**Statement of Financial Position**

**Long-quiz 1 (2points each)**

1. Which of the following is a non-current liability on December 31, 2023, statement of Financial Position?
   1. Bonds payable maturing on March 31, 2024, which were refinanced by issuing 5-year bonds payable in 2024 before issuance of the 2023 financial statements.
   2. Mortgage note payable due March 15, 2023, which was rolled over in 2022 after the issuance of the 2022 financial statements.
   3. Mortgage note payable due March 15, 2022, in which the entity as of December 31, 2021, has the discretion and intention to roll over for a period of at least 24 months from the original maturity date.
   4. Mortgage note payable due March 15, 2022, which was converted into ordinary shares of the company in 2022 before the issuance of the 2021 financial statements.
2. The refinancing of a currently maturing long-term debt on a long-term basis completed on or before the reporting date requires that such debt be classified as a:
   1. Current liability.
   2. Non-current liability.
   3. Current liability or non-current liability, at the option of the debtor.
   4. Non-adjusting event that shall be disclosed in the notes to the financial statements.
3. All the following statements correctly refer to the provision of PAS 1- Presentation of Financial Statements, except:
   1. The objective of PAS 1 is to prescribe the basis for the presentation of general-purpose financial statements to ensure comparability both with the entity’s financial statements of previous periods and with the financial statements of other entities.
   2. Inappropriate accounting policies are not rectified either by disclosure of the accounting policies used or by notes or explanatory material.
   3. PAS 1 shall be applied to all-purpose financial statements prepared and presented in accordance with Philippine Financial Reporting Standards.
   4. The application of PFRSs, with additional disclosure, when necessary, is presumed to result in financial statements that achieve a fair presentation.
4. In which of the following instances would a liability that would otherwise be presented as current is presented as noncurrent?
5. The liability is payable on demand, but the entity estimates that it is probable that the lender will not demand payment within 12 months after the reporting period.
6. The liability is payable on demand, but the lender promises the entity after the reporting period that the lender will not demand payment in the next 12 months.
7. The entity enters into a refinancing agreement after the reporting period but before the financial statements are authorized for issue.
8. The entity enters into a refinancing agreement and the refinancing agreement is completed by the balance sheet date.
9. The following data are made available for the purpose of stating the financial position of Day, Inc. on December 31, 2023:

Cash, including sinking fund of P5,000,000 with trustee P20,000,000

Notes receivable (including P2,000,000 of notes pledged

with KLM Bank) 12,000,000

Accounts receivable, net of allowance for

expected credit losses 7,900,000

Inventory, including P6,000,000 cost of goods sold in

transit purchased FOB destination and P5,000,000

cost of goods in transit purchased FOB shipping point.

Both goods were received January 3, 2024. 28,000,000

How much current assets should be shown in the statement of financial position on December 31, 2023?

* + 1. P56,900,000
    2. P58,900,000
    3. P61,900,000
    4. P67,900,000

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| --- | --- |
| A | (20M – 5M) + 12M + 7.9M + (28M - 6M) = 56.9M |

1. Donald Company was incorporated on July1, 2022, with P2,000,000 from the issuance of shares and borrowed fund of P300,000. During the remainder of 2022, the company’s profit was P100,000. On December 15, Donald Company paid P8,000 cash dividends. No additional activities affected owner’s equity in 2022. At December 31, 2022, Donald Company’s liabilities increased to P376,000.

In Donald’s December 31, 2022, statement of financial position, total assets should be reported at:

* 1. P2,392,000
  2. P2,400,000
  3. P2,768,000
  4. P2,468,000

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| --- | --- |
| D | 2,000,000 + 100,000 – 8,000 = 2,092,000+ 376,000 = 2,468,000 |

1. May Company had the following liabilities at December 31, 2022:

Trade accounts payable, net of debit balances totaling

P65,000 in supplier’s accounts P1,125,000

Accrued expenses 136,000

Interest payable 96,000

Income tax payable 150,000

Mortgage payable due in equal annual installments

Until October 31, 2027, 750,000

Share dividends declared but not yet issued 300,000

Claims for he unclaimed wages by employees of

The company covered in a pending lawsuit (not yet

Considered to be probable) 250,000

How much is the total current liabilities of May Company to be shown on its

December 31, 2022, statement of financial position?

* 1. P1,272,000
  2. P1,722,000
  3. P2,022,000
  4. P2,207,000

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| --- | --- |
| B | (1,125,000+65,000) + 136,000 + 96,000 + 150,000 + (750,000/5)=1,722,000 |

1. The trial balance of Fay Company, a publicly listed company at December 31, 2022has been adjusted except for income tax expense, as follows:

Fay Company

Trial Balance

December 31. 2022

Debit Credit

Cash P 675,000

Accounts Receivable 2,695,000

Inventory 2,185,000

Property, Plant & Equipment (net) 7,366,000

Trade and other payables P 1,801,000

Income tax payable 654,000

Deferred income tax liability 85,000

Ordinary share 2,300,000

Premium on ordinary shares 3,680,000

Retained Earnings, Jan 1, 2022, 3,350,000

Net sales and other revenues 13,360,000 Cost and expenses 11,180,000

Income tax expense 1,129,000 P 25,230,000 P 25,230.000 Other data for the year ended December 31, 2022, follows:

Included in accounts receivable is P1,000,000 due from customer from sale of land and building previously owned by the company and payable in quarterly installment of P125,000. The last payment is due December 30, 2024.

The balance in deferred income tax liability pertains to a temporary difference that arose in a prior year, of which P15,000 is expected to reverse in 2023.

During the year, tax payments of P475,000 were charged to income tax expense. The income tax rate on all types of income is 30%.

The total current assets in Fay’s December 31, 2022, statement of financial position is

* 1. P6,030,000
  2. P5,555,000
  3. P5,530,000
  4. P5,055,000

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| --- | --- |
| D | 675,000 + (2,695,000 – 500,000) + 2,185,000 = 5,055,000 |

1. Using information of Fay Company, compute the total non- current assets in Fay’s December 31, 2022, statement of financial position.’
   1. P1,980,000
   2. P2,455,000
   3. P2,579,000
   4. P2,649,000

|  |  |
| --- | --- |
| A | 1,801,000 + (654,000 – 475,000) = 1,980,000 |

1. Using information of Fay Company, compute the retained earnings balance in Fay’s December 31, 2022, statement of financial position.
   1. P4,401,000
   2. P4,486,000
   3. P4,876,000
   4. P4,767,000

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| --- | --- |
| C | 13,360,000–11,180,000–654,000=1,526,000; 1,526,000+3,350,000=4,876,000 |