

Advanced Accounting 6th Edition

Errata

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이 정오표는 “Advanced Accounting 6판”에
적용되는 수정사항입니다.
수정된 부분은 빨간색으로 표시하였습니다.

새로운 수정사항이 발견되면 국제금융회계학원(AIFA)
온라인 자료실에 업데이트 됩니다.

☞ p202 상6

~1100 bonds of \$1,000 par~ → ~110 bonds bonds of \$1,000 par~

☞ p230 상12 삭제

3. Modified Cash Basis Financial Statements

→ ~~3. Modified Cash Basis Financial Statements~~

☞ p231 상11 문구 추가

~ must be given to nontaxable revenues and expenses~

→ ~ must be given to nontaxable revenues and **nondeductible** expenses~

☞ p231 상13 문구 추가

Nontaxable revenues and expenses must be~

→ Nontaxable revenues and **nondeductible** expenses must be~

☞ p231 상16 문구 추가

Nontaxable revenues and expenses must be~

→ Nontaxable revenues and **nondeductible** expenses must be~

☞ p238 하3

6. Perez gave~ → 6. **AIFA** gave ~

☞ p247 하1

Inception of capital lease → Inception of **finance** lease

☞ p256 표 중간

(53,318) → **(54,618)**

\$6,112 → **\$4,812**

☞ p278 하9

6. ~the Nirvana Company's~ → 6. ~the **Alpha** Company's~

[Q 5-14]

AIFA Corp. carries an account in its general ledger called Investments, which contained debits for investment purchases, and no credits, with the following descriptions.

Feb. 1, 2025 Sharapova Company common stock, \$100 par, 200 shares	\$37,400
April 1 U.S. government bonds, 11 %, due April 1, 2035, interest payable April 1 and October 1, 110 bonds of \$1,000 par each	110,000
July 1 McGrath Company 12% bonds, par \$50,000, dated March 1, 2025, purchased at 104 plus accrued interest, interest payable annually on March 1, due March 1, 2045	54,000

• **Instructions** • (Round all computations to the nearest dollar.)

- (1) Prepare entries necessary to classify the amounts into proper accounts, assuming that the debt securities are classified as available-for-sale. Sharapova has 200,000 shares outstanding.
- (2) Prepare the entry to record the accrued interest and the amortization of premium on December 31, 2025, using the straight-line method.
- (2) The fair values of the investments on December 31, 2025, were:

Sharapova Company common stock	\$ 31,800
U.S. government bonds	124,700
McGrath Company bonds	58,600

What entry or entries, if any, would you recommend be made?

- (3) The U.S. government bonds were sold on July 1, 2026, for \$119,200 plus accrued interest. Give the proper entry.

(1) Statement of Cash and Equity

In pure cash basis financial statements, cash is the only asset, no liabilities are recorded, and equity is equal to cash.

(2) Statement of Cash Receipts and Disbursements

- 1) Revenues received
- 2) Debt and equity proceeds
- 3) Proceeds from asset sales
- 4) Expenses paid
- 5) Debt repayments
- 6) Dividend payments
- 7) Payments for purchases of assets

3 Modified Cash Basis Financial Statements

The modified cash basis is a hybrid method that includes elements of both cash basis and accrual basis accounting.

Modifications should not be so extensive that the modified cash basis financial statements become accrual basis financial statements.

(1) Common Modifications

- 1) Capitalizing and depreciating fixed assets.
- 2) Accrual of income taxes.
- 3) Recording liabilities for long-term and short-term borrowings and the related interest expense.
- 4) Capitalizing inventory.
- 5) Reporting investments at fair value and recognizing unrealized gains and losses.

(2) Presentation

- 1) A statement of assets and liabilities (modified cash basis) or a statement of assets and liabilities arising from cash transactions.
- 2) A statement of revenues and expenses and retained earnings (modified cash basis) or a statement of revenues collected and expenses paid.

4 Income Tax Basis Financial Statements

In contrast to cash basis financial statements, tax basis financial statements are well-suited for entities that have complex operations.

(1) Accounting Issues

Tax basis financial statements are prepared based on the methods and principles used to prepare the entity's tax return. Special accounting treatment must be given to nontaxable revenues and **nondeductible** expenses not reported on the tax return.

Nontaxable revenues and **nondeductible** expenses must be recognized in tax basis financial statements in the period received or paid for cash-basis taxpayers and in the period accruable for accrual-basis taxpayers.

Nontaxable revenues and **nondeductible** expenses may be reported as:

- 1) Separate line items in the revenue and expense sections of the statement of revenues and expenses;
- 2) Additions and deductions to net income; or
- 3) A disclosure in a note.

(2) Presentation

- 1) A statement of assets and liabilities and equity (income tax basis) or a balance sheet (income tax basis).
- 2) A statement of revenues and expenses and retained earnings (income tax basis) or a statement of income (income tax basis).

[Q 6-7] Adjusting Entries

The following are the trial balance and the other information related to AIFA.

