Q1) XYZ CO has decided to expand its operations. The bookkeeper recently

completed the following statement of financial position in order to obtain

additional funds for expansion.

Statement of Financial Positions

Decembers 31, 2019

Current assets

cash 260,000

Accounts receivable (net) 340,000

Inventory (at lower-of-average-cost-or-net realizable value 401,000

Trading securities—at cost (fair value €120,000) 140,000

Buildings (net) 570,000

Equipment (net) 160,000

Land held for future use 175,000

Intangible assets

Goodwill 80,000

Other identifiable assets 90,000

Prepaid expenses 12,000

Current liabilities

Accounts payable 135,000

Notes payable (due next year) 125,000

Pension liability 82,000

Rent payable 49,000

Premium on bonds payable 53,000

Non-current liabilities

Bonds payable 500,000

Equity

Share capital—ordinary, €1.00 par, authorized 400,000 shares,

issued 290,000 290,000

Share premium—ordinary 180,000

Retained earnings ? ?

Instructions

Prepare a revised statement of financial position given the available information.

Assume that the accumulated depreciation balance for the buildings is €160,000

and for the equipment, €105,000. The allowance for doubtful accounts has a

balance of €17,000. The pension liability is considered a non-current liability.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **xyz COMPANY** | | | | | |
| **Statement of Financial Position** | | | | | |
| **December 31, 2019** | | | | | |
| **Assets** | | | | | |
| **Non-current assets** | |  |  |  | |
| **Long-term investments** | |  |  |  | |
| **Land held for future use** | |  |  | **€ 175,000** | |
|  | |  |  |  | |
| **Property, plant, and equipment** | |  |  |  | |
| **Buildings** | | **€730,000** |  |  | |
| **Less: Accum. depr.—buildings** | | **160,000** | **€570,000** |  | |
| **Equipment** | | **265,000** |  |  | |
| **Less: Accum. depr.—equipment** | | **105,000** | **160,000** | **730,000** | |
|  | |  |  |  | |
| **Intangible assets** | |  |  |  | |
| **Goodwill** | |  | **80,000** |  | |
| **Other identifiable assets** | |  | **90,000** | **170,000** | |
| **Total non-current assets** | |  |  | **1,075,000** | |
| **Current assets** | |  |  |  | |
| **Inventory, at lower of average   cost or net realizable value** | |  | **401,000** |  | |
| **Prepaid expenses** | |  | **12,000** |  | |
| **Accounts receivable** | | **357,000** |  |  | |
| **Less: Allowance for doubtful   accounts** | | **17,000** | **340,000** |  | |
| **Trading securities—at fair value** | |  | **120,000** |  | |
| **Cash** | |  | **260,000** |  | |
| **Total current assets** | |  |  | **1,133,000** | |
| **Total assets** | |  |  | **€2,208,000** | |
| **Equity and Liabilities** | | | | | | |
| **Equity** | |  | |  | |  |
| **Share capital—ordinary, €1 par,   authorized 400,000 shares, issued   290,000 shares** | | **€290,000** | |  | |  |
| **Share premium—ordinary** | | **180,000** | | **€470,000** | |  |
| **Retained earnings** | |  | | **794,000\*** | |  |
| **Total equity** | |  | |  | | **1,264,000** |
| **Non-current liabilities** | |  | |  | |  |
| **Bonds payable** | | **553,000** | |  | |  |
| **Pension liability** | | **82,000** | |  | |  |
| **Total non-current liabilities** | |  | | **635,000** | |  |
| **Current liabilities** | |  | |  | |  |
| **Notes payable (due next year** | | **125,000** | |  | |  |
| **Accounts payable** | | **135,000** | |  | |  |
| **Rent payable** | | **49,000** | |  | |  |
| **Total current liabilities** | |  | | **309,000** | |  |
| **Total liabilities** | |  | |  | | **944,000** |
| **Total equity and liabilities** | |  | |  | | **€2,208,000** |

