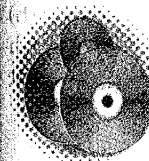


In a recent year's financial statements, **Procter & Gamble Co.** showed an unfunded pension liability of \$815 million and a periodic pension cost of \$173 million.

Explain the meaning of the \$815 million unfunded pension liability and the \$173 million periodic pension cost.



SPREADSHEET  
GENERAL  
LEDGER

✓ 1. (b) Dr. Payroll Taxes  
Expense, \$41,990

The financial statements for **Cisco Systems, Inc.**, are presented in Appendix G at the end of the text.

- Compute the quick ratio as of July 29, 2000 and July 31, 1999.
- What conclusions can be drawn from these data as to Cisco Systems' ability to meet its current liabilities?

## MS SERIES A

The following items were selected from among the transactions completed by Pride Polymers during the current year:

- Apr. 7. Borrowed \$15,000 from First Financial Corporation, issuing a 60-day, 12% note for that amount.
- May 10. Purchased equipment by issuing a \$120,000, 120-day note to Milford Equipment Co., which discounted the note at the rate of 10%.
- June 6. Paid First Financial Corporation the interest due on the note of April 7 and renewed the loan by issuing a new 30-day, 16% note for \$15,000. (Record both the debit and credit to the notes payable account.)
- July 6. Paid First Financial Corporation the amount due on the note of June 6.
- Aug. 3. Purchased merchandise on account from Hamilton Co., \$36,000, terms, n/30.
- Sept. 2. Issued a 60-day, 15% note for \$36,000 to Hamilton Co., on account.
- 7. Paid Milford Equipment Co. the amount due on the note of May 10.
- Nov. 1. Paid Hamilton Co. the amount owed on the note of September 2.
- 15. Purchased store equipment from Shingo Equipment Co. for \$100,000, paying \$23,000 and issuing a series of seven 12% notes for \$11,000 each, coming due at 30-day intervals.
- Dec. 15. Paid the amount due Shingo Equipment Co. on the first note in the series issued on November 15.
- 21. Settled a product liability lawsuit with a customer for \$65,000, to be paid in January. Pride Polymers accrued the loss in a litigation claims payable account.

### Instructions

- Journalize the transactions.
- Journalize the adjusting entry for each of the following accrued expenses at the end of the current year:
  - Product warranty cost, \$11,200.
  - Interest on the six remaining notes owed to Shingo Equipment Co.

The following information about the payroll for the week ended December 30 was obtained from the records of Hannah Co.:

**Problem 11-3A**  
Wage and tax statement  
data and employer FICA tax

### Objectives 4, 5

✓ 2. (e) \$26,348.25