

Intermediate Accounting

bank of questions

Question : (1)

The following are balances extracted from the Ledger of (Husain store) at the year ended at 31, Dec, 2008. (All values are in \$).

Net sales 30000 – Dividend revenue 9800 – Rental revenue 7500 – Cost of goods sold 20000 – Selling expenses 4500 – Administrative expenses 3500 – Interest expenses 1250 – Income tax expenses 6000.

Required:

Prepare income statement (Using Single – Step format)

Question: (2)

Starr Co. had sales revenue of \$540,000 in 2020. Other items recorded during the year were:

Cost of goods sold	\$330,000
Salaries and wages expense	120,000
Income tax expense	25,000
Other operating expenses	10,000

Instructions

Prepare a single-step income statement for Starr for 2020. Starr has 100,000 shares of stock outstanding

Question: (3)

Brisky Corporation had net sales of \$2,400,000 and interest revenue of \$31,000 during 2020. Expenses for 2020 were cost of goods sold \$1,450,000, administrative expenses \$212,000, selling expenses \$280,000, and interest expense \$45,000. Brisky's tax rate is 30%.

Instructions

prepare a condensed multiple-step income statement for Brisky Corporation

Question: (4)

(Multiple-Step and Single-Step Statements) Two accountants for the firm of Elwes and Wright are arguing about the merits of presenting an income statement in a multiple-step versus a single-step format. The discussion involves the following 2020 information related to P. Bride Company (\$000 omitted).

Administrative expense	
Officers' salaries	\$ 4,900
Depreciation of office furniture and equipment	3,960
Cost of goods sold	60,570
Rent revenue	17,230
Selling expense	
Delivery expense	2,690
Sales commissions	7,980
Depreciation of sales equipment	6,480
Sales revenue	96,500
Income tax	9,070
Interest expense	1,860

Instructions

- Prepare an income statement for the year 2020 using the multiple-step form.**
- Prepare an income statement for the year 2020 using the single-step form.**

Question: (5)

The accountant of Latifa Shoe Co. has piled the following information from the company's records as a basis for an income statement for the year ended December 31, 2020.

Rent revenue	\$ 29,000
Interest expense	18,000
Market appreciation on land above cost	31,000
Salaries and wages expense (selling)	114,800
Supplies (selling)	17,600
Income tax	23,100
Salaries and wages expense (administrative)	135,900
Other administrative expenses	51,700
Cost of goods sold	496,000
Net sales	980,000
Depreciation on plant assets (70% selling, 30% administrative)	65,000
Cash dividends declared	16,000

There were 20,000 shares of common stock outstanding during the year.

Instructions

- a. Prepare a multiple-step income statement.
- b. Prepare a single-step income statement.

Question: (6)

The following balances are extracted from the ledger of (Aram Co.) at 31 / 12 / 2009:

Cash sales 60000 \$ - Sales on account 40000 \$ - Sales returned and allowances 1000 \$ - Beginning inventory 6500 \$ - Cash purchases 50 % from cash sales – Purchases on account 40 % from sales on account – Purchases returned and allowances 500 \$ - Purchases expenses 400 \$ - commission on purchases 10 % from total purchases – Advertising expenses 400 \$ - Sales expenses 500 \$ - Rent expenses 2400 \$ - Depreciation expenses 800 \$ - Ending inventory 2500 \$.

Required:

Prepare income statement (Using multiple – steps format).

Question: (7)

Harding Corporation has the following accounts included in its December 31, 2020, trial balance: Accounts Receivable \$110,000, Inventory \$290,000, Allowance for Doubtful Accounts \$8,000, Patents \$72,000, Prepaid Insurance \$9,500, Accounts Payable \$77,000, and Cash \$30,000.

Instructions

Prepare the current assets section of the balance sheet, listing the accounts in proper sequence.

Question: (8)

Koch Corporation's adjusted trial balance contained the following asset accounts at December 31, 2020: Cash \$7,000, Land \$40,000, Patents \$12,500, Accounts Receivable \$90,000, Prepaid Insurance \$5,200, Inventory \$30,000, Allowance for Doubtful Accounts \$4,000, and Equity Investments (to be sold in the next quarter) \$11,000.

Instructions

Prepare the current assets section of the balance sheet

Question: (9)

Included in Outkast Company's December 31, 2020, trial balance are the following accounts: Prepaid Rent \$5,200, Debt Investments (to be held to maturity until 2023) \$56,000, Unearned Fees \$17,000, Land (held for investment) \$39,000, and Notes Receivable (long-term) \$42,000.

Instructions

Prepare the long-term investments section of the balance sheet.

Question: (10)

Lowell Company's December 31, 2020, trial balance includes the following accounts: Inventory \$120,000, Buildings \$207,000, Accumulated Depreciation—Equipment \$19,000, Equipment \$190,000, Land (held for investment) \$46,000, Accumulated Depreciation—Buildings \$45,000, Land \$71,000, and Timberland \$70,000.

Instructions

Prepare the property, plant, and equipment section of the balance sheet.

Question: (11)

Crane Corporation has the following accounts included in its December 31, 2020, trial balance: Equity Investments (to be sold in the next 6 months) \$21,000, Goodwill \$150,000, Prepaid Insurance \$12,000, Patents \$220,000, and Franchises \$130,000.

