

Presented below are items from Braun Company for the year ended December 31, 2019

Gain from extinguishment of debt	40000	Loss from abandonment of plant assets	50000
Cost of goods sold	1200000	Selling expenses	250000
Interest revenue	30000	Sales revenue	3000000
Administrative expenses	200000	Gain on discontinued operation	60000
Loss from earthquake	35000		

Requirement : Using the information above, prepare a multiple-step income statement, and calculate Earning per share.

Assume a tax rate of 30% and 100,000 shares of common stock outstanding during 2019.

Sales revenue		3000000
- Cost of goods sold		(1200000)
Gross profit		1800000
<u>-Operating expenses</u>		
- Selling expenses	250000	
Administrative expense	200000	(450000)
Operating income		1350000
<u>+ Other gains</u>		
Interest revenue	30000	
Gain on debt extinguishment	40000	70000
<u>- Other losses</u>		
Loss from plant abandonment	50000	(50000)
Income from continuing operations before income tax		1370000
-Income tax expense (30%)		(411000)
Income from continuing operations		959000
<u>Discontinued operations, net of tax</u>		
Gain on discontinued operation	60000	
Loss: Applicable Income tax	(18000)	42000
Income before extraordinary items		1001000
Extraordinary loss, net of tax (35000-10500)		(24500)
Net Income		<u>976500</u>
Earnings per share (976500÷100000)		<u>9.77</u>

The following information taken from the records of X company at December 31, 2021

Sales	3100000	Office salaries	35000
Common Stock	1000000	Administrative Utilities expense	5000
Cost of goods sold	1500000	Dividends	600000
Sales returns and allowance	75000	Depreciation of sales equipment	8000
Sales discounts	25000	Interest Revenue	20000
Sales salaries	55000	Loss from plant abandonment	10000
Advertising expense	30000	Interest expense	20000
Delivery expense	18000	Telephone expense of sales department	10000
Insurance expense	10000	Legal and professional services	15000
Loss on discontinued operations	15000	Depreciation of office equipment	10000

The tax rate 30%. The company issued 56000 shares of common stock, and held 6000 shares as treasury stock during 2020, Beginning Retained earnings was \$400000

Requirements: 1. Prepare Multi-Step income statement for the fiscal year ended December 31, 2020, and calculate the earnings per share 2. Calculate the Ending balance of Retained earnings

Income Statement for the year ended December 31, 2017

Sales revenue			3100000
Less: sales discounts		25000	
Sales returns and allowances		75000	(100000)
Net sales			3000000
- Cost of goods sold			(1500000)
Gross profit			1500000
<u>Operating Expenses:</u>			
<u>Selling expenses</u>			
Sales salaries	55000		
Advertising expense	30000		
Delivery expense	18000		
Depreciation of sales equipment	8000		
Telephone	10000	121000	
<u>Administrative expenses</u>			
Officers' salaries	35000		
Legal and professional services	15000		
Administrative Utilities expense	5000		

Insurance expense	10000		
Depreciation of office equipment	10000	75000	(196000)
Income from operations			1304000
+ other revenues and gains			
Interest revenue		20000	
- Other expenses and losses			
Interest expense	20000		
Loss from plant abandonment	10000	(30000)	(10000)
Income before income tax			1294000
Income tax			(388200)
			905800
-Loss on discontinued operations, net of tax (15000-(15000*30%))			(10500)
			<u>895300</u>
Earnings per share			<u>17.906</u>

Retained earnings

Retained earnings	400000
+ net income	895300
- Dividends	(600000)
Retained earnings, December 31, 2018	695300

The following accounts and there balances were given for X company

Retained earnings	\$147000	Common stock	\$255000
Inventory	105000	Dividends payable	3000
Cash	70000	Accounts payable	30000
Prepaid expenses	15000	Preferred stock	60000
Goodwill	62000	Accounts receivable, net	106000
Accrued liabilities payable	16000	Property, Plant and equipment, net	284000
Long-term note payable	102000	Short term note payable	12000
Treasury stock	3000	Unearned revenue	10000
Bond payable	15000	copyrights	5000

