

ACCOUNTING 1A

STUDY GUIDE FOR EXAM 2 - CHAPTERS 4-6

BRING COLUMNAR/ACCOUNTING PAPER OR FORM 1 (for problem 4), FORM 2 (for problems 3, 5, 6, and 7b) AND FORM 13 (for problem 1).

CHAPTER 4

Problem 1 - Prepare a classified balance sheet: (worth 20 points - see **Exercise 12 & Prob. 4-2A, part 1**)

Problem 2 - Indicate whether listed accounts would be reported in the section of financial statements identified as (a) current asset, (b) property, plant, and equipment, (c) current liability, (d) revenue, or (e) expense (worth 10 points – see **Practice Exercises 4-4A and 4-4B**)

Problem 3 - On the basis of data taken from the Adjusted Trial Balance columns of a work sheet, journalize the four closing entries (worth 20 points - see **Exercise 17 & 4-2A, part 2**)

CHAPTER 5

Problem 4 - Prepare a multiple-step income statement (worth 15 points - see **page 212**)

Problem 5 - Record (Journalize) the transactions of a **seller** (worth 18 points - see **Prob. 5-6A**):

- a) Sold merchandise, recognizing the sale and cost of merchandise sold
- b) Paid transportation charges
- c) Issued a credit memorandum
- d) Received payment from a customer

Problem 6 - Record (Journalize) the transactions of a **buyer** (worth 17 points - see **Prob. 5-6A**):

- a) Purchased the merchandise
- b) Record receipt of a credit memorandum for merchandise returned
- c) Paid the amount owed

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CHAPTER 6

Problem 7 - FIFO/LIFO perpetual inventory (worth 35 points - see **Problem 6-1A & 6-2A**)

- a) Determine the **total** cost of the inventory balance at May 31, using (1) the first-in, first-out method and (2) the last-in, first-out method. Identify the quantity, unit price, and total cost of each lot in the inventory.

- (b) Present the journal entry to record a shortage (shrinkage) discovered by the physical count on May 31 (see **Exercise 5-29**)

Problem 8 - Indicate which items should be added to (answer: yes) and which items should not be added to (answer: no) the December 31 inventory count. (worth 10 points)

Problem 9 - Indicate the affect of the misstatement on the balance sheet and the income statement for the year. (worth 15 points - see **Exercise 6-13**)