Instructions

Prepare the intangible assets section of the balance sheet.

Question: (12)

Patrick Corporation's adjusted trial balance contained the following asset accounts at December 31, 2020: Prepaid Rent \$12,000, Goodwill \$50,000, Franchise Fees Receivable \$2,000, Franchises \$47,000, Patents \$33,000, and Trademarks \$10,000.

Instructions

Prepare the intangible assets section of the balance sheet.

Question: (13)

Thomas Corporation's adjusted trial balance contained the following liability accounts at December 31, 2020: Bonds Payable (due in 3 years) \$100,000, Accounts Payable \$72,000, Notes Payable (due in 90 days) \$22,500, Salaries and Wages Payable \$4,000, and Income Taxes Payable \$7,000.

Instructions

Prepare the current liabilities section of the balance sheet.

Question: (14)

Presented below is the adjusted trial balance of Abbey Corporation at December 31, 2015.

	<u>Debit</u>	<u>Credit</u>
Cash \$?	
Supplies	1,200	
Prepaid Insurance	1,000	
Equipment	48,000	
Accumulated Depreciation—Equipment		9,000
Trademarks	950	
Accounts Payable		10,000
Salaries and Wages Payable		500
Unearned Service Revenue		2,000
Bonds Payable (due 2022)		9,000
Share Capital—Ordinary		10,000
Retained Earnings		20,000
Service Revenue		10,000
Salaries and Wages Expense	9,000	
Insurance Expense	1,400	
Rent Expense	1,200	
Interest Expense	<u>900</u>	
Total	\$?	\$?

Additional information:

1. Net loss for the year was \$2,500.
2. No dividends were declared during 2015.

Instructions: Prepare a classified statement of financial position (balance sheet) as of December 31, 2015.

Question: (15)

There are balances from the Ledger of one of the Companies: (The amounts in \$)

Cash 2250 – Cash in bank 3750 – Machinery 5600 – N / R 1800 – N / P 3200 – Buildings & Lands 10500 – Furniture 850 – Cars 6400 – A / R 1650 – A / P 1100 – Loan 8000 – Drawing 1600 – Capital (beginning) 20300 – Ending inventory 8850 – Net income 10650.

Required:

Prepare balance sheet statement.

Question: (16)

If you have this data about the asset (**car**) of (Mustafa Co.):

Cost price 24000 \$ - Accumulated depreciation 18000 \$.

And if you have these cases (about selling the car):

1. Sold the car worth 8000 \$ by cash.
2. Sold the car worth 6000 \$ by check.
3. Sold the car worth 4000 \$ by cash.

Instructions

Journalize each case of these cases as a part situation (using indirect method).

Question: (17)

If you have this data about the asset (**car**) of (Mustafa Co.):

Cost price of an old car 24000 \$ - Accumulated depreciation of an old car 18000 \$ - The value of new car 12000

And if you have these cases (about exchanging the old car with new car):

1. The business paid 6000 \$ by cash.
2. The business paid 8000 \$ by cash.
3. The business paid 4000 \$ by check.

Instructions

Journalize each case of these cases as a part situation (using indirect method).

Question: (18)

If you have this information about assets (Machinery) of (AL- Mustafa Co.):

Cost of Machinery 20000 \$ - Balance of accumulated depreciation 14000 \$.

And if you know that:

1. The business (Sold) (Half) of the machinery worth 10000 \$ by cash.
2. The business (Exchanged) the remaining of the machinery with new one valued 9000 \$ and paid 5000 \$ by check.

Instructions

Journalize the above transactions.

Question: (19)

If you have this information about the assets (Furniture) of (AL– Mustafa Co.):
Cost of the furniture 8000 \$ - Balance of accumulated depreciation 5000 \$.

And if you know that:

1. The business (Sold) (Half) of the furniture with **profit** equal to 20 % from the cost price.
2. The business (Exchanged) the remaining of the furniture with new one paid 500 \$ by check with **loss** equal to 10 % from the cost price.

Instructions

Journalize the above transactions.

Question: (20)**Instructions**

- at 1 / 7 / 2008. (Machinery) with cost 7200 \$ by cash (There is no estimated scrap value and the estimated working life are 4 years).
 - At 1 / 8 / 2009 the business (Exchanged) the machinery with new one valued with 5000 \$ and the business paid 1500 \$ by check.
1. Journalize purchasing entry
 2. Compute annual depreciation expenses using (Straight line method) if you know that the estimated scrap value are 250 \$ and the estimated working life are 3 years.
 3. Journalize depreciation expenses entry by using (Indirect method) at 31/12/2008.
 4. Journalize selling entry at 1 / 5 / 2009. - At 1 / 9 / 2007 the business bought

Question: (21)

- • At 1 / 7 / 2007 (Al-Ali Co.) bought a machinery worth 3750 \$ by check, and paid 100 \$ as transportation expenses- 150 \$ as installation expenses by cash.
- • At 1 / 4 / 2009 Sold the machinery worth 2000 \$ by check.

Instructions

Journalize the necessary entries.