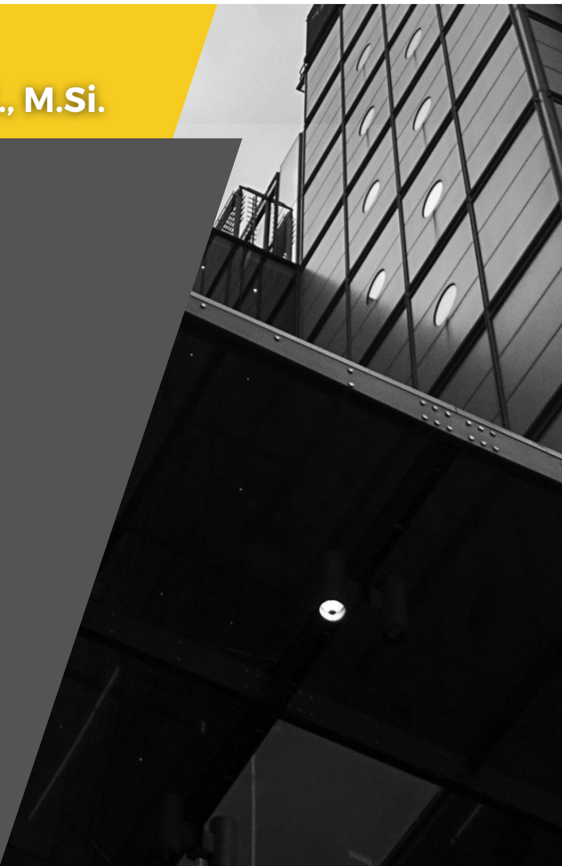
MODUL PRAKTIKUM

AKUNTANSI KEUANGAN MENENGAH II

Oleh
Monica Weni Pratiwi, S.E., M.Si.



PROGRAM STUDI
AKUNTANSI
FAKULTAS EKONOMI
DAN ILMU SOSIAL
UNIVERSITAS BAKRIE
JAKARTA

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MENENGAH II

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KATA PENGANTAR

Puji syukur penulis panjatkan kehadirat Allah SWT yang telah memberi petunjuk kepada penulis untuk menyelesaikan buku ini. Modul Praktikum Akuntansi Keuangan Menengah II ini diperuntukkan bagi para mahasiswa yang sedang mengambil mata kuliah Akuntansi Keuangan Menengah II. Dengan menggunakan buku ini diharapkan para mahasiswa lebih memahami aspek praktikal dari Akuntansi Keuangan Menengah II.

Penulis menyadari bahwa buku ini belum sempurna. Oleh karena itu, saran dan kritik dari para pengguna buku ini sangat kami tunggu dan hargai. Semoga buku ini bermanfaat.

Jakarta, 5 Juli 2021

Penulis

DAFTAR ISI

BAGIAN 1

CHAPTER 13 : CURRENT LIABILITIES, PROVISION, AND CONTINGENCIES

1. On March 1, 2016, Landscape issues a $102,000, four-month, zero-interest-bearing note to Castle National Bank. The present value of the note is $100,000. Landscape prepares financial statements semiannually at June 30.

   Instructions:
   a. Prepare Landscape's March 1, 2016, entry.
   b. Prepare the June 30, 2016, adjusting entry.
   c. Prepare at maturity July 1, 2016, Landscape must pay the note.

2. Panca Niaga Corp. prepares annual financial statements for the years ending December 31. The corpororation uses a perpetual inventory system. The following are selected transactions of Panca Niaga Corporation during 2015:

August 1	The corporation bought an equipment for $ 100,000, paying $ 40,000 in cash and signing a one year, 12 % note for the balance of the purchase price,
September 1,	Purchased merchandise on account from Delta Company $ 200,000 , term 2/10,n/30. The corpororation uses a perpetual inventory system.
September 11,	Issued a $ 200,000, 3-month, 9% note to Delta Co. in payment of account.
December 11,	Paid Delta Company in full.
December 31,	Borrowed $ 300,000 from the BCA Bank by signing a 12-month, zero-interest-bearing $ 324,000 note.

