

Q 1//:

NUGGET MINING COMPANY

Bank Reconciliation 30,Nov. 2018

Balance per bank statement			\$ 22190
Add: deposit in transit	(1)	\$ 3680	
Bank error: incorrect check	(7)	<u>175</u>	3855
Deduct: outstanding check	(2)		<u>(5001)</u>
Adjusted balance			<u>\$ 21044</u>
Balance per book			\$ 20502
Add: Interest collected by bank	(3)	\$ 600	
Error in recording check No.7322	(6)	<u>180</u>	780
Deduct: Bank service charge	(4)	18	
NSF check retured	(5)	<u>220</u>	<u>(238)</u>
Adjusted balance			<u>\$ 21044</u>

b//	Cash	542	
	Service charge	18	
	A/R	220	
	A/P		180
	<u>Interest revenue</u>		<u>600</u>

Q 2//:

1. 600 units in ending inventory under FIFO, the unties remaining are the once purchased most recently

24\10 200 units @ \$11.60 = \$2,320

16\10 400 units @ \$ 10.80= \$4,320

600 units \$6,640

2. 600 units in ending inventory under the weighted-average method cost per unit must be computed : $\$ 21,120 \div 2,000 \text{ units} = \10.56

600 units * \$10.56= \$6,336

3.600 units in ending inventory under LIFO method the units remaining are the ones purchased earliest:

1\10 400 units @ 10.00 = \$ 4,000

8\10 200 units @ 10.40 = \$ 2,080

600 units \$ 6,080

Q3// (a) Machine 1

year	Cost	Depreciation expense	Accumulated depreciation
2012	\$86000	$(86000-6000 \div 5) * 6 \div 12 = 8000$	\$8000
2013	86000	$86000-6000 \div 5 = 16000$	24000
2014	86000	16000	40000
2015	86000	16000	56000
2016	86000	8000	64000

Machine 2

Year	Book value beginning of year	DDB Rate	Depreciation expense	Accumulated depreciation
2015	\$50000	40%	$50000 * 40% * 1/2 = \$10000$	\$10000
2016	40000	40%	$40000 * 40% = 16000$	26000

b// Machine 1 Depreciation expense 8000

accumulated depreciation 8000

cash 20000

Accumulated depreciation 64000

Loss on sale equipment 2000

Equipment 86000

Machine 2

Depreciation expense 16000

Accumulated Depreciation 16000

Cash	32000
Accumulated Depreciation	26000
Equipment	50000
<u>Gain on sale of equipment</u>	<u>8000</u>

Q 4\ Situation 1: Journal entries by Hacher Cosmetics:

To record purchase of 20,000 shares of Ramiz Fashion at a cost of \$14 per share

March 18, 2015

Equity Investments	280,000	
Cash		280,000

To record the dividend revenue from Ramiz Fashion:

June 30, 2015

Cash	7,500	
Dividend Revenue (\$75,000 X 10%)		7,500

To record the investment at fair value:

December 31, 2015

Fair Value Adjustment	20,000	
<u>Unrealized Gain or Loss—Income.....</u>		<u>20,000*</u>

*(\$15 – \$14) X 20,000 shares = \$20,000

Situation 2: Journal entries by Hamed, Inc.:

To record the purchase of 25% of Nader Corporation's shares:

January 1, 2015

Stock Investments.....	67,500	
Cash [(30,000 X 25%) X \$9]		67,500

Since Hamed, Inc. obtained significant influence over Nader Corp., Hamed, Inc. now employs the equity method of accounting.

To record the receipt of cash dividends from Nader Corporation:

June 15, 2015

Cash (\$36,000 X 25%).....	9,000	
Stock Investments		9,000

To record Holmes's share (25%) of Nader Corporation's net income of \$85,000:

December 31, 2015

Stock Investments (25% X \$85,000)	21,250	
Revenue from investment		21,250

Q 5//

HARDY CORPORATION

Statement of cash flow

For the year ended December 31,2018

Cash flow from operating activities

Net income **\$ 30,000**

Adjustments to reconcile net income to net cash provided

by operating activities

Depreciation	\$ 25,000	
Increase in accounts receivable	(5,000)	
Increase in prepaid insurance	(4,000)	
Increase in Accounts payable	6,000	
Decrease in salaries payable	(3,000)	19,000

Net cash provided by operating activities **49,000**

Cash flows from investing activities

Collection of long-term loan	35,000	
Proceeds from the sale of investments	27,000	
Purchase of equipment	(10,000)	

Net cash provided by investing activities **52,000**

Cash flow from financing activates

Issuance of common stock	20,000	
Redemption of bonds	(24,000)	
Payment of dividends	(9,000)	

Net cash used by financing activates **(13,000)**

Net change in cash **88,000**

Cash at beginning of period	<u>14,000</u>
Cash at end of period	<u>\$102,000</u>
Noncash investing and financing activities ¹	
Purchase of land by issuing bonds	<u>\$ 40,000</u>