c. Viking has seven cameras in stock that have been used as demonstration models. The cameras cost $380 and normally sell for $480. Because these cameras are in used condition, Viking has set the selling price at $360 each. Expected selling costs are $15 per camera.

Homework MBC **LO2** **E6-7A. Inventory Costing Methods—Periodic Method** The following information is for the Bud Company; the company sells just one product:

		Units	Unit Cost
Beginning inventory		200	$10
Purchases:	Feb. 11	500	14
	May 18	400	16
	October 23	100	22

At year-end, there was an ending inventory of 340 units. Assume the use of the periodic inventory method. Calculate the value of ending inventory and the cost of goods sold for the year using (a) first-in, first-out, (b) last-in, first-out, and (c) the weighted-average cost method.

Homework MBC **LO2** **E6-8A. Inventory Costing Methods—Periodic Method** The following data are for the Vista Company, which sells just one product:

		Units	Unit Cost
Beginning inventory, January 1		200	$10
Purchases:	February 11	500	14
	May 18	400	17
	October 23	100	18
Sales	March 1	400	
	July 1	380	

Calculate the value of ending inventory and cost of goods sold using the periodic method and (a) first-in, first-out, (b) last-in, first-out, and (c) weighted-average cost method. Round your final answers to the nearest dollar.

Homework MBC **LO4, 5** **E6-9A. Applying IFRS** LVMH is a Paris-based manufacturer of luxury goods that prepares its financial statements using IFRS. During the year, the management of the company undertook a review of the fair value of its inventory and found that the inventory had appreciated above its book value of 12 million euros. According to the company's management, the inventory was undervalued by 3 million euros. (*Hint:* Credit Asset, revaluation reserve. Prepare the journal entry to revalue the company's inventory. How would the revaluation immediately affect the company's (a) current ratio, (b) inventory turnover, and (c) days' sales in inventory?

Homework MBC **LO4** **E6-10A. Lower-of-Cost-or-Net Realizable Value Method** The following data are taken from the Browning Corporation's inventory accounts:

Item Code	Quantity	Unit Cost	Net Realizable Value
ACE	100	$27	$25
BDF	300	29	31
GHJ	400	22	18
MBS	200	23	27

Calculate the value of the company's ending inventory using the lower-of-cost-or-net realizable value method applied to each item of inventory.

Homework MBC **LO5** **E6-11A. Inventory Turnover and Days' Sales in Inventory** Shown below are data from the Northern Company's accounting records:

	Year 1	Year 2
Sales revenue	$8,000,000	$11,000,000
Cost of goods sold	4,000,000	4,800,000
Beginning inventory	510,000	$\boxed{550{,}000}$
Ending inventory	550,000	600,000

1. Deposits in transit July 31 amounted to $3,316.12.
2. Outstanding checks July 31 totaled $1,251.12.
3. The bank erroneously charged a $215 check of Solomon Company against the Arthur bank account.
4. A $15 bank service charge has not yet been recorded by Arthur Company.
5. Arthur neglected to record $4,000 borrowed from the bank on a 10 percent six-month note. The bank statement shows the $4,000 as a deposit.
6. Included with the returned checks is a memo indicating that J. Martin's check for $610 had been returned NSF. Martin, a customer, had sent the check to pay an account of $660 less a $50 discount.
7. Arthur Company recorded a $107 payment for repairs as $1,070.

Required

a. Prepare a bank reconciliation for Arthur Company at July 31.

b. Prepare the journal entry (or entries) necessary to bring the Cash in Bank account into agreement with the reconciled cash balance on the bank reconciliation.

LO5 **P7-5A. Bank Reconciliation** The bank reconciliation made by Thurman, Inc., on August 31 showed a deposit in transit of $1,170 and two outstanding checks, No. 597 for $650 and No. 603 for $710. The reconciled cash balance on August 31 was $14,110.

