Loans note plus accrued interest.
- Nov. 1 Borrowed \$225,000 from Sylvester Trust Bank at an interest rate of 12%; signed a 90-day note.
- Dec. 1 Purchased merchandise (to resell) in the amount of \$8,000 from Abbott Associates. Abbott Associates accepted a 90-day note bearing interest at 8%.
- Dec. 16 The \$20,000 note payable to Flowers Furniture matured today. Paid the note and interest accrued.
- Dec. 31 Prepare the adjusting entry needed at December 31 to accrue interest owed on notes payable.

How much interest must GW pay when the Abbot note matures? _____

What will be the interest expense on the Dec. 1 Note when it is paid back on February 28, 2011? _____

[illegible]

29

N/P Problems:

On November 1, 2012, Allen Associates borrowed \$400,000 from Katie's Credit Union and signed a 14%, one year note payable, all due at maturity. (Round to the nearest dollar)

- a) The amount Allen must pay on November 1, 2013 when the note matures is
\$ _____
- b) The Interest expense Allen will recognize on this note on December 31, 2012 is
\$ _____

On August 1, 2012, Powers Partners borrowed \$200,000 from Smith Credit Union and signed a 8%, one year note payable, all due at maturity. (Round to the nearest dollar)

- a) The amount Powers must pay on August 1, 2013 when the note matures is
\$ _____
- b) The Interest expense Powers will recognize on this note on December 31, 2012 is
\$ _____

On March 1, 2012, Sam Associates borrowed \$1,800,000 from Cody Credit Union and signed a 3%, one year note payable, all due at maturity. (Round to the nearest dollar)

- a) The amount Sam must pay on March 1, 2013 when the note matures is
\$ _____
- b) The Interest expense Sam will recognize on this note on December 31, 2012 is
\$ _____

ACCOUNTING

FINAL EXAM REVIEW: Payroll Transactions

PAYROLL PROBLEM:

ABC Corp. had \$200,000 in salaries for January. Assume that the Social Security tax rate is 6.0% on a \$70,000 base, and the Medicare tax rate is 1.5% on all wages. The state unemployment tax rate is 5.4% on a \$7,000 base, and the federal unemployment tax rate is 0.8% on a \$7,000 base.

Federal and state taxes withheld amount to \$55,000 and that no employee earned more than \$7,000 in the month of January.

Record the transactions for both the *Salaries Expense* and the employer's *Payroll Taxes Expense*:

Answer the following questions:

\$ What was the employees take-home pay?

\$ What was the employers expense?

ACCOUNTING FOR PAYROLL

Quiz: Journal Entries

Burch Corporation's payroll records for the payroll period ending Jan. 15 showed **gross earnings of \$410,000** and **income tax withholding of \$105,000**. The payroll was subject to a **social security tax rate of 6%** on a \$90,000 base, to a **medicare tax rate of 1.5%** on all wages, to **state unemployment tax of 5.4%** on a \$7,000 base, and to **federal unemployment tax of 0.8%** on a \$7,000 base. No employee earned more than \$7,000 during this period.

Prepare two separate journal entries below to record

- a) the accrued payroll and deductions from employees' pay
- b) the payroll taxes on the employer resulting from this payroll

GENERAL JOURNAL

a)

GENERAL JOURNAL

b)

ACCOUNTING
Stockholders' Equity REVIEW

Name _____

Brandon Baseball was incorporated in January 2010. In 2010, net income was \$880,000. The board of directors declared and paid a cash dividend of \$4 per share to the common stockholders in addition to satisfying the preferred stock dividend requirements.

Additional Info:

Preferred stock: 3,000 shares issued at \$100 per share

Common Stock: 20,000 shares sold at \$22 per share

Complete the stockholders' equity section of Brandon Baseball balance sheet at December 31, 2010.

Stockholders' equity:

**11% cumulative preferred stock, \$100 par value,
3,000 shares authorized and issued**

\$ _____

**Common stock, \$2 par value, 200,000 shares
Authorized; 20,000 shares issued**

Additional Paid-in capital: Common Stock

Total Paid-in Capital

Retained Earnings

Total Stock Holders Equity

ACCOUNTING
Stockholders' Equity
Final Review

Name _____

O'Leary Inc. was incorporated in January 2010. In 2010, net income was \$600,000. The board of directors declared and paid a cash dividend of \$2 per share to the common stockholders in addition to satisfying the preferred stock dividend requirements.