   Instructions
   Prepare all the journal entries necessary to record the transactions above and adjusting journal journal at December 31, 2015

3. Described below are certain transactions of Larson Company for 2010:
   1) On May 10, the company purchased goods from Fry Company for $50,000, terms 2/10, n/30. Purchases and accounts payable are recorded at net amounts. The invoice was paid on May 18.
   2) On June 1, the company purchased equipment for $60,000 from Raney Company, paying $20,000 in cash and giving a one-year, 9% note for the balance.
   3) On September 30, the company borrowed $108,000, by signing a one-year zero-interest-bearing $120,000 note at First State Bank.

   Instructions
   a. Prepare the journal entries necessary to record the transactions above using appropriate dates.
   b. Prepare the adjusting entries necessary at December 31, 2010 in order to properly report interest expense related to the above transactions. Assume straight-line amortization.

BAGIAN 2

CHAPTER 14: NON-CURRENT LIABILITIES

1. Roley Corporation issued $100,000 of 8% term bonds on January 1, 2012, due on January 1, 2017, with interest payable each July 1 and January 1. Investors require an effective-interest rate of 10%. Roley Corporation prepares financial statements annually at December 31.

   Present value table factors are as follows:

Present value of 1 for 5 periods at 10%	.62092
Present value of 1 for 5 periods at 12%	.56743
Present value of 1 for 10 periods at 5%	.61391
Present value of 1 for 10 periods at 6%	.55839
Present value of an ordinary annuity of 1 for 5 periods at 10%	3.79079
Present value of an ordinary annuity of 1 for 5 periods at 12%	3.60478
Present value of an ordinary annuity of 1 for 10 periods at 5%	7.72173
Present value of an ordinary annuity of 1 for 10 periods at 6%	7.36009

   Instructions:

   a. Calculate selling price of the bonds.
   b. Prepare the journal entry to records issuance of its bonds on January 1, 2012.
   c. Prepare schedule of bond discount amortization **through** January, 1 2017, **using the following table:**

Schedule of Bond Discount Amortization Effective-Interest Method - Semmiannual Interest Paymments 5-Year, 8% Bonds Sold to Yield 10%				
Date	Cash Paid	Interest Expenses	Discount Amortized	Carrying Amount of Bonds

   d. Prepare records the adjusting entry on December 31, 2012.
   e. Prepare records the second payment on January 1, 2013.
   f. Prepare records the third payment on July 1, 2013.
   g. If reacquisition of the bonds on January 1, 2014, Roley Corporation calls the entire issue at 101. Calculate gain or loss on extinguishment of bonds.
   h. Prepare the journal entry to records the reacquisition of the bonds on January 1, 2014.

2. ABC Company issues $200,000 in bonds dated January 1, 2011, due in five years with 12 percent interest payable each July 1 and January 1. At the time of issue, the market rate for such bonds is 20 percent. Two years after the issue date on January 1, 2013, ABC calls the entire issue at 99 and cancels it.

   Present value table factors are the following:

Present value of 1 for 5 periods at 20%	0.14150
Present value of 1 for 5 periods at 12%	0.56743
Present value of 1 for 10 periods at 10%	0.38554
Present value of 1 for 10 periods at 6%	0.55839
Present value of an ordinary annuity of 1 for 5 periods at 20%	3.79079
Present value of an ordinary annuity of 1 for 5 periods at 12%	3.60478
Present value of an ordinary annuity of 1 for 10 periods at 10%	6.14457
Present value of an ordinary annuity of 1 for 10 periods at 6%	7.36009

Instructions: (rounded to two digits behind the comma)

1. Compute selling price of the bonds
2. Journal entry on date of issue
3. Amortization schedule for 5 years
4. Journal entry to record first interest payment
5. Adjusting journal on December 31, 2011
6. Journal entry to record second interest payment
7. Compute gain or loss on extinguishment of bonds
8. Journal entry to records the reacquisition and cancellation of the bonds

3. Titania Co. sells $600,000 of 12% bonds on June 1, 2010. The bonds pay interest on December 1 and June 1. The due date of the bonds is June 1, 2014. The bonds yield 10%, selling for $638,780. On October 1, 2011, Titania buys back $300,000 worth of bonds for $315,000 (include accrued interest). Give entries through October 1, 2012.

