

Q1) Prepare a classified balance sheet by using the accounts given below. Use correct form and headings.

Accumulated depreciation(-)	28,000
Bank loans- long term	250,000
Bank loans- short term	125,000
Banks	250,000
Bonds issued	120,000
Buildings	200,000
Capital	400,000
Cash	50,000
Common stocks	85,000
Deposits and quarantees given short term	36,000
Discount on Notes payable (-) short term	3,000
Discount on notes receivable(-) short term	4,000
Doubtful trade receivables short term	23,000
Finished goods	210,000
Furniture and fixtures	25,000
Goodwill	55,000
Land	350,000
Legal Reserves	50,000
Long-term marketable securities	15,000
Machinery, equipment and installations	75,000
Notes Payable - short term	55,000
Notes receivable-short term	124,000
Other Marketable Securities -short term	40,000
Prepaid Taxes	12,000
Previous years' profit	118,000
Principle and interest payments of bonds	26,000
Principle and interest payments of long-term loans	32,000
Profit for the period	230,000
Provision for diminution in value of stocks(-)	55,000
Provisions for diminution in value of long-term securities (-)	2,000
Provisions for diminution in value of short-term marketable securities (-)	18,000
Raw materials and supplies	89,000
Rights	100,000
Social security premiums payable	56,000
Suppliers	250,000
Taxes payable	79,000
Unpaid capital(-)	60,000
Work-in-process	96,000

Q2) Prepare a multiple step income statement by using the accounts given below. Use correct form and headings

COGS(-)	200,000
Commission expenses(-)	86,000
Dividend gains	26,000
Domestic sales	360,000
Export sales	960,000
Gains on marketable securities' sales	19,500
General and administrative expenses(-)	17,000
Interest expenses on discounted notes(-)	92,650
Interest income	3,000
Marketing, sales and distrib. Expenses(-)	57,000
Research and development expenses(-)	23,000
Returns from sales(-)	5,000
Sales Discounts(-)	13,000
Short-term borrowing expenses(-)	125,000

Q3) ABC Corp. issued \$ 5,000,000 of 10%, 4 year bonds dated January 1, 2008. Interest is payable semiannually on June 30 and December 31. The bonds issue at a price of \$5,164,897 and the market interest rate was 9% at 1 January 2008.

1. Prepare January 1, 2008, journal entries to record the bonds issuance.

2. Prepare journal entries for the first interest payment by using the straight-line amortization method.

3. Prepare an amortization table using the straight line method for the first two years.

4. Prepare journal entries for the first interest payment by using the effective interest method.

5. Complete the amortization table below by using the effective interest method.

Interest Payment Periods	Interest Paid	Interest Expense	Amortization	Carrying Value
Issue date				5,164,897
1				
2				
3				
4				
5				
6				
7				
8				