Additional Info:

Preferred stock: 5,000 shares issued at \$100 per share

Common Stock: 100,000 shares sold at \$18 per share

Complete the stockholders' equity section of O'Leary's Inc's balance sheet at December 31, 2010.

Stockholders' equity:

6% cumulative preferred stock, \$100 par value,
5,000 shares authorized and issued

\$ _____

Common stock, \$2 par value, 200,000 shares
Authorized; 100,000 shares issued

Additional Paid-in capital: Common Stock

Total Paid-in Capital

Retained Earnings

Total Stock Holders Equity

STOCKHOLDERS' EQUITY

Journalizing Transactions

The Smith's Surf Boards specializes in Surf Boards. It is organized as a corporation. During the month of May, the stockholders' equity accounts of Smith's Surf Boards were affected by the following events:

- | | |
|--------|---|
| May 2 | The corporation sold 10,000 shares of capital stock at \$25 per share. Par Value of the stock is \$5. |
| May 8 | The corporation declared a 30 cents per share dividend on its 5,000 shares of outstanding stock, payable on May 25. |
| May 25 | The corporation paid the dividend declared on May 8. |

GENERAL JOURNAL

[illegible]

STOCKHOLDERS' EQUITY

Journalizing Transactions REVIEW

The Doggie Barkery specializes in homemade treats for dogs. It is organized as a corporation. During the month of May, the stockholders' equity accounts of The Doggie Barkery were affected by the following events:

- | | |
|--------|---|
| May 2 | The corporation sold 5,000 shares of capital stock at \$15 per share. Par Value of the stock is \$2. |
| May 12 | The corporation declared a 10 cents per share dividend on its 5,000 shares of outstanding stock, payable on May 25. |
| May 25 | The corporation paid the dividend declared on May 12. |
| May 31 | The Income Summary account showed a credit balance of \$150,000 and the May 25 payment of dividends was the only cash dividend for the year. The corporation's accounts are closed monthly. |

GENERAL JOURNAL

[illegible]

Final Exam Review: A/R

- On January 2 Lasser Products estimates uncollectible accounts expense at 3% of net credit sales. Net credit sales for the fiscal period were \$3,900,000.
- On March 15 a \$3,200 accounts receivable, Danny Donuts is written off.
- On April 10, an accounts receivable, Smith Smores, for \$1,125 is unexpectedly collected.
- On December 31 the balance in the Allowance for Doubtful Accounts is \$3,900. The required balance is \$6,100. Make the adjusting entry.

[illegible]

FINAL REVIEW
Calculations 1

Lasser Laser Tag, Inc.
Adjusted Trial Balance
December 31, 2012

Accounts	Debit	Credit
Cash	1500	
Accounts Receivable	2200	
Inventory	1000	
Delivery Truck	800	
Accumulated Depreciation		250
Accounts Payable		700
Unearned Revenue		850
T.J. Dunning, Capital		2900
T.J. Dunning, Drawings	850	
Net Sales		2200
Cost of Goods Sold	440	
Selling Expense	380	
Administrative Expense	500	
	7670	6950

Using the information from the adjusted trial balance shown above, compute the following

- a) Current Assets \$ _____
- b) Total Assets \$ _____
- c) Book Value of the Delivery Truck \$ _____
- d) Net Income \$ _____
- e) Capital Balance on January 1, 2013 \$ _____
- f) Net Income Percentage _____
- g) Current Ratio _____

FINAL REVIEW
Calculations 2

Lasser Lollipops, Inc.
Adjusted Trial Balance
December 31, 2012

Accounts	Debit	Credit
Cash	3000	
Accounts Receivable	4500	
Inventory	750	
Delivery Truck	2550	
Accumulated Depreciation		2000
Accounts Payable		1200
Unearned Revenue		700
T.J. Dunning, Capital		4000
T.J. Dunning, Drawings	600	
Net Sales		8500
Cost of Goods Sold	3950	
Selling Expense	1050	
Administrative Expense	700	
	17100	16400