   Instructions

   (Round to the nearest dollar.)

   Prepare all of the relevant journal entries from the time of sale until the date indicated. Amortize premium or discount on interest dates and at year-end. (Assume that no reversing entries were made.)

BAGIAN 3

CHAPTER 15: EQUITY

1. Presented below is information related to Wyrick Company:
   1) The company is granted a charter that authorizes issuance of 15,000 shares of $100 par value preference shares and 40,000 shares of no-par ordinary shares.
   2) 8,000 ordinary shares are issued to the founders of the corporation for land valued by the board of directors at $300,000. The board establishes a stated value of $5 a share for the ordinary shares.
   3) 5,000 preference shares are sold for cash at $120 per share.
   4) The company issues 100 ordinary shares to its attorneys for costs associated with starting the company. At that time, the ordinary shares were selling at $60 per share.

   Instructions:
   Prepare the general journal entries necessary to record these transactions.

2. On January 1, 2015 Oxome Corporation received a charter grating the right to issue 19.000 shares of $150 par value, 6 % cumulative and non-participating preference shares, and 65.000 shares of $30 par value ordinary shares. It then completed these transactions.

Jan 5	Issued 35.000 ordinary shares at $20 per share.
May 12	Issued to Torix Corp. 9.000 preference shares for the Equipment with a fair value of $1.500.000.
Jun 1	Issued 15.000 ordinary shares at $60 per share.
Jul 29	Issued 3.000 preference shares at $30 per share.
Aug 15	Issued 5.000 ordinary shares at $12 per share.
Sep 20	Purchased 30.000 ordinary shares at $40 per share.
Oct 3	Sold 5.000 treasury shares at $45 Per shares.
Nov 10	Sold 6.000 treasury shares at $38 Per shares.
Dec 2	Sold 9.000 treasury shares at $20 Per shares.
Dec 31	Declared a $0.85 per share cash dividend on the ordinary shares and declared the preference dividend.
Dec 31	Closed the Income summary account. There was $975.000 net income.

   Instruction:
   a. Record the journal entries for the transaction listed above.
   b. Prepare the equity section of Axome Corporation’s statement of financial position as of December 31, 2015

3. Sales Corporation’s charter authorized issuance of 100.000 ordinary shares of $10 par value and 50.000 shares of $50 preference shares. The following transactions involving the issuance of shares were completed. Each transaction is independent of the others.
   1. Issued a $10.000, 9% bonds payable at par and gave as a bonus preference share, which at that time was selling for $106 a share.
   2. Issued 500 ordinary shares for machinery. The machinery had been appraised at $7.100; the seller’s book value was $6.200. The most recent market price of the ordinary shares is $16 a share.
   3. Issued 375 ordinary shares and 100 preference shares for lump sum amounting to $10.800. The ordinary had been selling at $14 and the preference at $65.
   4. Issued 200 shares of ordinary and 50 shares of preference for furniture and fixtures. The ordinary shares had a fair value of $16 per share; the furniture and fixtures have a fair value of $6.500.

   Instructions
   Record the transactions listed above in journal entry.

BAGIAN 4

CHAPTER 16: DILUTIVE SECURITIES AND EARNINGS PER SHARE

1. On January 1, 2011, Lin Company issued a convertible bond with a par value of $100,000 in the market for $120,000. The bonds are convertible into 12,000 ordinary shares of $1 per share par value. The bond has a 5-year life and has a stated interest rate of 10% payable annually. The market interest rate for a similar non-convertible bond at January 1, 2011, is 8%. The liability component of the bond is computed to be 107,986. The following bond amortization schedule is provided for this bond.

