الاجابه النموذجيه الدور الاول\ الفصل الثاني\٢٠١٨-٢٠١٩

Q1//

(a) ARAGON COMPANY

Bank Reconciliation, August 31, 2015

Country National Bank

Balance per bank statement, August 31, 2015		$ 8,089
Add: Cash on hand	$ 310	
Deposits in transit	3,800	4,110
		12,199
Deduct: Outstanding checks		1,550
Correct cash balance		$10,649
Balance per books, August 31, 2015		
($10,050 + $35,000 – $35,403)		$ 9,647
Add: Note ($1,000) and interest ($40) collected		1,040
		10,687
Deduct: Bank service charges	$ 20	
Error in check for supplies	18	38
Correct cash balance		$10,649

(b)

Cash	1,040	
Notes Receivable		1,000
Interest Revenue		40
(To record collection of note and interest)		

Office Expense—Bank Charges	**20**	
Cash		**20**
(To record August bank charges)		

Supplies Expense	**18**	
Cash		**18**
(To record error in recording check for supplies)		

(c)The corrected cash balance of $10,649 would be reported in the August 31, 2015, statement of financial position.

Q 2//(a)

1-FIFO : Cost of goods sold = 600*6.00+1500*6.08+800*6.40+1200*6.50+400*6.60= $28280

Ending inventory=

FIFO	**500 @ $6.79 =**	**$3,395**
	300 @ $6.60 =	**1,980**
		$5,375

2. Average cost

$$\frac{\text{Total cost}}{\text{Total units}} = \frac{\$33{,}655^*}{5{,}300} \quad = \$6.35 \text{ average cost per unit}$$

Ending inventory=

800 @ $6.35 = $5,080

Cost of goods sold= 4500@6.35=$ 28575

*Units		Price		Total Cost
600	@	$6.00	=	$ 3,600
1,500	@	$6.08	=	9,120
800	@	$6.40	=	5,120
1,200	@	$6.50	=	7,800
700	@	$6.60	=	4,620
500	@	$6.79	=	3,395
5,300				$33,655

(c) FIFO; because cost of goods sold lower than Average cost method that's mean highest net income.

Q 3//

(a)

Component	Cost	Estimated Residual	Depreciable Cost	Estimated Life	Depreciation per Year
A	$ 40,500	$ 5,500	$ 35,000	10	$ 3,500
B	33,600	4,800	28,800	9	3,200
C	36,000	3,600	32,400	8	4,050
D	19,000	1,500	17,500	7	2,500
E	23,500	2,500	21,000	6	3,500
	$152,600	$17,900	$134,700		$16,750

Depreciation Expense	16,750	
Accumulated Depreciation—Equipment		16,750

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(b)

Equipment	40,000	
Accumulated Depreciation—Equipment	19,200*	
Loss on Disposal of Equipment	14,400**	
Equipment		33,600
Cash		40,000

*$3,200 X 6 = $19,200

**$33,600 – $19,200

Q 4//

(a) **The portfolio should be reported at the fair value of $54,500. Since the cost of the portfolio is $53,000, the unrealized holding gain is $1,500, of which $200 is already recognized. Therefore, the December 31, 2015 adjusting entry should be:**

Market Adjustment	**1,300**	
Unrealized Gain—Income		**1,300**

(b) **The unrealized gain of $1,300 should be reported as other income and expense on the income statement and the Market Value Adjustment account balance of $1,500 should be added to the cost of the investment account.**

WESAM, INC.
Statement of Financial Position
As of December 31, 2018

Current assets:	
Equity investment	**$54,500**

(c) **Computation of realized gain or loss on sale of investment:**

Net proceeds from sale of investment..............	**$15,300**
Cost of investment A	**(17,500)**
Loss on sale of shares......................................	**($ 2,200)**

January 20, 2019

Cash..	**15,300**	
Loss on Sale of Equity Investments.........................	**2,200**	
Equity Investments		**17,500**

(d)

Market Adjustment	**1,300**	
Unrealized Gain or—Equity		**1,300**

Q 5//

AL SUN CORPORATION

Statement of Cash Flows

For the Year Ended December 31, 2015

Cash flows from operating activities		
Net income		**$105,000**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	**$27,000**	
Decrease in inventory	**9,000**	
Increase in accounts receivable	**(16,000)**	
Decrease in accounts payable	**(13,000)**	**7,000**
Net cash provided by operating activities		**$112,000**
Cash flows from investing activities		
Sale of land	**39,000**	
Purchase of equipment	**(70,000)**	
Net cash used by investing activities		**(31,000)**
Cash flows from financing activities		
Payment of cash dividends		**(40,000)**
Net increase in cash		**41,000**
Cash at beginning of year		**22,000**
Cash at end of year		**$ 63,000**

Noncash investing and financing activities were issue of ordinary shares to retire $50,000 of bonds outstanding.