

Required

- There were \$180,000 in sales on account during the accounting period. Write offs of uncollectible accounts were \$2,100. What was the amount of cash collected from accounts receivable? What amount of uncollectible accounts expense was reported on the income statement? What was the net realizable value of receivables at the end of the accounting period?
- The note has an 8 percent interest rate and 24 months to maturity. What amount of interest revenue was recognized during the period? How much cash was collected for interest?

LO 2, 4, 5**CHECK FIGURES**

Net Income: \$113,150

Total Assets: \$308,650

Problem 5-32 Comprehensive accounting cycle problem (uses percent of revenue allowance method)

The following trial balance was prepared for Lakeview Sales and Service on December 31, 2012, after the closing entries were posted.

Account Title	Debit	Credit
Cash	\$ 87,100	
Accounts Receivable	18,760	
Allowance for Doubtful Accounts		\$ 960
Inventory	94,600	
Accounts Payable		44,000
Common Stock		90,000
Retained Earnings		65,500
Totals	<u>\$200,460</u>	<u>\$200,460</u>

Lakeview had the following transactions in 2013:

- Purchased merchandise on account for \$270,000.
- Sold merchandise that cost \$215,000 on account for \$350,000.
- Performed \$80,000 of services for cash.
- Sold merchandise for \$76,000 to credit card customers. The merchandise cost \$47,500. The credit card company charges a 5 percent fee.
- Collected \$360,000 cash from accounts receivable.
- Paid \$274,000 cash on accounts payable.
- Paid \$126,000 cash for selling and administrative expenses.
- Collected cash for the full amount due from the credit card company (see item 4).
- Loaned \$60,000 to R. Shell. The note had an 8 percent interest rate and a one-year term to maturity.
- Wrote off \$650 of accounts as uncollectible.
- Made the following adjusting entries:
 - Recorded three months' interest on the note at December 31, 2013 (see item 9).
 - Estimated uncollectible accounts expense to be .5 percent of sales on account.

Required

- Organize the transaction data in accounts under an accounting equation.
- Prepare an income statement, a statement of changes in stockholders' equity, a balance sheet, and a statement of cash flows for 2013.

LO 6**Problem 5-33 Effect of different inventory cost flow methods on financial statements**

The accounting records of Clear Photography, Inc., reflected the following balances as of January 1, 2012:

CHECK FIGURES

a. Cost of Goods Sold—FIFO:
\$27,540

b. Net Income—LIFO: \$6,780

Cash	\$18,000
Beginning inventory	13,500 (150 units @ \$90)
Common stock	15,000
Retained earnings	16,500