Using the Information from the adjusted trial balance shown above, compute the following

- a) Current Assets \$ _____
- b) Total Assets \$ _____
- c) Book Value of the Delivery Truck \$ _____
- d) Net Income \$ _____
- e) Capital Balance on January 1, 2013 \$ _____
- f) Current Ratio _____
- g) Net Income Percentage _____

**Accounting
Review for Final Exam**

Methods of Depreciation:

A delivery van with an estimated life of 5 years was acquired on June 1, 2004 for \$22,000. Estimated residual value of the van is \$4,000.

- ☐ Determine the amount of depreciation in year 1 using the straight-line method and half year convention

- ☐ What is the *book value* of the van after the third year of depreciation?

- ☐ Now assume that 200% declining-balance method is used. What is the depreciation in year one?

- ☐ What is the depreciation in years 2 and 3 using 200% declining-balance method?

- ☐ What is the *book value* of the van after 2 years using the above method?

Accounting Final Review

Practice Problem—

Disposal of Equipment by Sale, Trade-in, or as Scrap

A roller coaster that cost \$18,000 had an estimated useful life of 5 years and an estimated salvage value of \$3,000. Straight-line depreciation with half-year convention was used. Give the entry (in general journal form) required by each of the following alternative assumptions:

- a. The roller coaster was sold for \$13,000 cash after 2 years' use
- b. The roller coaster was traded in after 4 years on another roller coaster with a fair market value of \$24,000. Trade-in allowance was \$8,500. (Record any implied gain or loss)
- c. The roller coaster was scrapped after 7 year's use. Since scrap dealers were unwilling to pay anything for the roller coaster, it was given to a scrap dealer for his services.

COGS REVIEW

Harvey Corporation's beginning inventory of a particular product and its purchases during the year were as follows:

Jan. 1 Beg. Inventory	100 Units	@	\$22.20=	\$2,220
Apr. 12 Purchase	50 Units	@	\$20.00=	\$1,000
Aug. 11 Purchase	40 Units	@	\$24.00=	\$ 960
Nov. 22 Purchase	30 Units	@	\$26.50=	\$ 795
Total Goods Available for Sale	220 Units			\$4,975

1. If the ending inventory consists of 100 units, the COGS based on FIFO is:
2. If the ending inventory consists of 100 units, the COGS based on LIFO is:
3. If the ending inventory consists of 100 units, the COGS based on the average cost method is:

Accounting I--Review problems for ACC101 exam

- On June 5 the shopping newspaper agrees to run ads for for the ABC Co. for every week during the month of July for \$2,000. ABC Co. pays the shopping newspaper \$1,000 on June 5 and the remainder on August 5. Assuming the shopping newspaper uses the accrual basis of accounting, it should recognize this \$2,000 revenue in:
 - JUNE, JULY, AUGUST, HALF IN JUNE; HALF IN AUGUST?
- TLClean began providing cleaning service for the XYZ Corp on June 15 for an agreed monthly fee of \$1,200. First payment is to be received on July 15. The adjusting entry reequired by TLClean on June 30 is:
- A Corporation has assets of \$180,000, liabilities of \$50,000 and capital stock of \$10,000. What is in the retained earnings account?
- Lasting Memories Gift Shop purchased graduation cards at an invoice price of \$500--terms 2/10, n/30. Half the cards had inferior printing and were returned. If Lasting Memories Gifts pays the invoice with the discount period, the amount paid will be:
- Ending inventory of Lowe's is \$50,000, beginning inventory \$80,000 and Cost of the Goods available for sale \$110,000. What is the COGS?

➤ Beg. Inv.	50 units @ \$10	\$500.00
➤ Apr. 3	30 units @ 10.10	303.00
➤ May 3	40 units @ 10.20	408.00
➤ June 16	50 units @ 10.30	515.00

1. Ending inventory is 100 units. What is the COGS if FIFO is used?
2. Ending inventory is 100 units. What is the COGS if LIFO is used?
3. Ending inventory is 100 units. What is the COGS if average- cost method is used?