2021.12.1

cash	1000	Capital stock	1000
Chemical	300	cash	300

2022

Cash	100	Revenue	100
Cash	100	Revenue	100
Salary	20	cash	20
Material expense	75	Chemical	75

2023

Cash	100 x4	Revenue	100 x4
Salary	60	Cash	60
Material expense	120	Chemical	120

Income Statement

Revenue	600
Salary	80
Material	195
Net income	325

B/S

Asset		Liabilities	—
Cash	1220		
Chemical	105	Equity	
		Capital Stock	1000
		Retained Earning	325
		Total E	1325
Total Asset	1325	Total L & E	1325

2021

Cash	1000
Inventory(Eggs)	300

Capital Stock	1000
Cash	300

2022

Cash	200
Cost of goods	90

Revenue	200
Inventory(Eggs)	90

2023

Cash	500
Cost of goods	175

Revenue	500
Inventory(Eggs)	175

Cash	200
Cost of goods	30

Revenue	200
Inventory(Eggs)	30

$3/1L

Income Statement

Revenue	900
Cost of goods	197
net income	703

B/S

Cash	1600	L	
Inventory(Eggs)	105	E	
			1000
			705
	1705		1705

2021

Cash	1000	Capital Stock	1000
Inventory(Goods)	300	Cash	300

2022

Cash	200	Revenue	200
Cost of goods	90	Inventory(Goods)	90

2023

Cash	500	Revenue	500
Cost of goods	175	Inventory(Goods)	175
Cash	200	Revenue	200
Cost of goods	70	Inventory(Goods)	70
Land	800	Cash	800
Cash	1000	Land	800
		Revenue	200
Cash	500	Revenue	500
Cost of goods	175	Inventory(Goods)	175
Cash	200	Revenue	200
Cost of goods	70	Inventory(Goods)	70

No Inventory.
No cost of goods.

security : 유가증권.

Debt type financial Asset

- AC : 이자. 한정
  Amortized Cost
- FVTOCI : 이자. 배당
  Fair Value Through Other Comprehensive Income
- FVTPL : otherwise. 그외의 모든.
  Fair Value Through Profit or Loss

Equity Investment.

- FVTPL → for trading
- FVTOCI → not for trading
- Investment in Associate → using Equity method.
  지분 20% ~50%
  지배X.

FVTPL → re-evaluation. price ↑ net income ↑ / price ↓ net income ↓

Gain on valuation of FVTPL (Gain / Loss)

Loss

↳ income statement

FVTOCI → re-evaluation

every period!

price ↑ net income change X equity ↑

Unrealized Gains of FVTOCI (Equity)

Financial Asset

↳ balance sheet

Equity Method →

Gain (loss) from shares = net income X 지분율.
of investee

피투자회사 net income 2000 → +500
지분율 25%

Get Dividend from investee → Cash ↑ Equity ↓

Equity method stock (asset)

Gain on equity method stock (gain)

Inventory measurement → cost or net realizable value

↓ lower one!

all cost of purchase, cost of conversion, others

cost selected → no additional journal entry

net realizable value → journal entry!

Inventory write-down (expense)	or [Accumulated Loss (asset) Product(Asset)

Inventory Exercise. 7-6

E 7-6 LO 2

Cost of Goods Sold Calculations

Complete the Cost of Goods Sold section for the statements of comprehensive income of the following five companies:

		Able Company	Baker Company	Carter Company	Delmont Company	Eureka Company
Beginning inventory 기초 재고	+	£32,000	£49,600	34,200	65,800	€ 38,400
Purchases 구매	+	53,000	131,200	€ 86,000	€179,000	129,000
Purchase returns 반품	−	800	£ 2,000	€ 3,600	€ 400	€ 4,400
Cost of goods available for sale 판매가능한가	=	84,200	+ 198,800	116,600	244,400	163,000
Ending inventory 남은 재고	−	17,400	44,400	30,400	57,600	26,200
Cost of goods sold 판매 한가	=	66,800	134,400	86,200	186,800	136,800

Inventory Exercise 7-8

E 7-8 LO 2 LO 3

Computing Inventory and Cost of Goods Sold

Witson Boards sells snowboard. Its product, Eagle snowboard is popular among snowboard enthusiasts. Information relating to Witson's purchases of Eagle snowboards during September is shown below. Witson sold 242 Eagle snowboards in September.
Witson uses a periodic inventory system.

Date	Explanation	Units	Unit Cost	Total Cost
Sept. 1	Inventory	46	€1,067	€ 49,082
Sept. 12	Purchases	90	1,122	100,980
Sept. 19	Purchases	40	1,144	45,760
Sept. 26	Purchases	88	1,155	101,640
	Totals	264		€297,462

1. Compute the ending inventory at September 30 and cost of goods sold using the FIFO and weighted average cost formulas.
2. For both FIFO and weighted average cost formulas, calculate the sum of ending inventory and cost of goods sold. What do you reveal from the answers you gave for each method?