EFFECTIVE-INTEREST METHOD
10% BOND DISCOUNTED AT 8%

Date	Cash Paid	Interest Expense	Premium Amortized	Carrying Amount of Bonds
1/1/11				$107,986
12/31/11	$10,000	$8,638	$1,362	106,624
12/31/12	10,000	8,530	1,470	105,154
12/31/13	10,000	8,412	1,588	103,566
12/31/14	10,000	8,286	1,714	101,852
12/31/15	10,000	8,148	1,852	100,000

Instructions:

a. Prepare the journal entry to record the issuance of the convertible bond on January 1, 2011.
b. Assume that the bonds were converted on December 31, 2013. The fair value of the liability component of the bond is determined to be $108,000 on December 31, 2013.Prepare the journal entry to record the conversion on December 31, 2013. Assume that the accrual of interest related to 2013 has been recorded. **Prepare the journal entry to records bonds were converted on December 31, 2013**.
c. Assume that the convertible bonds were repurchased on December 31, 2013, for $111,000 instead of being converted. As indicated, the liability component of the bond is determined to be $108,000 on December 31, 2013. Assume that the accrual of interest related to 2013 has been recorded. **Calculate gain or loss on repurchase of convertible bonds** and **prepare the journal entry to records bonds were repurchased on December 31, 2013**.

2. On January 1, 2014, Jaya Nusa Company issued $2,000,000 of 8% cumulative convertible preference shares were issued instead of the bonds. Each $200 preference share is convertible into 14 ordinary shares of Jaya Nusa Company. Net income Jaya Nusa Company in 2015 was $480,000, and its tax rate was 20%. The company had 200,000 ordinary shares outstanding throughout 2014.

Instructions: (rounded to two digits behind the comma)

1) Compute diluted earnings per share for 2014.
2) Assumed the same problem except each share of preferred is convertible into 8 ordinary shares. Compute diluted earnings per share for 2014.

3. On January 1, 2014, Nadhifa Corp. had 240,000 ordinary shares outstanding. During 2014, it had the following transactions that affected the ordinary share account:

March 1	issued 60,000 shares
April 1	issued a 50% share dividend
June 1	acquired 100,000 treasury shares

July 1	issued a 2 for 1 share split
October 1	reissued 30,000 treasury shares

Instructions:

a. Determine the weighted average number of shares outstanding as of December 31, 2014

b. Assume that Nadhifa Corp. earned net income of $1,628,000 during 2014. In addition, it had 50,000 shares of 9%, $10 par non convertible, cummulative. The company declare and pay a preference dividend in 2014. Compute earnings per share for 2014 using weighted average number of shares determined in a)!

c. Assume that on January 1, 2014 Nadhifa Corp. issued 10-year, $1,000,000 face value, 6% bonds at par. Each $1,000 bond is convertible into 15 ordinary shares of Nadhifa. Interest expense on the liability component in 2014 was $200,000. Computed diluted earnings per share for 2014! **(b and c are not interrelated!)**

BAGIAN 5

CHAPTER 17: INVESTMENTS

1. Korman Company has the following securities in its portfolio of trading equity investments on December 31, 2010:

	Cost	Fair Value
5,000 ordinary shares of Thomas Corp.	$155,000	$139,000
10,000 ordinary shares of Gant	182,000	190,000
	$337,000	$329,000

All of the investments had been purchased in 2010. In 2011, Korman completed the following investments transactions:

March 1 Sold 5,000 ordinary shares of Thomas Corp., @ $31 less fees of $1,500.
April 1 Purchase 600 ordinary shares of Werth Stores, @ $45 plus fees of $550.

The Korman Company portfolio of trading equity investments appeared as follows on December 31, 2011:

	Fair Value
10,000 ordinary shares of Gant	$195,500
600 ordinary shares of Werth Stores	25,500
	$221,000

Instructions:

Prepare the general journal entries for Korman Company for:

a. the 2010 adjusting entry.
b. the sale of the Thomas Corp. shares.
c. the purchase of the Werth Stores' shares.
d. the 2011 adjusting entry.