Requirement: Prepare the company's classified balance sheet at December 31, 2020

Asset			Liabilities		
<u>Current assets:</u>			<u>Current liabilities:</u>		
Cash	70000		Accounting payable	30000	
Accounts receivable, net	106000		Accrued liabilities payable	16000	
Inventory	105000		Dividends payable	3000	
Prepaid expenses	15000		Short time note payable	12000	
			Unearned revenue	10000	
Total current assets		286000	Total current liabilities		71000
			Long- term note payable	102000	
			Bond payable	15000	
			Long term Liabilities		117000
Property, plant and equipment, net		284000	Total liabilities		
			Stockholders' Equity		
<u>Intangible assets:</u>			Preferred stock	60000	
Goodwill	62000		Common stock	255000	
Copyrights	5000	67000	-treasury stock	(3000)	
			Retained earnings	147000	
			Total stockholders' equity		459000
Total assets		637000	Total liabilities and stockholders' equity		647000

The following accounts and there balances were given for X company

Retained earnings	300000	Accrued liabilities payable	16000
Inventory	210000	Prepaid expenses	30000
Cash	96000	Accounts payable	60000
Short term note payable	28000	Preferred stock	120000
Dividends payable	6000	Accounts receivable, net	212000
Long-term note payable	210000	Property, Plant and equipment, net	568000
Common stock	500000	Goodwill	124000

Requirement: Prepare the company's classified balance sheet at December 31, 2020

Current assets:			Current liabilities:		
Cash	96000		Accounting payable	60000	
Accounts receivable, net	212000		Accrued liabilities payable	16000	
Inventory	210000		Dividends payable	6000	
Prepaid expenses	30000		Short time note payable	28000	
Total current assets		548000	Total current liabilities		110000
			Long- term note payable		210000
Property, plant and equipment		568000	Total liabilities		320000
			Stockholders' Equity		
Intangible assets:			Preferred stock	120000	
Goodwill		124000	Common stock	500000	
			Retained earnings	300000	
			Total stockholders' equity		920000
Total assets		1240000	Total liabilities and stockholders' equity		1240000

Instruction: Prepare a classified balance sheet in good form (No monetary amounts are necessary)

Assume that Sanchez Company has the following accounts at the end of the current year:

1. Common Stock	13. Salaries and Wages Payable
2. Discount on Bonds Payable	14. Accumulated Depreciation- Buildings
3. Treasury Stock (at cost)	15. Cash Restricted for Plant Expansion
4. Notes Payable (short term)	16. Land Held for Future Plant Site
5. Raw Materials	17. Allowance for Doubtful Accounts- Accounts Receivable
6. Preferred Stock Investment (Long term)	18. Retained Earnings
7. Unearned Rent Revenue	19. Paid in Capital in Excess of Par- Common Stock
8. Work in Process	20. Unearned Subscriptions Revenue
9. Copyrights	21. Receivables- Officers (due in one year)
10. Buildings	22. Finished Goods
11. Notes Receivable (short term)	23. Accounts Receivable
12. Cash	24. Bonds Payable (due in 4 years)
	25. accumulated Other Comprehensive Income

Balance sheet

Assets		Liabilities and stockholders' equity	
<u>Current assets</u>		<u>Current liabilities</u>	
Cash (less cash restricted for plant expansion)		Salaries and wages payable	
Accounts receivable		Notes payable (short term)	
Less: Allowance for doubtful accounts		Unearned subscriptions revenue	
Notes receivable		Unearned rent revenue	
Receivable-officers		Total current liabilities	
<u>Inventory</u>		<u>Long term debt</u>	
Finished goods		Bonds payable (due in four years)	
Work in process		-discount on bonds payable	
Raw materials		Total liabilities	
Total current assets		<u>Stockholders' equity</u>	
<u>Long term investments:</u>		<u>Capital stock:</u>	
Preferred stock investments		Common stock	
Land held for future plant site		<u>Additional paid in capital:</u>	