FIFO

Beginning Inventory $46 \times 1067 = 49,082$

Purchase
- 12 Sept $90 \times 1122 = 100,980$
- 19 Sept $40 \times 1144 = 45,760$
- 26 Sept $88 \times 1155 = 101,640$

Cost of goods available for sale 297,462

Ending Inventory $22 \times 1155 = 25,410$

Cost of goods sold 272,052

Weighted Cost

$297,462 / 264 = 1,126.75$ per board

Cost of goods available for sale 297,462

Ending Inventory $22 \times 1,126.75 = 24,788.5$

Cost of goods sold 272,673.5

Receivable (asset)

Account receivable | 이자 X

Notes receivable | 이자 O

Evaluation of Receivable →

Bad Debt Expense (Expense) XXX | Allowance for Bad Debts (asset, contrast account receivable) XXX

Settlement of Receivable.

Cash XXX | Account Receivable YYY

Allowance for Bad Debt ZZZ

Bad Debt Expense YYY-XXX-ZZZ

Aging (Evaluation of Receivable) → 기간 지난 채권에 대한 추정 변동.

Bad Debt expense 예측.

Payable (Liability) ⇒ 돈 줘야 함. 재화나 상품은 이미 받음.

Advances from customers / unearned revenue (Liabilities)

⇒ 돈 미리 받음. 재화나 상품 제공해야 함

Receivable & Payable Exercise 6-3

P 6-3
LO 3

Analysis of Allowance for Bad Debts

Boulder View Corporation accounts for uncollectible accounts receivable using the allowance method.

As of December 31, 2016, the credit balance in Allowance for Bad Debts was $130,000. During 2017, credit sales totaled $10,000,000, $90,000 of accounts receivable were written off as uncollectible, and recoveries of accounts previously written off amounted to $15,000. An aging of accounts receivable at December 31, 2017, showed the following:

Classification of Receivable	Accounts Receivable Balance As of December 31, 2017	Percentage Estimated Uncollectible
Current	$1,140,000	2%
1–30 days past due	600,000	10
31–60 days past due	400,000	23
Over 60 days past due	120,000	75
	$2,260,000	

Required:

1. Prepare the journal entry to record bad debt expense for 2017, assuming bad debts are estimated using the aging of receivables method.
2. Record journal entries to account for the actual write-off of $90,000 uncollectible accounts receivable and the collection of $15,000 in receivables that had previously been written off.

	Bad Debt
Current	1,140,000 X 2% = 22,800
1-30	600,000 X 10% = 60,000
31-60	400,000 X 23% = 92,000
over 60	120,000 X 75% = 90,000
Total	264,800

130,000
(90,000)
15,000
55,000

264,800 - 55,000 = 209,800

Allowance for Bad debt 90000	Account Receivable 90000
Account Receivable 15000	Allowance for bad debt 15000
Cash 15000	Account Receivable 15000

Receivable & payable Exercise 6-12

P 6-12

LO 5

Recording Notes Receivable

Wine Ltd. closes its books every month. On June 30 the Notes Receivable accounts balance is $80,000, including the following:

Date	Maker	Face value	Term	Interest rate /year
May 4	KAVALAN Co.	$16,000	50 days	8%
May 15	Glenlivet Inc.	14,000	6 months	12%
June 30	Macallan Co.	50,000	60 days	10%

Interest is computed following the practice that there are 360 days a year.

Required:

1. What's the maturity date of these three notes? 23, June / 15, Nov / 29, Aug
2. Suppose that Wine Ltd. prepares financial statements as of June 30. Make the entries necessary during June. Assume KAVALAN pays the note and interest in full at the maturity date.
3. Following (2), assume KAVALAN cannot pay the note and Wine Ltd. expects that there's hope for collection. Make the entry at the maturity date.
4. Following (2), assume KAVALAN cannot pay the note and Wine Ltd. expects that there's no hope for collection. Make the entry at the maturity date.

23 June

cash	16178		
Note Receivable		16000	
Interest Revenue		178	

30 June

1400 × 12% × 1.5/1

Interest Receivable	210		
Interest Revenue		210	

Notes Receivable 50000

Property, plant & Equipment

→ tangible. directly use

→ asset

≠ inventories, financial asset, intangible asset

depreciation!

depreciation expense	or [Asset / Accumulated depreciation (Asset)]

contra-asset

if get gain by selling asset

Cash or etc	gain on disposal of asset

cf)

accelerated depreciation → "$B(1-d)^n = S$"

Impairment

Impairment Loss	Accumulated impairment Losses
expense	asset

contra-asset

Intangible Asset → directly written off without contra-account.
Straight Line Amortization

Bond

discount on bond payable

contra - liability

Stock [par value]

Capital in excess of par value of stock → equity

dividend { cash: Retained earning | cash

stock: Retained earning | capital stock

dividend stock x par value.

Cash flow

beginning balance + changes = ending balance.

- operating	main business
- investing	PPE, financial asset
- financing	loan, stock, bond

fxck indirect!

Financial Ratio

→ Profit Margin = Net income / Sales.

→ Gross Margin = Gross profit / Sales.

→ Account Receivable Turnover = Sales / Average Account Receivable

→ Inventory Turnover = Cost of goods / Inventory.

→ Times Interest Earned Ratio

= Income before interest expense & tax / interest expense

→ Debt Ratio = Total Liabilities / Total Asset

→ Debt-to-Equity Ratio = Total Liability / Total Equity

Stock price = $\sum_{i}$ Net income / # stock

cf.) $\sum_{1}^{\infty} ar^{n-1} = \frac{a}{|1-r|}$

EPS, Earning per share

Price/Earning Ratio, PER = price of one stock / EPS

주식의 가치.