2. Megah Investama has the following **trading investment** portfolio on December 31, 2014:

Investment (Trading)	Cost	Fair Value
1,000 Ordinary shares of PT. Ogah Rugi	$ 47,500	$ 45,000
2,000 Preference shares of PT. Untung Melulu	290,000	296,000
3,000 Ordinary shares of PT. Selalu Untung	135,000	150,000
Total	**472,500**	**491,000**

Note : All of the investments were purchased in 2014

During 2015, the following summary transactions were completed:

August 1, Sold the 1,000 ordinary shares of PT. Ogah Rugi for $ 50 per share
October 12, Purchased 2,500 ordinary share of PT. Senang Untung, $ 60 per share

Megah Investama's portofolio of trading investment appeared as follows on December 31, 2015:

Investment (Trading)	Cost	Fair Value
2,500 Ordinary shares of PT. Senang Untung	$ 150,000	$ 145,000
2,000 Preference shares of PT. Untung Melulu	290,000	276,000
3,000 Ordinary shares of PT. Selalu Untung	135,000	147,000
Total	**575,000**	**568,000**

Instruction

Prepare the journal entries for Megah Investama for:

1. Adjusting entry on December 31, 2014
2. The sale of ordinary share of PT. Ogah Rugi on August 1, 2015
3. The purchase of ordinary share of PT. Senang Untung on October 12, 2015
4. Adjusting entry on December 31, 2015

3. On January 1, 2013, Nadhifa Corp purchased $800,000, 8% bonds of Aulia & Co. For $738,228. The bonds were purchased to yield 10% interest. Interest is payable semiannually on July 1 and January 1. The bonds mature in January 1, 2018. Nadhifa Corp. plans to hold the bonds to collect contractual cash flows. On January 1, 2015, after receiving interest, Nadhifa Corp sold the bonds for $741,452 after receiving interest to meet its liquidity needs.

   Instructions:

   a. Prepare the journal entry to record the purchase of bonds on January 1, 2013
   b. Prepare the journal entries to record the semiannual interest on July 1, 2013 and December 31, 2013.
   c. Prepare the journal entry to record the sale of the bonds on January 1, 2015
   d. Assume that Nadhifa Corp. elected the fair value option for this investment. Id the fair value of Aulia & Co bonds is $736,000 on December 31, 2013. Prepare the necessary adjusting entry.

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CHAPTER 18: REVENUE

1. On February 1, 2010, Marsh Contractors agreed to construct a building at a contract price of $6,000,000. Marsh estimated total construction costs would be $4,000,000 and the project would be finished in 2012. Information relating to the costs and billings for this contract is as follows:

	2010	2011	2012
Total costs incurred to date	$1,500,000	$2,640,000	$4,600,000
Estimated costs to complete	2,500,000	1,760,000	-0-
Customer billings to date	2,200,000	4,000,000	5,600,000
Collections to date	2,000,000	3,500,000	5,500,000

Instructions:

a. Compute the amount of gross profit to be recognized each year, assuming the percentage-of-completion method is used.
b. Prepare all necessary journal entries

2. During 2010, Nano Company started a construction job with a contract price of $1.600.000. The job was completed in 2012. The following information is available.

	2010	2011	2012
Cost incurred to date	$400.000	$825.000	$1.070.000
Estimated costs to complete	600.000	275.000	-0-
Billings to date	300.000	900.000	1.600.000
Collections to date	270.000	810.000	1.425.000

Required:

a. Compute the amount of gross profit to be recognized each year, assuming the percentage-of-completion method is used.
b. Prepare all necessary journal entries for 2011.

3. KC Construction Company has a contract to construct a €4,500,000 bridge at an estimated cost of €4,000,000. The contract is to start in July 2010, and the bridge is to be completed in October 2012. The following data pertain to the construction period.

	2010	2011	2012
Cost to date	$1.000.000	$2.916.000	$4.050.000
Estimated costs to complete	3.000.000	1.134.000	-0-
Progress billings during the year	900.000	2.400.000	1.200.000
Cash collected during the year	750.000	1.750.000	2.000.000

Instruction:

a. Compute percentage complete, assuming the percentage-of-completion method is used.
b. Compute the amount of gross profit to be recognized each year, assuming the percentage-of-completion method is used.
c. Prepare all necessary journal entries for 2010, 2011, and 2012.