Cash restricted for plant expansion		Paid in capital in excess of par-common stock	
Total long-term investments		Total paid in capital	
<u>Property, plant, and equipment</u>		Retained earnings	
Buildings		Accumulated other comprehensive income	
Less: Accumulated depreciation-buildings		Treasury stock (at cost)	(xx)
<u>Intangible assets</u>		Total equity attributable to Sanchez shareholders	
Copyrights		Equity attributable to noncontrolling interest	
Total assets		Total liabilities and stockholders' equity	

BE5-1 Harding Corporation has the following accounts included in its December 31, 2014, trial balance: Accounts Receivable \$110,000; Inventory \$290,000; Allowance for Doubtful Accounts \$8,000; Patents \$72,000; Prepaid Insurance \$9,500; Accounts Payable \$77,000; Cash \$30,000. Prepare the current assets section of the balance sheet, listing the accounts in proper sequence.

Current assets

Cash.....		\$ 30,000
Accounts receivable	\$110,000	
Less: Allowance for doubtful accounts	<u>8,000</u>	102,000
Inventory.....		290,000
Prepaid insurance.....		<u>9,500</u>
Total current assets		<u>\$431,500</u>

BE5-2 Koch Corporation's adjusted trial balance contained the following asset accounts at December 31, 2014: Cash \$7,000; Land \$40,000; Patents \$12,500; Accounts Receivable \$90,000; Prepaid Insurance \$5,200; Inventory \$30,000; Allowance for Doubtful Accounts \$4,000; Equity Investments (trading) \$11,000. Prepare the current assets section of the balance sheet, listing the accounts in proper sequence.

Current assets

Cash.....		\$ 7,000
Equity Investments (Trading).....		11,000
Accounts receivable	\$90,000	
Less: Allowance for doubtful accounts	<u>4,000</u>	86,000
Inventory.....		30,000
Prepaid insurance		<u>5,200</u>
Total current assets.....		<u>\$139,200</u>

BE5-3 Included in Outkast Company's December 31, 2014, trial balance are the following accounts: Prepaid Rent \$5,200; Debt Investments (trading) \$56,000; Unearned Fees \$17,000; Land (held for investment) \$39,000; Notes Receivable (long-term) \$42,000. Prepare the long-term investments section of the balance sheet.

Long-term investments

Debt investments		\$ 56,000
Land held for investment		39,000
Note receivables (long-term)		<u>42,000</u>
Total investments		<u>\$137,000</u>

BE5-4 Lowell Company's December 31, 2014, trial balance includes the following accounts: Inventory \$120,000; Buildings \$207,000; Accumulated Depreciation—Equipment \$19,000; Equipment \$190,000; Land (held for investment) \$46,000; Accumulated Depreciation—Buildings \$45,000; Land \$71,000; Timberland \$70,000. Prepare **the property, plant, and equipment** section of the balance sheet.

Property, plant, and equipment

Land.....		\$ 71,000
Buildings	\$207,000	
Less: Accumulated depreciation	<u>45,000</u>	162,000
Equipment	\$190,000	
Less: Accumulated depreciation	<u>19,000</u>	171,000
Timberland		<u>70,000</u>
Total property, plant, and equipment.....		<u>\$474,000</u>

BE5-5 Crane Corporation has the following accounts included in its December 31, 2014, trial balance: Equity Investments (trading) \$21,000; Goodwill \$150,000; Prepaid Insurance \$12,000; Patents \$220,000; Franchises \$130,000. Prepare the intangible assets section of the balance sheet.