The following bank statement is available for September:

Bank Statement

TO **Thurman, Inc.**
St. Louis, MO

September 30
STATE BANK

Date		Deposits	No.	Date		Charges	Date		Balance
							Aug.	31	$14,300
Sept.	1	$1,170	597	Sept.	1	$ 650	Sept.	1	14,820
	2	1,120	607		5	1,850		2	15,940
	5	850	608		5	1,100		5	13,840
	9	744	609		8	640		8	13,200
	15	585	610		9	552		9	13,392
	17	1,540	611		15	817		15	13,160
	25	1,028	612		17	488		17	14,212
	30	680	614		25	920		25	14,320
			NSF		29	991		29	13,329
			SC		30	36		30	13,973

Item Codes: EC: Error Correction; SC: Service Charge; IN: Interest Earned; DM: Debit Memo; OD: Overdraft; NSF: Non-sufficient Funds; CM: Credit Memo; RT: Returned Item

A list of deposits made and checks written during September is shown below:

Deposits Made			Checks Written		
Sept.	1	$1,120	No.	607	$1,850
	4	850		608	1,100
	8	744		609	640
	12	585		610	552
	16	1,540		611	871
	24	1,028		612	488
	29	680		613	310
	30	1,266		614	920
		$7,813		615	386
				616	420
					$7,537

The Cash in Bank account balance on September 30 was $14,386. In reviewing checks returned by the bank, the accountant discovered that check No. 611, written for $817 for advertising expense, was recorded in the cash disbursements journal as $871. The NSF check for $991, which Thurman deposited on September 24, was a payment on account from customer D. Walker.

Bank Statement

TO	Adam Company Fairbanks, AK						April 30 FAIRBANKS NATIONAL BANK
Date	**Deposits**	**No.**	**Date**	**Charges**	**Date**		**Balance**
					Mar.	31	$11,960
Apr. 1	$1,300	804	Apr. 2	$ 690	Apr.	1	13,260
3	1,680	807	3	730		2	12,570
7	1,250	808	7	1,240		3	13,520
13	1,020	809	7	838		7	12,692
18	840	811	13	541		13	13,171
23	990	810	16	1,040		16	12,131
27	1,340	813	18	500		18	12,471
30	1,160	814	23	600		23	12,861
30	95IN	NSF	27	640		27	13,561
		SC	30	40		30	14,776

Item Codes: EC: Error Correction; SC: Service Charge; IN: Interest Earned; DM: Debit Memo; OD: Overdraft; NSF: Non-sufficient Funds; CM: Credit Memo; RT: Returned Item

A list of deposits made and checks written during April is shown below:

Deposits Made		**Checks Written**	
Apr. 2	$1,680	No. 807	$ 730
6	1,250	808	1,240
10	1,020	809	838
17	840	810	1,040
22	990	811	451
24	1,340	812	948
29	1,160	813	500
30	1,425	814	600
	$9,705	815	372
		816	875
			$7,594

The Cash in Bank account balance on April 30 was $14,131. In reviewing checks returned by the bank, the accountant discovered that check No. 811, written for $541 for delivery expense, was recorded in the cash disbursements journal as $451. The NSF check for $640 was that of customer R. Koppa, deposited in April. Interest for April added to the account by the bank was $95.

Required

a. Prepare a bank reconciliation for Adam Company at April 30.

b. Prepare the necessary journal entries to bring the Cash in Bank account into agreement with the reconciled cash balance on the bank reconciliation.

Homework MBC **LO3** **P7-6B. Reporting Cash** Janzen Company has the following items at year-end:

Currency and coin in safe	$ 5,300
Funds in savings account (requires $2,500 compensating balance)	17,300
Funds in checking account	1,750
Traveler's checks	1,900
Postdated check	2,250
Not-sufficient-funds check	575
Money market fund	12,600

Required

Identify the amount of the above items that should be reported as cash and cash equivalents on Janzen Company's balance sheet.

LO2 **P7-7B. Internal Control** Jerry Finch has worked for Jane Hardware for many years. Jerry has been a model employee. He has not taken a vacation in over three years, always stating that work was too important. One of Jerry's primary jobs at the store is to open mail and list the checks received. He also collects cash from customers at the store's outdoor nursery area. There are times that things are so hectic

Required
Prepare journal entries to record these transactions and adjustments.

Homework MBC **LO4** **P9-5B. Disposal of Plant Asset** Crystal Company has a used delivery truck that originally cost $24,200. Straight-line depreciation on the truck has been recorded for three years, with a $3,500 expected salvage value at the end of its estimated six-year useful life. The last depreciation entry was made at the end of the third year. Four months into the fourth year, Crystal disposes of the truck.

Required
Prepare journal entries to record:

a. Depreciation expense to the date of disposal.
b. Sale of the truck for cash at its book value.
c. Sale of the truck for $17,000 cash.
d. Sale of the truck for $10,000 cash.
e. Theft of the truck. Crystal carries no insurance for theft.

