Contoh Soal dan Kunci Jawaban Financial Accounting

Acquisition and Disposition of Property, Plant and Equipment

On July 31, 2019, Bismarck Company engaged Duval Tooling Company to construct a special-purpose piece of factory machinery. Construction began immediately and was completed on November 1, 2019. To help finance construction, on July 31 Bismarck issued a $400,000, 3-year, 12% note payable at Wellington National Bank, on which interest is payable each July 31. $300,000 of the proceeds of the note was paid to Duval on July 31. The remainder of the proceeds was temporarily invested in short-term marketable securities (trading securities) at 10% until November 1. On November 1, Bismarck made a final $100,000 payment to Duval. Other than the note to Wellington, Bismarck's only outstanding liability at December 31, 2019, is a $30,000, 8%, 6-year note payable, dated January 1, 2016, on which interest is payable each December 31.

Instructions:

a. Calculate the interest revenue, weighted-average accumulated expenditures, avoidable interest, and total interest cost to be capitalized during 2019. (Round all computations to the nearest dollar.)
b. Prepare the journal entries needed on the books of Bismarck Company at each of the following dates.
   1. July 31, 2019.
   2. November 1, 2019.
   3. December 31, 2019.

Answers

EXERCISE 10-9 (20–25 minutes)

(a) **Computation of Weighted-Average Accumulated Expenditures**

Expenditures					
Date	Amount	X	Capitalization Period	=	Weighted-Average Accumulated Expenditures
July 31	$200,000		3/12		$50,000
November 1	100,000		0		0
					$50,000

Interest revenue $100,000 X 10% X 3/12 = $2,500

EXERCISE 10-9 (Continued)

Avoidable interest

Weighted-Average Accumulated Expenditures	X	Interest Rate	=	Avoidable Interest
$50,000		12%		$6,000

Actual Interest

$300,000 X 12% X 5/12	=	$15,000
$30,000 X 8%	=	2,400
		$17,400

Interest capitalized $ 6,000

(b)	(1)	7/31	Cash	300,000	
			Note Payable		300,000
			Machinery	200,000	
			Trading Securities	100,000	
			Cash		300,000
	(2)	11/1	Cash	102,500	
			Interest Revenue ($100,000 X 10% X 3/12)		2,500
			Trading Securities		100,000
			Machinery	100,000	
			Cash		100,000
	(3)	12/31	Machinery	6,000	
			Interest Expense ($17,400 – $6,000)	11,400	
			Cash ($30,000 X 8%)		2,400
			Interest Payable ($300,000 X 12% X 5/12)		15,000

Depreciation, Impairments, and Depletion

Wang Ltd. owns land (cost HK$200,000) for which it uses revaluation accounting. It has the following information related to this asset, the only land asset that Wang owns.

Date	**Fair Value**
January 1, 2009	HK$200,000
December 31, 2009	215,000
December 31, 2010	185,000
December 31, 2011	205,000

Instructions

a. Prepare all entries related to the land for 2009.
b. Determine the amounts to be reported by Wang at December 31, 2010 and 2011, as Land, Other Comprehensive Income, Impairment Loss, and Accumulated Other Comprehensive Income.
c. Prepare the entry for any revaluation adjustments at December 31, 2010 and 2011.
d. Prepare the entries for the sale of the property by Wang on January 15, 2012, for HK$220,000.

Answers

(a)	**December 31, 2009**		
	Land ($215,000 – $200,000)	15,000	
	Unrealized Gain on Revaluation—Land		15,000

(b)		Dec. 31, 2010	Dec. 31, 2011
	Land	$185,000	$205,000
	Other Comprehensive Income	(15,000)	5,000
	Impairment Loss	(15,000)	15,000
	Accumulated Other Comprehensive Income	—	5,000

(c)	**December 31, 2010**		
	Unrealized Gain on Revaluation—Land	15,000	
	Loss on Impairment	15,000	
	Land ($215,000 – $185,000)		30,000
	December 31, 2011		
	Land ($205,000 – $185,000)	20,000	
	Recovery of Impairment Loss		15,000
	Unrealized Gain on Revaluation—Land		5,000
(d)	**January 15, 2012**		
	Cash	220,000	
	Land		205,000
	Gain on Disposal of Land		15,000
	Accumulated Other Comprehensive Income	5,000	
	Retained Earnings		5,000

Intangible Assets

Margaret Avery Company from time to time embarks on a research program when a special project seems to offer possibilities. In 2018, the company expends €325,000 on a research project, but by the end of 2018 it is impossible to determine whether any benefit will be derived from it.

Instructions

a. What account should be charged for the €325,000, and how should it be shown in the financial statements?
b. The project is completed in 2019, and a successful patent is obtained. The development costs to complete the project are €110,000 (€36,000 of these costs were incurred after achieving economic viability). Additional administrative and legal expenses incurred in obtaining patent number 472-1001-84 in 2019 total €24,000. The patent has an expected useful life of 5 years. Record these costs in journal entry form. Also, record patent amortization (full year) in 2019.
c. In 2020, the company successfully defends the patent in extended litigation at a cost of €47,200, thereby extending the patent life to December 31, 2027. What is the proper way to account for this cost? Also, record patent amortization (full year) in 2020.
d. Additional engineering and consulting costs incurred in 2020 required to advance the design of a product to the manufacturing stage total €60,000. These costs enhance the design of the product considerably, but it is highly uncertain if there will be a market for the new version of the product (it has not achieved economic viability). Discuss the proper accounting treatment for this cost.

