

KEMENTERIAN PENDIDIKAN DAN KEBUDAYAAN REPUBLIK INDONESIA
UNIVERSITAS SEBELAS MARET
FAKULTAS EKONOMI DAN BISNIS
MAGISTER AKUNTANSI

MATA KULIAH : AKUNTANSI KEUANGAN –MATRIKULASI
HARI/TANGGAL : SABTU, 12 APRIL 2014
TIPE TEST : OPEN BOOK/TAKE HOME

PROBLEM-1

Gee Enterprises records all transactions on the cash basis. Greg Gee, company accountant, prepared the following income statement at the end of the company's first year of operations

Gee Enterprises
Income Statement
For the Year Ended December
31, 2011

Sales		\$252,000
Selling and administrative expenses:		
Salaries expense	\$78,000	
Rent expense	45,000	
Commission expense	37,800	
Equipment	30,000	
Utilities expense	29,000	
Insurance expense	6,000	
Interest expense	3,000	228,800
Net income		\$ 23,200

You have been asked to prepare an income statement on the accrual basis. The following information is given to you to assist in the preparation:

- a) Amounts due from customers at year-end were \$28,000. Of this amount, \$3,000 will probably not be collected.
- b) Salaries of \$11,000 for December 2011 were paid on January 5, 2012. Ignore payroll taxes.
- c) Gee rents its building for \$3,000 a month, payable quarterly in advance. The contract was signed on January 1, 2011.

- d) The bill for December's utility costs of \$2,700 was paid January 10, 2012.
- e) Equipment of \$30,000 was purchased on January 1, 2011. The expected life is five years, no salvage value. Assume straight-line depreciation.
- f) (Commissions of 15% of sales are paid on the same day cash is received from customers.
- g) A 1-year insurance policy was issued on company assets on July 1, 2011.
- h) Premiums are paid annually in advance.
- i) Gee borrowed \$50,000 for one year on May 1, 2011. Interest payments based on an annual rate of 12% are made quarterly, beginning with the first payment on August 1, 2011.
- j) The income tax rate is 40%. No prepayments of income taxes were made during 2011.

INSTRUCTIONS:

1. Prepare adjusting entries to convert the books from a cash to an accrual basis.
2. Prepare the income statement for the year ended December 31, 2011, based on the entries in (1).

PROBLEM-2

The Sonntag Corporation has adjusted and closed its books at the end of 2010. The company arrives at its inventory position by a physical count taken on December 31 of each year. In March of 2011, the following errors were discovered:

- a) Merchandise that cost \$2,500 was sold for \$3,400 on December 29, 2010. The order was shipped December 31, 2010, with terms of FOB shipping point. The merchandise was not included in the ending inventory. The sale was recorded on January 12, 2011, when the customer made payment on the sale.
- b) On January 3, 2011, Sonntag Corporation received merchandise that hadNbeen shipped to it on December 30, 2010. The terms of the purchase were FOB shipping point. Cost of the merchandise was \$1,750. The purchase was recorded and the goods included in the inventory when payment was made in January 2011.
- c) On January 8, 2011, merchandise that had been included in the ending inventory was returned to Sonntag because the consignee had not been able to sell it. The cost of this merchandise was \$1,200 with a selling price of \$1,800.
- d) Merchandise costing \$750, located in a separate warehouse, was overlooked and excluded from the 2010 inventory count.
- e) On December 26, 2010, Sonntag Corporation purchased merchandise costing \$1,175 from a supplier. The order was shipped December 28 (terms FOB destination) and was still "in transit" on December 31. Because the invoice was received on December 31, the purchase was recorded in 2010. The merchandise was not included in the inventory count.
- f) The corporation failed to make an entry for a purchase on account of \$835at the end of 2010, although it included this merchandise in the inventorycount. The purchase was recorded when payment was made to the supplierin 2011.

- g) The corporation included in its 2010 ending inventory merchandise with a cost of \$1,350. This merchandise had been custom built and was being held according to the customer's written request until the customer could come and pick up the merchandise. The sale, for \$1,825, was recorded in 2011.

INSTRUCTIONS:

Give the entry in 2011 (2010 books are closed) to correct each error. Assume that the errors were made during 2010, all amounts are material, and the periodic inventory system is used.

Bray Co. acquired \$30,000 of Honey Sales Co.'s 7% bonds, interest payable semiannually, bonds maturing in five years. The bonds were acquired at \$32,626, a price to Return approximately 5%.

Instructions:

1. Prepare tables to show the periodic adjustments to the investment account and the annual bond earnings, assuming adjustment by the effective-interest method. (Round to the nearest dollar.)
2. Assuming the use of the effective-interest method, prepare journal entries for each company for the first year.