Intangible assets

Goodwill.....		\$150,000
Patents		220,000
Franchises		<u>130,000</u>
Total intangible assets.....		<u>\$500,000</u>

BE5-6 Patrick Corporation's adjusted trial balance contained the following asset accounts at December 31, 2014: Prepaid Rent \$12,000; Goodwill \$50,000; Franchise Fees Receivable \$2,000; Franchises \$47,000; Patents \$33,000; Trademarks \$10,000. Prepare the intangible assets section of the balance sheet.

Intangible assets

Goodwill.....	\$ 50,000
Franchises.....	47,000
Patents.....	33,000
Trademarks.....	<u>10,000</u>
Total intangible assets.....	<u>\$140,000</u>

BE5-7 Thomas Corporation's adjusted trial balance contained the following liability accounts at December 31, 2014: Bonds Payable (due in 3 years) \$100,000; Accounts Payable \$72,000; Notes Payable (due in 90 days) \$22,500; Salaries and Wages Payable \$4,000; Income Taxes Payable \$7,000. Prepare the current liabilities section of the balance sheet.

Current liabilities

Notes payable.....	\$ 22,500
Accounts payable.....	72,000
Salaries and wages payable.....	4,000
Income taxes payable.....	<u>7,000</u>
Total current liabilities.....	<u>\$105,500</u>

BE5-8 Included in Adams Company's December 31, 2014, trial balance are the following accounts: Accounts Payable \$220,000; Pension Liability \$375,000; Discount on Bonds Payable \$29,000; Unearned Rent Revenue \$41,000; Bonds Payable \$400,000; Salaries and Wages Payable \$27,000; Interest Payable \$12,000; Income Taxes Payable \$29,000. Prepare the current liabilities section of the balance sheet.

Current liabilities

Accounts payable.....	\$220,000
Unearned rent revenue.....	41,000
Salaries and wages payable.....	27,000
Interest payable.....	12,000
Income tax payable.....	<u>29,000</u>
Total current liabilities.....	<u>\$329,000</u>

BE5-9 Use the information presented in BE5-8 for Adams Company to prepare the long-term liabilities section of the balance sheet.

Long-term liabilities

Bonds payable	\$400,000	
Less: Discount on bonds payable	<u>29,000</u>	\$371,000
Pension liability		<u>375,000</u>
Total long-term liabilities		<u>\$746,000</u>

BE5-10 Hawthorn Corporation's adjusted trial balance contained the following accounts at December 31, 2014: Retained Earnings \$120,000; Common Stock \$750,000; Bonds Payable \$100,000; Paid-in Capital in Excess of Par—Common Stock \$200,000; Goodwill \$55,000; Accumulated Other Comprehensive Loss \$150,000; Noncontrolling Interest \$35,000. Prepare the stockholders' equity section of the balance sheet.

Stockholders' equity

Common stock.....	\$750,000	
Paid-in capital in excess of par.....	<u>200,000</u>	\$950,000
Retained earnings		120,000
Accumulated other comprehensive loss		<u>(150,000)</u>
Stockholders' equity – Hawthorn Corporation		920,000
Noncontrolling interest		<u>35,000</u>
Total stockholders' equity		<u>\$955,000</u>

BE5-11 Stowe Company's December 31, 2014, trial balance includes the following accounts: Investment in Common Stock \$70,000; Retained Earnings \$114,000; Trademarks \$31,000; Preferred Stock \$152,000; Common Stock \$55,000; Deferred Income Taxes \$88,000; Paid-in Capital in Excess of Par—Common Stock \$174,000; Noncontrolling Interest \$63,000. Prepare the stockholders' equity section of the balance sheet.

Stockholders' equity

Preferred stock		\$152,000
Common stock		55,000
Additional paid-in capital.....		174,000
Retained earnings		<u>114,000</u>
Stockholders' equity – Stowe Company.....		495,000
Noncontrolling interest		<u>63,000</u>
Total stockholders' equity		<u>\$558,000</u>