BAGIAN 7

CHAPTER 21: ACCOUNTING FOR LEASES

1. On January 1, 2010, Lennox Company leased equipment to Gill Company. The following information pertains to this lease.
    1. The term of the non-cancelable lease is 6 years, with no renewal option. The equipment reverts to the lessor at the termination of the lease.
    2. The equipment has an economic life of 8 years, with an unguaranteed residual value of $30.000. Gill depreciates all of its equipment on a straight-line basis.
    3. The fair value of the equipment on January 1, 2010, is $600.000 and its cost is $450.000.
    4. Equal rental payments are due on January 1 of each year, beginning in 2010.
    5. Lennox sets the annual rental to ensure an 11% rate of return. Gill incremental borrowing rate is 12%, and it is impracticable for Gill to determine the implicit rate.
    6. Present value of $1 at 11% for 6 periods is 0.53464.
    7. Present value of an annuity due at 11% for 6 periods is 4.69590.

    Instructions:
    (Both the lessor and the lessee's accounting period ends on December 31)
    a. Discuss the nature of this lease to Lennox and Gill.
    b. Calculate the amount of the annual rental payment.
    c. Prepare a lease amortization schedule for Gill Company for the 6-year lease term.

    Gill Company
    Lease Amortization Schedule
    ANNUITY-DUE BASIS

Date	Annual Lease Payment	Interest on Liability	Reduction of Lease Liability	Lease Liability

    d. Prepare all the necessary journal entries for Gill for 2010 and 2011.
    e. Prepare all the necessary journal entries for Lennox for 2010 and 2011.

2. PT. TOTAL MEGAH PRATAMA signed a 8-year noncancelable lease for a machine on January 1, 2017. The machine has an estimated useful life of 10 years and a $ 10,000 **unguaranteed residual value**. The terms of the lease called for PT. TOTAL MEGAH PRATAMA to make annual payments of $19,936 at the beginning of each year, starting January 1, 2017. PT. TOTAL MEGAH PRATAMA uses the straight-line method of depreciation for all of its plant assets. The incremental borrowing rate of PT. TOTAL MEGAH PRATAMA is 12%, and the lessor's implicit rate is unknown.
    Required:
    a. What type of lease is this? Explain.
    b. Compute the present value of the minimum lease payments.
    c. Prepare lease amortization schedule (8 years)
    d. Prepare all necessary journal entries for PT. TOTAL MEGAH PRATAMA for this lease for year 2017, and 2018 (including adjustment entries).

    Note : Present value factor of an annuity due (i=12%,n=8) = 5.5638

3. On January 1, 2011, Domino Corporation signed a 5-year non-cancelable lease for a machine. The terms of the lease called for Domino to make annual payments of $9.968 at the beginning of each year, starting January 1, 2011. The machine reverts back to the lessor at the end of the lease term. Domino uses the straight-line method of depreciation for all of its plant assets. Domino's incremental borrowing rate is 10%, and the lessor's implicit rate is unknown (it is impracticable to determine).

Instruction:

a. What type of lease it this? Explain.
b. Compute the present value of the minimum lease payments (Present value of an annuity due of 1 for 5 periods at 10% is 4,16986).
c. Prepare all necessary journal entries for Domino for this lease through January 1, 2012.

BAGIAN 8

CHAPTER 22: ACCOUNTING CHANGES AND ERROR ANALYSIS

1. Porter Construction Company changed from the cost-recovery to the percentage-ofcompletion method of accounting for long-term construction contracts during 2016. For tax purposes, the company employs the cost-recovery method and will continue this approach in the future. Assume a tax rate of 35%. (*Hint:* Adjust all tax consequences through the Deferred Tax Liability account.)

Pretax Income from:		
	Percentage-of-Completion	Cost-Recovery
2015	$ 1,950,000	$ 1,525,000
2016	1,750,000	1,200,000

Instructions:

a. What entries are necessary to adjust the accounting records for the change in accounting policy?

b. Calculate the amount of net income and retained earnings that would be reported in 2016. Assume beginning retained earnings for 2015 to be $250,000.

2. On January 1, 2007, Powell Company purchased a building and machinery. Cost of building $4,000,000; 25-year estimated useful life, and $400,000 residual value. Cost of machine $500,000; 10-year estimated useful life, and no residual value. The building has been depreciated under the straight-line method through 2011. In 2012, the company decided to switch to the double-declining balance method of depreciation for the building. Powell also decided to change the total useful life of the machinery to 8 years, with a residual value of $25,000 at the end of that time. The machinery is depreciated using the straight-line method.