PROBLEM-3

Squires Inc. was organized on January 2, 2010, with authorized capital stock consisting of 40,000 shares of 10%, \$200 par value preferred, and 300,000 shares of no-par, no stated value common. During the first two years of the company's existence, the following selected transactions took place:

- 2010 Jan. 2 Sold 15,000 shares of common stock at \$14.
2 Sold 4,000 shares of preferred stock at \$211.
Mar. 2 Sold common stock as follows: 11,300 shares at \$19; 3,900 shares at \$24.
July 10 Acquired a nearby piece of land, appraised at \$500,000, for 800 shares of preferred stock and 34,000 shares of common. (Preferred stock was recorded at \$211, the balance being assigned to common.)
Dec. 16 Declared the regular preferred dividend and a \$1.75 common dividend.
28 Paid dividends declared on December 16.
31 Assume that revenues and expenses were closed to a temporary account, Income Summary. The income summary account showed a credit balance of \$600,000, which was transferred to Retained Earnings.
- 2011 Feb. 27 Reacquired 11,000 shares of common stock at \$18. The treasury stock is carried at cost. (State law requires that an appropriation of Retained Earnings be made for the purchase price of treasury stock. Appropriations are to be returned to Retained Earnings upon resale of the stock.)
June 17 Resold 8,000 shares of the treasury stock at \$21.
July 31 Resold all of the remaining treasury stock at \$16.
Sept. 30 Sold 17,000 additional shares of common stock at \$22.
Dec. 16 Declared the regular preferred dividend and a \$0.70 common dividend.
28 Dividends declared on December 16 were paid.

31 The income summary account showed a credit balance of \$550,000, which was transferred to Retained Earnings.

INSTRUCTIONS:

1. Give the journal entries to record these transactions.
2. Prepare the Stockholders' Equity section of the balance sheet as of December 31, 2011.

PROBLEM-4

The following items relate to the activities of Schmidt Company for 2011:

- a) Cash dividends declared and paid on common stock during the year totaled \$90,000. In addition, on January 15, 2011, dividends of \$25,000 that were declared in 2010 were paid.
- b) Retained earnings of \$145,000 were appropriated during the year in anticipation of a major capital expansion in future years.
- c) Depreciation expense was \$59,000.
- d) Equipment was purchased for \$215,000 in cash.
- e) Early in the year, a 10% stock dividend was declared and distributed. This stock dividend resulted in the distribution of 40,000 new shares of \$1 par common stock. The market value per share immediately after the stock dividend was \$55.
- f) Cash revenues for the year totaled \$582,000.
- g) Cash expenses for the year totaled \$305,000.
- h) Old machinery was sold for its book value of \$20,000.
- i) Near the end of the year, a 2-for-1 stock split was declared. The 440,000 shares of \$1 par common stock outstanding at the time were exchanged for 880,000 shares with a par value of \$0.50.
- j) Cash dividends totaling \$27,000 were declared and paid on preferred stock.
- k) Land was acquired in exchange for 5,000 shares of \$0.50 par value common stock. The land had a fair market value of \$170,000.
- l) Assume no changes in current operating receivable and payable balances during the year.

INSTRUCTIONS:

Prepare a statement of cash flows for Schmidt Company for the year ended December 31, 2011. Use the indirect method for reporting cash flows from operating activities.

PROBLEM-5

to construct the equipment itself and recorded the following production costs related to the construction:

Services of consulting engineer\$ 10,000
Work subcontracted.....	.20,000
Materials	200,000
Plant labor normally assigned to production	65,000
Plant labor normally assigned to maintenance.....	100,000
Total.....	\$395,000

Management prefers to record the cost of the equipment under the incremental cost method. Approximately 40% of the corporation's production is devoted to government supply contracts,

which are all based in some way on cost. The contracts require that any self-constructed equipment be allocated its full share of all costs related to the construction. The following information also is available.

- a) The preceding production labor was for partial fabrication of the equipment in the plant. Skilled personnel were required and were assigned from other projects. The maintenance labor amount (\$100,000) represents the cost of nonproduction plant employees assigned to the construction project. Had these workers not been assigned to construction, the \$100,000 cost would still have been incurred for their idle time.
- b) Payroll taxes and employee fringe benefits are approximately 30% of labor cost and are included in manufacturing overhead cost. Total manufacturing overhead for the year was \$5,630,000, including the \$100,000 maintenance labor used to construct the equipment.
- c) Manufacturing overhead is approximately 50% variable and is applied on the basis of production labor cost. Production labor cost for the year for the corporation's normal products totaled \$6,810,000.
- d) General and administrative expenses include \$22,500 of executive salary cost and \$10,500 of postage, telephone, supplies, and miscellaneous expenses identifiable with this equipment construction.

INSTRUCTIONS:

1. Compute the amount that should be reported as the full cost of the constructed equipment to meet the requirements of the government contracts.
2. Compute the incremental cost of the constructed equipment.
3. What is the greatest amount that should be capitalized as the cost of the equipment? Why