AIFA Trial Balance December 31, 20X5		
	Debit	Credit
Cash	\$29,500	
Accounts Receivable	49,600	
Allowance for Doubtful Accounts		\$750
Supplies	1,960	
Prepaid Insurance	1,100	
Equipment	25,000	
Accumulated Depreciation—Equipment		6,250
Notes Payable		7,200
Common Stock		10,000
Retained Earnings		25,010
Service Revenue		100,000
Rent Expense	9,750	
Salaries and Wages Expense	30,500	
Utilities Expenses	1,080	
Office Expense	720	
	\$149,210	\$149,210

1. Fees received in advance from clients \$6,000, which were recorded as revenue.
2. Services performed for clients that were not recorded by December 31, \$4,900.
3. Bad debt expense for the year is \$1,430.
4. Insurance expired during the year \$480.
5. Equipment is being depreciated at 10% per year.
6. AIFA gave the bank a 90-day, 10% note for \$7,200 on December 1, 20X5.
7. Rent of the building is \$750 per month. The rent for 20X5 has been paid, as has that for January 20X6, and recorded as Rent Expense.

(2) Cash outflows (payments)

- To purchase treasury stock
- To pay dividends
- To repay amounts borrowed
- To pay debt issuance cost and stock issuance cost

하나의 거래에는 서로 다른 활동으로 분류되는 현금흐름이 포함될 수 있다. 예를 들어 이자와 차입금을 함께 상환하는 경우, 이자지급은 영업활동으로 분류되고 원금상환은 재무활동으로 분류된다.

4 Non-cash investing and financing activities

현금 및 현금성자산의 사용을 수반하지 않는 투자활동과 재무활동 거래는 현금흐름표에서 제외한다. 그러한 거래는 투자활동과 재무활동에 대하여 모든 목적적합한 정보를 제공할 수 있도록 재무제표에 공시한다.

- ① Acquisition of assets by assuming liabilities or by issuing equity securities.
- ② Conversion of convertible bond or preferred stock to common stock
- ③ Inception of **finance** lease

3 Indirect method

투자활동과 재무활동은 직접법과 동일하며 영업활동 현금흐름을 당기순손익에서 가감조정하여 표시한다.

Cash flow statement For the year ended December 31, Year 2	
Cash Flow from operating activities;	
Net income	\$59,430
Adjustments to reconcile NI to CFO	
Depreciation	1,250
Amortization of bond discount	250
Loss on sale of FVTNI Investment	2,000
Gain on sale of building	(10,700)
Investment income	(5,880)
Increase in net account receivable	(25,000)
Increase in inventory	(17,500)
Increase in prepaid expense	(1,000)
Decrease in account payable	(3,890)
Increase in accrued liability	1,500
Increase in income tax payable	4,016
Increase in deferred tax liability	336
Total adjustment	(54,618)
Net cash provided by operating activities	\$4,812
Cash flow from investing activities;	
Proceeds from sale of building	31,000
Proceeds from sale of FVTNI Investment	7,200
Purchase of equipment for cash	(81,500)
Net cash used by investing activities	(43,300)
Cash flow from financing activities;	
Proceeds from issuance of bond payable	65,000
Proceeds from issuance of common stock	45,000
Dividends paid	(3,412)
Net cash provided by financing activities	106,588
Net increase in cash	68,100
Cash at beginning of year	26,300
Cash at end of the year	94,400

- ※ 자산부채의 증감은 영업활동 관련 자산부채의 증감만 고려하며 투자활동 및 재무활동 관련 자산부채의 증감은 가감하지 않는다.
- ※ 대손상각비와 재고자산의 저가법 손실은 각각 매출채권의 순액 및 재고자산의 증감에 포함되어 있기 때문에 별도로 조정하지 않는다.
- ※ 감가상각비와 손상차손은 유형자산의 증감에 포함되어 있기 때문에 별도로 조정한다.

[Q 7-6] Indirect method

AIFA reported \$145,000 of net income for 20X5. The accountant, in preparing the statement of cash flows, noted the following items occurring during 20X5 that might affect cash flows from operating activities.

1. AIFA purchased 100 shares of treasury stock at a cost of \$20 per share. These shares were then resold at \$25 per share.
2. AIFA sold 100 shares of IBM common at \$200 per share. The acquisition cost of these shares was \$145 per share. There were no unrealized gains or losses recorded on this investment in 20X5.
3. AIFA revised its estimate for bad debts. Before 20X5, AIFA's bad debt expense was 1% of its receivables. In 20X5, this percentage was increased to 2%. Net accounts receivable decreased by \$12,000 during 20X5.
4. AIFA issued 500 shares of its \$10 par common stock for a patent. The market price of the shares on the date of the transaction was \$23 per share.
5. Depreciation expense is \$39,000.
6. AIFA holds 40% of the Alpha Company's common stock as a long-term investment. Alpha Company reported \$27,000 of net income for 20X5.
7. Alpha Company paid a total of \$2,000 of cash dividends to all investees in 20X5.
8. AIFA declared a 10% stock dividend. One thousand shares of \$10 par common stock were distributed. The market price at date of issuance was \$20 per share.

• Instructions •

Prepare a schedule that shows the net cash flow from operating activities using the indirect method. Assume no items other than those listed above affected the computation of 20X5 net cash flow from operating activities.