Homework MBC **LO1, 2, 5** **P9-6B. Accounting for Plant and Intangible Assets** Selected transactions of Global Publishers, Inc., for the current year are given below:

Jan. 2 Paid $170,000 to purchase copyrights to a series of romantic novels. The copyrights expire in 40 years, although sales of the novels are expected to stop after 10 years.
Mar. 1 Discovered a satellite dish antenna has been destroyed by lightning. The loss is covered by insurance and a claim is filed today. The antenna cost $18,360 when installed on July 1, of last year, and was being depreciated over 12 years with a $1,800 salvage value. Straight-line depreciation was last recorded on December 31~~, 2018~~. Global expects to receive an insurance settlement of $17,000.
April 1 Paid $140,000 to remodel space to create an employee exercise area on the lower level in a leased building. The building's remaining useful life is 40 years; the lease on the building expires in 12 years.
July 1 Paid $540,000 to acquire a patent on a new publishing process. The patent has a remaining legal life of 15 years. Global estimates the new process will be utilized for 6 years before it becomes obsolete.
Nov. 1 Paid $180,000 to obtain a four-year franchise to sell a new series of computerized do-it-yourself manuals.

Required
a. Prepare journal entries to record these transactions.
b. Prepare the December 31 journal entries to record depreciation and amortization expense for assets acquired during the year. Global uses straight-line depreciation and amortization.

Homework MBC **LO6** **P9-7B. Preparation of Balance Sheet** Conner Corporation's December 31 post-closing trial balance contains the following normal account balances:

Cash	$ 10,000
Accounts payable	13,000
Building	260,000
Long-term notes payable	940,000
Common stock	420,000
Retained earnings	342,000
Accumulated depreciation—Equipment	130,000
Land	1,129,000
Accounts receivable	21,000
Accumulated depreciation—Building	70,000
Interest payable	24,000
Patent (net of amortization)	60,000
Notes payable (short term)	80,000
Inventory	137,000
Equipment	266,000
Allowance for doubtful accounts	1,000
Accumulated depreciation - Leasehold improvements	22,000
Leasehold improvements	140,000
Trademark (net of amortization)	19,000

Required
Prepare a December 31 classified balance sheet for Conner Corporation.

Calculate the following ratios for the current year:

a. Gross profit percentage
b. Return on sales
c. Asset turnover
d. Return on assets
e. Return on equity

E13-6A. Working Capital and Short-Term Liquidity Ratios Ritter Company has a current ratio of 3.00 on December 31. On that date the company's current assets are as follows: LO4 Homework MBC

Cash	$ 32,000
Short-term investments	49,300
Accounts receivable (net)	170,000
Inventory	200,000
Prepaid expenses	11,600
Current assets	$462,900

Ritter Company's current liabilities at the beginning of the year were $150,000, and during the year its operating activities provided a cash flow of $60,000.

a. What are the firm's current liabilities on December 31?
b. What is the firm's working capital on December 31?
c. What is the quick ratio on December 31?
d. What is Ritter's operating-cash-flow-to-current-liabilities ratio?

E13-7A. Accounts Receivable and Inventory Ratios Ritter Company, whose current assets at December 31 are shown in Exercise E13-6A, had net sales for the year of $850,000 and cost of goods sold of $550,000. At the beginning of the year, Ritter's accounts receivable (net) were $160,000, and its inventory was $175,000. LO4 Homework MBC

a. What is the company's accounts receivable turnover for the year?
b. What is the company's average collection period for the year?
c. What is the company's inventory turnover for the year?
d. What is the company's days' sales in inventory for the year?

E13-8A. Ratios Analyzing Long-Term Firm Solvency The following information is available for Banner Company: LO4 Homework MBC

Annual Data	Current Year	Previous Year
Interest expense	$ 85,000	$ 82,000
Income tax expense	203,500	185,000
Net income	496,500	425,000
Capital expenditures	320,000	380,000
Cash provided by operating activities	450,000	390,000

Year-End Data	Dec. 31, Current Year	Dec. 31, Previous Year
Total liabilities	$2,400,000	$1,900,000
Total stockholders' equity	4,200,000	3,800,000

Calculate the following:

a. Current year debt-to-equity ratio.
b. Current year times-interest-earned ratio.
c. Current year operating-cash-flow-to-capital-expenditures ratio.

E13-9A. Financial Ratios for Common Stockholders Morgan Corporation has only common stock outstanding. The firm reported earnings per share of $6.00 for the year. During the year, Morgan paid dividends of $2.10 per share. At year-end the current market price of the stock was $72 per share. Calculate the following: LO4 Homework MBC

a. Price-earnings ratio
b. Dividend yield
c. Dividend payout ratio