   Required:

   a. Compute depreciation expense on the building for 2012.
   b. Prepare the journal entry necessary to record the depreciation expense on the building in 2012.
   c. Compute depreciation expense on the machinery for 2012.
   d. Prepare the journal entry necessary to record the depreciation expense on the machinery in 2012.

3. The first audit of the books of Hace Hardware Co. was made for the year ended December 31, 2015. In examining the books, the auditor found that certain item had been overlooked or incorrectly handled in the last 3 years. These item are:

   1. At the beginning of 2013, the company purchased a machine for $612,000 (residual value of $12,000) that had a useful life of 5 years. The bookkeeper used straight line depreciation but failed to deduct the residual value in computing the depreciation base for the 3 years.
   2. Hace Hardware Co. purchased a copyright from another company in early 2013 for $100,000. Hace Hardware had not amortized the copyright because its value had not diminished. The copyright has a useful life at purchase of 20 years.
   3. In 2015, the company wrote off $23,000 of inventory considered to be obsolete, this loss was charged directly to Retained Earnings and credited to Inventory.
   4. During 2015, Hace Hardware changed from the double-declining balance method for its building to the straight-line method. The building was purchased in early 2013 for $360,000. It had a useful life of 10 years and a residual value of $36,000. Assume that no entries for building depreciation have been recorded in 2015.

Instructions

Prepare the journal entries necessary in 2015 to correct the books, assuming that the books have not been closed. Disregard effect of corrections on income tax.

BAGIAN 9

CHAPTER 23: STATEMENT OF CASH FLOWS

1. Chapman Company, a major retailer of bicycle and accessories, operates several stores and is a publicly traded company. The comparative statement of financial position and income statement for Chapman are presented below.

CHAPMAN COMPANY
Comparative Statement of Financial Position
As of December 31

	2016	2015
Assets		
Non-Current Assets		
Long-term Investment		
Investment in held-to-maturity	55,000	85,000
Property, Plant, and Equipment		
Land	40,000	25,000
Buildings	145,000	145,000
Less: Accumulated Depreciation - Buildings	(37,000)	(28,000)
Equipment	70,000	48,000
Less: Accumulated Depreciation - Equipment	(21,000)	(14,000)
Total Non-Current Assets	**252,000**	**261,000**
Current Assets		
Merchandise Inventory	75,000	61,000
Account Receivable	155,000	130,000
Less: Allowance for Doubtful Accounts	(10,000)	(8,000)
Cash	70,000	51,000
Total Current Assets	**290,000**	**234,000**
Total Assets	**542,000**	**495,000**
Equity and Liabilities		
Equity		
Share Capital - Ordinary	385,000	310,000
Less: Treasury Share	(75,000)	(50,000)
Retained Earnings	92,000	95,000
Total Equity	**402,000**	**355,000**
Non-Current liabilities		
Long-terms Note Payable	62,000	70,000
Current liabilities		
Income Taxes payable	12,000	10,000
Account Payable	66,000	60,000
Total liabilities	**140,000**	**140,000**
Total Equity and Liabilities	**542,000**	**495,000**

CHAPMAN COMPANY
Income Statement
The year Ended December 31, 2016

Sales Revenue			
Sales			621,000
Less: Sales discounts		150,000	
Sales returns and allowances		50,000	(200,000)
Net Sales Revenues			421,000
Cost Of Goods Sold			300,000
Gross Profit			121,000
Operating Expense			
Selling Expense			
Postage Expense	10,000		
Travel and entertainment	50,000		
Advertising Expenses	67,000		
Telephone and Internet expense	25,000	152,000	
Administrative Expense			
Legal service	70,000		
Miscellaneous office expense	5,000		
Utilities expense	5,000		
Depreciation Expense	16,000		
Bad debt Expense	2,000	98,000	
Income from operations			(250,000)
Other Income and Expense			
Gain on sale of investments		15,000	
Loss on sale of equipment		(3,000)	
Dividend Revenue		50,000	
Interest Revenue		4,000	66,000
Income before income tax			(63,000)
Income tax			45,000
Net loss for the year			(108,000)

Additional data:

1. There were no write-offs of uncollectible accounts during the year.
2. Ordinary shares were issued in exchange for land.
3. Cash dividends were declared and paid during the year.
4. Equity investment that cost $35.000 were sold during the year.
5. Equipment that cost $10.000 and was 60% depreciated was sold in 2016.

