

Accounting 2301-Exam 4

1. On October 24, ABC made a 60 day loan to XYZ for \$50,000 at 8%. What is the maturity date? What is the maturity value?

2. Journalize entries for the following:
 - a. Set up an allowance of \$5,000.

 - b. Write off Joe Smith's account for \$400.

3. Accepted a \$9,600, 60 day note at 6% to grant an extension on a past due account receivable, dated December 16, 2013. Journalize the entry.

4. Make an adjusting entry to record the accrued interest on the above note on December 31, 2013.

5. Received payment on above note in #3 on its maturity date. Journalize the entry.

6. Give 3 examples of intangible assets for amortization expenses.

7. Give 2 examples of depletion.

8. ABC Company bought a machine for \$200,000, a salvage value of \$50,000, and a useful life of 5 years. It has a useful capacity of 1,300,000 units. In year 1, the units used were 250,000.
 - a. What is the straight line depreciation?

 - b. What is the unit of production depreciation expense in year 1?

 - c. What is the depreciation expense for the double declining method in year 1?

9. Journalize the following:
 - a. Acquisition of a machine for \$100,000.

 - b. Disposed of the machine in year 4, receiving \$42,000 cash. The machine had a six year useful life, and a salvage value of \$6,000.

Gibbs, Mier, and Hill are partners and share income losses and gains in a 5:1:4 ratio. Their capital balances are as follows: Gibbs, \$303,000, Mier, \$74,000, and Hill, \$223,000. Brise is admitted to the partnership with a 20% equity. Brise invests \$78,000. Prepare journal entry.

14. Journalize the entry for the allowance method using \$9,000 for bad debt.

15. Write off an account receivable on Jane Doe for \$400.

16. On November 10, ABC Company made a 60 day loan to XYZ Company for \$30,000 at 10%. What is the maturity date? What is the maturity value?

If an asset cost \$400,000 and had a salvage value of \$40,000 and useful life of 4 years, what is the annual depreciation using the straight line depreciation method?

18. What is the depreciation method in year one using the double declining method?

19. If you sold an asset that cost you \$350,000 for \$150,000 cash and had accumulated depreciation of \$150,000, what would be the journal entry?

20. Smith, Jones, and Brown are partners and share income losses and gains in a 1:3:1 ratio. Their capital balances are as follows: Smith, \$450,000, Jones, \$320,000, and Brown, \$220,000. Jordan is admitted to the partnership with a 20% equity. Jordan invests \$215,000. Prepare journal entry.

- H. Agreement among partners that sets terms under which the affairs of the partnership are conducted, also called the articles of partnership.
- I. Corporation that meets special tax qualifications so as to be treated like a partnership for income tax purposes.
- J. Legal relationship among general partners that makes each of them responsible for partnership debts if the other partners are unable to pay taxes.
- K. Financial statement that shows total capital balances at the beginning of the period, any additional investment by partners, the income or loss for the period, the partners' withdrawals, and the partner's ending capital balances.
- L. Partnership in which all partners, have mutual agency and unlimited liability for partnership debts.
- M. Corporation that does not qualify for nor elect to be treated as a proprietorship or partnership for income tax purposes and therefore is subject to income taxes.
- N. Partner who assumes unlimited liability for the debts of the partnership; responsible for partnership management.
- O. Partnership that has two classes of partners, limited and general.

1. What is the main reason for forming a partnership?

Only this one

Accounting 2301 / Final Exam

Instructor: Dale Gillum

- 1. The ABC Company completed operations for year ended 12/31/12. Prepare the necessary financial statements using the following data: (use reverse side)

Cash	60,000	Revenues	80,000
Supplies	10,000	Rent Expense	20,000
Withdrawals	25,000	Salaries Expense	18,000
Equipment	28,000	Investments	40,000
Accounts Payable	15,000	Notes Payable	26,000

Ending capital at the end of 2011 was 0. (zero)

- 2. What are the six steps in the accounting cycle?

- 3. What do the normal balances (increases) mean?

- 4. Journalize the following:

- a. Paid the rent with cash, \$800.
- b. Earned fees and was paid \$1,000.
- c. Earned fees and billed customer, \$500.
- d. Bought supplies on account, \$300.
- e. Bought truck \$15,000 paying \$5,000 cash and signing a note for \$10,000.

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Accounting 2301-Exam 5

1. Journalize the following:
 - A. Sold 50 grinders for \$5,750 cash. Cost of goods sold was \$2,900.
 - B. Recognized warranty expense related to above sale with an adjusting entry. Warranty costs equal 10% of sales.

2. Journalize the following:
 - A. Purchased \$40,000 of merchandise on credit.
 - B. Paid amount due in (a).

3. Borrowed \$22,000 cash from the bank by signing a 60-day, 10% interest bearing note on November 28.

4. Paid interest and note on due date.