Answers

EXERCISE 12-16 (15–20 minutes)

(a) In accordance with GAAP, the $325,000 is a research and development cost that should be charged to R & D Expense and, if not separately disclosed in the income statement, the total cost of R & D should be separately disclosed in the notes to the financial statements.

EXERCISE 12-16 (Continued)

(b)	Research and Development Expense	110,000	
	Cash, Accts. Payable, etc.		110,000
	(To record research and development costs)		
	Patents	16,000	
	Cash, Accts. Payable, etc.		16,000
	(To record legal and administrative costs incurred to obtain patent #472-1001-84)		
	Amortization Expense	3,200	
	Patents		3,200
	[To record one year's amortization expense ($16,000 ÷ 5 = $3,200)]		

(c)	Patents	47,200	
	Cash, Accts. Payable, etc.		47,200
	(To record legal cost of successfully defending patent)		

The cost of defending the patent is capitalized because the defense was successful and because it extended the useful life of the patent.

Amortization Expense		7,500	
Patents			7,500
(To record one year's amortization Expense:			
$16,000 – $3,200 = $12,800;			
$12,800 ÷ 8 =	$1,600		
$47,200 ÷ 8 =	5,900		
Amortization expense for 2015	$7,500		

(d) Additional engineering and consulting costs required to advance the design of a product to the manufacturing stage are R & D costs. As indicated in the chapter it is R &D because it translates knowledge into a plan or design for a new product.

LO: 2, 5, Bloom: AP, Difficulty: Moderate, Time: 15-20, AACSB: Analytic, Communication, AICPA BB: None, AICPA FC: Reporting, AICPA PC: Communication

Current Liabilities, Provisions, and Contingencies

The following situations relate to Bolivia Company.

1. Bolivia provides a warranty with all products sold. It estimates that it will sell 1,000,000 units of its product for the year ended December 31, 2015, and that its total revenue for the product will be $100,000,000. It also estimates that 60% of the product will have no defects, 30% will have major defects, and 10% will have minor defects. The cost of a minor defect is estimated to be $5 for each product, and the cost for a major defect is $15. The company also estimates that the minimum amount of warranty expense will be $2,000,000 and the maximum will be $10,000,000.
2. Bolivia is involved in a tax dispute with the tax authorities. The most likely outcome of this dispute is that Bolivia will lose and have to pay $400,000. The minimum it will lose is $20,000 and the maximum is $2,500,000.

Instructions

Determine the amount to record as provisions, if any, for Bolivia at December 31, 2015.

Answers

1. **Total warranty liability at December 31, 2015 is $5,000,000 as computed below**

***Expected warranty costs**

	%	Units	Cost per Unit	Total Costs
No defects	60%	600,000	$ 0	$ 0
Major defects	30%	300,000	15	4,500,000
Minor defects	10%	100,000	5	500,000
Total	100%	1,000,000		$5,000,000

2. **The expected amount of $400,000 should be reported as income taxes payable at December 31, 2015.**

Non-Current Liabilities

Presented below are selected transactions on the books of Simonson Foundry.

July 1, 2015	Bonds payable with a par value of €900,000, which are dated January 1, 2019, are sold at 112.290 plus accrued interest to yield 10%. They are coupon bonds, bear interest at 12% (payable annually at January 1), and mature January 1, 2029. (Use interest expense account for accrued interest.)
Dec. 31	Adjusting entries are made to record the accrued interest on the bonds, and the amortization of the proper amount of premium.
Jan. 1, 2016	Interest on the bonds is paid.
Jan. 2	Bonds of par value of €360,000 are called at 102 and extinguished.
Dec. 31	Adjusting entries are made to record the accrued interest on the bonds, and the proper amount of premium amortized.

Instructions

Prepare journal entries for the transactions above.

Answers

July 1, 2015

Cash (€900,000 X 1.19219) + (€900,000 X 12% X 6/12)	1,126,971.00	
Bonds Payable		1,072,971.00
Interest Expense (€900,000 X 12% X 6/12)		54,000.00

December 31, 2015

Interest Expense (€900,000 X 12%)	108,000.00	
Interest Payable		108,000.00
Bonds Payable	351.45	
Interest Expense [(€108,000 – €54,000) – (€1,072,971 X 10% X 6/12)]		351.45

January 1, 2016

Interest Payable	108,000.00	
Cash		108,000.00

January 2, 2016

Bonds Payable	429,047.82*	
Cash (€360,000 X 102%)		367,200.00
Gain on Extinguishment of Debt		61,847.82

*[(€360,000 ÷ €900,000) X (€1,072,971 – €351.45)].

Reacquisition price (€360,000 X 102%)	€367,200.00
Net carrying value of bonds redeemed: (€1,072,971 – €351.45) X (€360,000 ÷ €900,000)	(429,047.82)
Gain on redemption	€ (61,847.82)

December 31, 2016

Interest Expense (€540,000* X .12)	64,800.00	
Interest Payable		64,800.00
*$900,000 – $360,000		
Bonds Payable	442.83	
Interest Expense		
[(€1,072,971 – €351.45 –		
€429,047.82) X .10] – €64,800		442.83