

**Comprehensive Problem**

Name: \_\_\_\_\_

Chapters 13, 14, 15

Date: \_\_\_\_\_

Nordham Corporation's trial balance at December 31, 2008 is presented below. All 2008 transactions have been recorded except for the items described on the next page.

Nordham Corporation Trial Balance January 1, 2008		
Account Titles	Debit	Credit
Cash	23,000	
Accounts Receivable	51,000	
Merchandise Inventory	22,700	
Land	65,000	
Building	95,000	
Equipment	40,000	
Allowance for Doubtful Accounts		450
Accumulated Depreciation - Building		30,000
Accumulated Depreciation - Equipment		14,400
Accounts Payable		19,300
Bond Interest Payable		
Dividends Payable		
Unearned Rent Revenue		8,000
Bonds Payable (10%)		50,000
Common Stock (\$10 par)		30,000
Paid-in Capital in Excess of Par - Common Stock		6,000
Preferred Stock (\$20 par)		
Paid-in Capital in Excess of Par - Preferred Stock		
Retained Earnings		75,050
Treasury Stock		
Dividends		
Sales		570,000
Rent Revenue		
Bad Debts Expense		
Bond Interest Expense	2,500	
Cost of Goods Sold	400,000	
Depreciation Expense - Buildings		
Depreciation Expense - Equipment		
Other Operating Expenses	39,000	
Salaries Expense	65,000	
Totals	803,200	803,200

## **Comprehensive Problem (page 2)**

### **Unrecorded Transactions**

- 1 On January 1, 2008, Nordham issued 1,000 shares of \$20 par, 6% preferred stock for \$22,000.
- 2 On January 1, 2008, Nordham also issued 1,000 shares of common stock for \$23,000.
- 3 Nordham reacquired 300 shares of its common stock on July 1, 2008, for \$49 per share.
- 4 On December 31, 2008, Nordham declared the annual preferred stock dividend and a \$1.50 per share dividend on the outstanding common stock, all payable on January 15, 2009.
- 5 Nordham estimates that uncollectible accounts receivable at year-end is \$5,100.
- 6 The building is being depreciated using the straight-line method over 30 years. The salvage value is \$5,000.
- 7 The equipment is being depreciated using the straight-line method over 10 years. The salvage value is \$4,000.
- 8 The unearned rent was collected on October 1, 2008. It was receipt of 4 months' rent in advance. (October 1, 2008 through January 31, 2009).
- 9 The 10% bonds payable pay interest every January 1 and July 1. The interest for the 6 months ended December 31, 2008, has not been paid or recorded.

### **Instructions**

- a. Prepare journal entries for the transactions listed above.
- b. Prepare an updated December 31, 2008, trial balance reflecting the unrecorded transactions.
- c. Prepare a multiple-step income statement for the year ending Dec. 31, 2008.
- d. Prepare a statement of retained earnings for the year ending Dec. 31, 2008
- e. Prepare a classified balance sheet as of December 31, 2008.

### Comprehensive Problem (page 3)

(a)

Date	Account Titles	Debit	Credit
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			

**Comprehensive Problem (page 4)**

**(b)**

Nordham Corporation Trial Balance -Updated January 1, 2013		
Account Titles	Debit	Credit
Cash		
Accounts Receivable		
Merchandise Inventory		
Land		
Building		
Equipment		
Allowance for Doubtful Accounts		
Accumulated Depreciation - Building		
Accumulated Depreciation - Equipment		
Accounts Payable		
Bond Interest Payable		
Dividends Payable		
Unearned Rent Revenue		
Bonds Payable (10%)		
Common Stock (\$10 par)		
Paid-in Capital in Excess of Par - Common Stock		
Preferred Stock (\$20 par)		
Paid-in Capital in Excess of Par - Preferred Stock		
Retained Earnings		
Treasury Stock		
Dividends		
Sales		
Rent Revenue		
Bad Debts Expense		
Bond Interest Expense		
Cost of Goods Sold		
Depreciation Expense - Buildings		
Depreciation Expense - Equipment		
Other Operating Expenses		
Salaries Expense		