Instructions:

a. Prepare a statement of cash flows using the indirect method.
b. Compute net cash provided by operating activities under the direct method.

2. The following are financial statements of PT. UNGGUL SEJAHTERA.

PT. UNGGUL SEJAHTERA
Comparative Statement of Financial Position
As of December 31, 2016 and 2015
(In US $)

	2016	2015
Assets		
Plants & Equipments	1.025.000	1.000.000
Accumulated depreciation – Plants & Equipments	(530.000)	(585.000)
Prepaid Expenses	21.000	12.000
Inventory	105.000	125.000
Accounts Receivable	225.000	245.000
Cash	22.000	16.000
Total Asset	**868.000**	**813.000**
Equity and Liabilities		
Share Capital – Ordinary	362.000	354.000
Retained Earnings	236.000	228.000
Long-Term Notes Payable	105.000	97.000
Accounts Payable	70.000	45.000
Interest Payable	15.000	12.000
Income Tax Payable	80.000	77.000
Total Equity and Liabilities	**868.000**	**813.000**

PT. UNGGUL SEJAHTERA
Income Statement
For The Year Ended December 31, 2016
(In US $)

Sales		1.450.000
Cost of goods sold		990.000 -
-Gross Profit		460.000
Operating expenses		
• Depreciation Expense	55.000	
• General Expense	340.000	
• Interest Expense	12.000 +	
Total Operating Expense		407.000 -
Income Before Income Tax		53.000
Income Tax		15.000
Net Income		38.000

Additional information

- Plants & Equipments were sold for $ 180.000 cash during the year. The assets had cost of $ 290.000 and accumulated depreciation of $ 110.000.
- Cash dividends paid were $ 30.000.
- All Prepaid Expenses relate to General Expense
- All Accounts Payable relate to inventory purchases
- All purchases of plants & Equipments were cash transactions

Instructions:

a. Prepare **statement of cash flows** for 2016 using the **DIRECT METHOD**
b. Prepare **operating cash flow** for 2016 using the **INDIRECT METHOD**

3. The comparative statement of financial position data of Wildstock Company at the end of 2015 and 2014 as follow:

Wildstock Company
Comparative Statement of Financial Position Accounts
As of December 31, 2015 and 2014

	2015		2014
Assets			
Land	$9,000		$9,000
Buildings	81,000		67,500
Accumulated depreciation – Buildings	(16,200)		(10,800)
Machinery	36,000		22,500
Accumulated depreciation – Machinery	(6,750)		(2,700)
Equity Investments (non-trading)	26,700		46,200
Merchandise Inventory	36,000		28,800
Accounts Receivable	84,600		72,000
Allowance for doubtful accounts	(2,700)		(1,800)
Cash	50,400		40,500
Total Asset	**298,050**		**271,200**
Equity and Liabilities			
Share Capital – Ordinary, no par	180,000		150,000
Retained Earnings	46,800		51,150
Long-Term Note Payable	25,200		37,200
Accounts Payable	42,000		29,700
Accrued Payable	4,050		3,150
Total Equity and Liabilities	**298,050**		**271,200**

Wildstock Company
Income Statement
For The Year Ended December 31, 2015

Sales		$648,000
Less : Cost of goods sold		456,000
Gross Margin		192,000
Less: Operating expenses (includes $10,350 depreciation and $6,480 bad debts)		144,540
Income from operations		47,460
Other: Gain on sale of equity investments (non-trading)	$4,500	
Loss on sale of machinery	(960)	3,540
Net Income		51,000

Additional information (ignoring tax):

1. Cash dividends declared and paid during the year were $25,350
2. A 20% share dividend was declared during the year. $30,000 of retained earnings was capitalized
3. Equity investments that cost $30,000 were sold during the year for $34,500
4. Machinery that cost $4,500, on which $900 of depreciation had accumulated, was sold for $2,640

Instructions:

Prepare statement of cash flows for the year 2015 using the **indirect method**!