**\*€2,208,000 – €944,000 – €470,000**

**Q2) Presented below are a statement of financial position items for ABC,CO for the current year,2020**

**Goodwill 125,000**

**Payroll taxes payable 177,591**

**Bonds payable 285,000**

**Cash 360,000**

**Land 480,000**

**Notes receivable 445,700**

**Notes payable (to banks) 265,000**

**Accounts payable 490,000**

**Retained earnings 713,897**

**Income taxes receivable 97,630**

**Unsecured notes payable (long-term ) 1,600,000**

**Accumulated depreciation—equipment 292,000**

**Inventory 239,800**

**Rent payable (short-term) 45,000**

**Income taxes payable 98,362**

**Long-term rental obligations 480,000**

**Share capital—ordinary, $1 par value 200,000**

**Share capital—preference, 10 par value 150,000**

**Prepaid expenses 87,920**

**Equipment 1,470,000**

**Trading securities 121,000**

**Accumulated depreciation—buildings 270,200**

**Buildings 1,640,000**

**Instructions**

**Prepare a classified statement of financial position in good form. Share**

**capital—ordinary shares authorized was 400,000 shares, and share**

**capital—preference shares authorized was 20,000 shares. Assume that notes**

**receivable and notes payable are short-term, unless stated otherwise. Cost and fair**

**value of trading securities are the same.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Statement of Financial Position** | | | | | | |
| **December 31, 2020** | | | | | | |
| **Assets** | | | | | | |
| **Non-current assets** |  | | |  | |  |
| **Property, plant, and equipment** |  | | |  | |  |
| **Land** |  | | | **€ 480,000** | |  |
| **Buildings** | **€1,640,000** | | |  | |  |
| **Less: Accum. depreciation—  buildings** | **270,200** | | | **1,369,800** | |  |
| **Equipment** | **1,470,000** | | |  | |  |
| **Less: Accum. depreciation—  equipment** | **292,000** | | | **1,178,000** | | **€3,027,800** |
|  |  | | |  | |  |
| **Intangible assets** |  | | |  | |  |
| **Goodwill** |  | | |  | | **125,000** |
| **Current assets** |  | | |  | |  |
| **Inventory** |  | | | **239,800** | |  |
| **Prepaid expenses** |  | | | **87,920** | |  |
| **Notes receivable** |  | | | **445,700** | |  |
| **Income taxes receivable** |  | | | **97,630** | |  |
| **Trading securities** |  | | | **121,000** | |  |
| **Cash** |  | | | **360,000** | |  |
| **Total current assets** |  | | |  | | **1,352,050** |
| **Total assets** |  | | |  | | **€4,504,850** |
| **Equity and Liabilities** | | | | | | | |
| **Equity** | | |  |  | |  | |
| **Share capital** | | |  |  | |  | |
| **Share capital—preference  €10 par; 20,000 shares   authorized, 15,000   shares issued** | | | **150,000** |  | |  | |
| **Share capital—ordinary, €1 par;  400,000 shares authorized,   200,000 issued** | | | **200,000** | **€350,000** | |  | |
| **Retained earnings   (€1,063,897 – €350,000)** | | |  | **713,897** | |  | |
| **Total equity   (€4,504,850 – €3,440,953)** | | |  |  | | **€1,063,897** | |
|  | | |  |  | |  | |
| **Non-current liabilities** | | |  |  | |  | |
| **Unsecured notes payable** | | |  |  | |  | |
| **(long-term)** | | | **1,600,000** |  | |  | |
| **Bonds payable** | | | **285,000** |  | |  | |
| **Long-term rental obligations** | | | **480,000** |  | |  | |
| **Total non-current liabilities** | | |  | **2,365,000** | |  | |
| **Current liabilities** | | |  |  | |  | |
| **Notes payable to banks** | | | **265,000** |  | |  | |
| **Accounts payable** | | | **490,000** |  | |  | |
| **Payroll taxes payable** | | | **177,591** |  | |  | |
| **Income taxes payable** | | | **98,362** |  | |  | |
| **Rent payable** | | | **45,000** |  | |  | |
| **Total current liabilities** | | |  | **1,075,953** | |  | |
| **Total liabilities** | | |  |  | | **3,440,953** | |
| **Total equity and liabilities** | | |  |  | | **€4,504,850** | |

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**Q3)** Given the following account information for ABC Corporation, prepare a statement of financial position in report form for the company as of December 31, 2020. All accounts have normal balances.

Equipment 40,000

Interest Expense 2,400

Interest Payable 600

Retained Earnings ?

Dividends 50,400

Land 157,320

Inventory 102,000

Bonds Payable 78,000

Notes Payable (due in 6 months) 24,400

Share Capital–Ordinary 60,000

Accumulated Depreciation - Equip. 10,000

Prepaid Advertising 5,000

Revenue 351,400

Buildings 80,400

Supplies 1,860

Taxes Payable 3,000

Utilities Expense 1,320

Advertising Expense 1,560

Salaries and Wages Expense 53,040

Salaries and Wages Payable 900

Accumulated Depr. - Buildings 15,000

Cash 40,000

Depreciation Expense 8,000

|  |  |  |  |
| --- | --- | --- | --- |
| ABC Corporation | | | |
| Statement of Financial Position | | | |
| December 31, 2020 | | | |
| Assets |  |  |  |
| Property, plant and equipment |  |  |  |
| Land |  | 157,320 |  |
| Buildings | 80,400 |  |  |
| Accumulated depreciation - buildings | (15,000) | 65,400 |  |
| Equipment | 40,000 |  |  |
| Accumulated depreciation -equipment | (10,000) | 30,000 |  |
| Total property, plant and equipment |  |  | 252,720 |
| Current assets |  |  |  |
| Inventory |  | 102,000 |  |
| Supplies |  | 1,860 |  |
| Prepaid advertising |  | 5,000 |  |
| Cash |  | 40,000 |  |
| Total current assets |  |  | 148,860 |
| Total assets |  |  | 401,580 |
| Equity & Liabilities |  |  |  |
| Equity |  |  |  |
| Share capital-ordinary |  | 60,000 |  |
| Retained earnings (285,080\*- 50,400) |  | 234,680 |  |
| Total equity |  |  | 294,680 |
| Non-current liabilities |  |  |  |
| Bonds payable |  | 78,000 |  |
| Current liabilities |  |  |  |
| Notes payable | 24,400 |  |  |
| Taxes payable | 3,000 |  |  |
| Salaries and wages payable | 900 |  |  |
| Intrest payable | 600 |  |  |
| Total current liabilities |  | 28,900 |  |
| Total liabilities |  |  | 106,900 |
| Total equity & liabilities |  |  | 401,580 |

\*351,400 - 53,040 - 8,000 - 2,400 - 1,560 - 1,320