

ACT1104-Intermediate Accounting 1
First Examination

- 1.** Banchemo Company had the following cash balance on July 31, 2023:

Undeposited coins and currencies	Php 40,000
Unrestricted demand deposits	1,660,000
Company checks written and deducted from the above	
demand deposits but not scheduled to be mailed until August 2, 2023	370,000
90-day time deposit (restricted)	3,000,000

In exchange for a guaranteed line of credit, Banchemo has agreed to maintain at all times a minimum balance of P150,000 in its unrestricted demand deposits account.

How much is the correct **cash** to be reported in the statement of financial position as of July 31, 2023?

- a. P1,920,000**
b. P2,070,000
c. P4,970,000
d. P3,000,000

Undeposited coins and currencies	Php	40,000
Unrestricted demand deposits		1,660,000
Company checks written and deducted from the above		
demand deposits but not scheduled to be mailed until August 2, 2023		370,000

	Php	1,920,000
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- 2.** At year-end, Abueva company reported cash and cash equivalents which comprised to the following:

Cash on hand	Php 900,000
Demand Deposit	8,250,000
Certificate of deposit	3,000,000
Post-dated customer check	600,000
Petty cash fund	120,000
Traveler's check	80,000
Manager's check	210,000
Money order	100,000

PV rate 5 yrs at 12%, ordinary annuity:
 $0.8929 + 0.7972 + 0.7118 + 0.6355 + 0.5674 = 3.6048$

20. What amount should be reported as gain (loss) on sale of equipment?

a. 13,940 gain

b. 13,940 loss

c. 50,000 gain

d. 50,000 loss

Selling Price	Php 463,940
Less: Accumulated Depreciation (1,000,000-550,000)	450,000

Gain on Sale of Equipment	Php 13,940
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Face Value	Php 500,000
PV-Selling Price	463,940

Discount on NR (Unearned Interest Inc.)	Php 36,060
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Amortization Table

Year	Interest Payment *(Nominal Interest)	Interest Income (Effective Interest)	Amortization of Discount	Carrying Value
1/1/22				463,940
12/31/22	50,000	$463,940 \times 12\% = 55,673$	5,673	469,613
12/31/23	50,000	$469,613 \times 12\% = 56,354$	6,354	475,967
12/31/24	50,000	$475,967 \times 12\% = 57,116$	7,116	483,083
12/31/25	50,000	$483,083 \times 12\% = 57,970$	7,970	491,053
12/31/26	50,000	$491,053 \times 12\% = 58,926$	8,926	
		58,947	8,947	500,000

*Interest Payment: $500,000 \times 10\% = 50,000$

At maturity Date: Carrying value is equal to Face Value (Php500,000)

Journal entries:

January 1, 2022

Notes Receivable	500,000
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Deposit in transit	123,450
Currency and coins counted	95,000
Petty cash fund (of which Php4,500 is in the form of paid vouchers)	10,000
Bank charges not yet taken up in the books	580
Bond sinking fund cash	100,000
Receivables from employees	7,000
Book error in recording a check, the correct amount as paid by the bank is Php8,900 instead of Php9,800 as recorded in the books, or a difference of	900

What is the correct cash in bank balance for Rude Company on December 31, 2023?

- a. Php554,150
- b. **Php677,920**
- c. Php702,290
- d. Php837,920

Unadjusted book balance	Php 677,600
Book error	900
Bank charges	(580)

Correct/adjusted Cash in bank balance	Php 677,920
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35. Refer to No. 55. What is the correct Cash on hand balance for Rude Company on December 31, 2023?

- a. Php95,000
- b. **Php100,500**
- c. Php128,950
- d. Php195,000

Currency and coin counted	Php95,000
Petty cash fund	5,500

	Php100,500
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36. Show below is the bank reconciliation for Small Company for May 2023:

Balance per bank, May 31, 2023	Php 750,000
Deposits in transit	120,000
Total	870,000
Outstanding checks	(140,000)
Bank credit recorded in error	(50,000)
Cash balance per book, May 31, 2023	Php 680,000

The bank statement for June 2023 contains the following data:

Total deposits	Php 550,000
Total charges, including an NSF check of	

On December 31, the company conducted a physical inventory which revealed that the ending inventory was only P 210,000. Cyber's gross profit on net sales has remained constant at 30% in recent years. Cyber suspects that some inventory may have been pilfered by one of the company's employees. How much is the estimated cost of missing inventory on December 31?

- a. **Php75,500**
- b. Php82,500
- c. Php210,000
- d. Php292,500

Inventory, January 1	Php	325,000
+ Net purchases		
Purchases	Php	1,150,000
+Freight in		30,000

		1,180,000
-Purchase ret		40,000

		1,140,000

COGAS		1,465,000
Cost of goods sold		
(1,700,000-15,000) x 70%		1,179,500

Estimated Cost of Ending Inventory	Php	
285,500		
Physical count		210,000

		75,500
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Use the following information for the next three questions.

The Dec. 31, 2023 statement of financial position of Lodi Corp. showed Accounts receivable of P500,000 and Allowance for Bad Debts of P48,000. Following is a summary of accounts receivable transactions recorded by the entity in 2024:

Credit sales during the year	P3,120,000
Accounts collected during the year	3,008,000
Accounts written off as uncollectible	52,000
Recoveries of accounts written off in the previous year	2,160

On Dec. 31, 2024, an aging of accounts receivable indicated the following:

	<u>% of total</u>	<u>Probabili</u>
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