# Week 12 Exam review

## Q1 Record in Special Journals

Jack’s Coffee buys and sells Coffee machines. He purchases the Coffee machines for $1,500 each plus GST and sells them for $2,200 each including GST. Record the following transactions under a perpetual inventory system:

1 Jun Purchased 10 Coffee machines on credit,

5 Jun Sold 3 Coffee machines on credit,

9 Jun Paid the balance owing on the 1 June purchase

11 Jun Received payment from the customer for the balance owing on the 5 June sale

12 Jun Paid Wages of $400

15 June Jack took home 1 Coffee machine for his own use.

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| **Cash Receipts Journal** | | | | | |  |  |  |  |
| Date | Particulars | Rec no | Disc Exp | Accs Rec control | Cash Sales | COGS | Sundries | GST collected | Bank |
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| **Cash Payments Journal** | | | |  |  |  |  |  |  |
| Date | Particulars | Chq no | Disc Revenue | Accs pay control | Inventory | Wages | Sundries | GST paid | Bank |
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| **Sales Journal** | | | |  |  |  |  |  |  |
| Date | Accs receivable | Invoice | Sales | | GST | Accs Rec |  |  |  |
|  |  |  | Sales | COGS | Collected | Control |  |  |  |
|  | Sales |  |  |  |  |  |  |  |  |
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|  | **Purchases Journal** | |  |  |  |  |  |  |  |
| Date | Accs payable | Invoice | Inventory | GST paid | Accs payable control |  |  |  |  |
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|  | General Journal | |  |  |  |  |  |  |  |
| Date | Accounts | Doc no | DR | CR |  |  |  |  |  |
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## Q2 Income Statement Question

The following information relates to Warrnambool Traders:

|  |  |
| --- | --- |
| Administrative expenses | 60,000 |
| Cost of sales | 230,000 |
| Discount received | 1,200 |
| Financial expenses | 2,000 |
| Freight inwards | 3,000 |
| Interest Revenue | 300 |
| Sales | 400,000 |
| Sales returns | 5,000 |
| Selling expenses | 75,000 |

Using the information above, prepare the income statement for the year ending 30 June 2018 for Warrnambool Traders

|  |
| --- |
| **Sales** |
|  |
| **= Net sales revenue** |
| **Less Cost of Goods sold** |
|  |
| + Freight Inwards |
| – discount received |
| **= Gross Profit** |
| **Add other income**: |
|  |
| **= Total Income** |
| Less Expenses: |
|  |
|  |
|  |
| = TotalExpenses |
|  |
| = Net Profit |

## Q3 Prepare an Income Statement & Balance Sheet for Penny

|  |  |  |
| --- | --- | --- |
| **Penny Keen**  **Trial Balance as at 30 June 20XX** | | |
|  | **$ DR** | **$ CR** |
| Cash at Bank | 3,200 |  |
| Accounts Receivable | 45,300 |  |
| Inventory control | 65,500 |  |
| Accounts Payable |  | 25,600 |
| Capital – P Keen |  | 61,585 |
| Drawings – P Keen | 23,200 |  |
| Sales |  | 185,490 |
| Bank Loan |  | 50,000 |
| Sales Returns | 35,620 |  |
| Interest Paid | 3,700 |  |
| Discount Allowed | 980 |  |
| Discount Received |  | 1,070 |
| Cost of Goods sold | 85,120 |  |
| Furniture and Fittings – at cost | 36,200 |  |
| Accumulated Depreciation – F & F |  | 14,600 |
| Purchases Returns |  | 3,100 |
| Delivery Expenses | 3,260 |  |
| Telephone | 6,665 |  |
| Insurance | 4,600 |  |
| Salaries paid | 19,500 |  |
| Rent | 8,600 |  |
|  | **341,445** | **341,445** |

Additional information:

The following adjustments need to be made on 30 June 20XX

* Calculate depreciation on Furniture and Fittings using at 10% pa. on cost
* Prepaid insurance is $510
* Salaries owing are $1000
* Interest owing is $355

## Q4 Post the Sales Journal to the ledger accounts

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Sales Journal | | | | | | |
| Date | Accs Receivable | Invoice | Sales | | GST Collected | Accs Rec Control |
| Sales | COGS |
| 1/8 | Customer A | 0203 | 2000 | 1000 | 200 | 2200 |
| 4/8 | Customer B | 0204 | 3000 | 1500 | 300 | 3300 |
|  |  |  |  |  |  |  |
| 7/8 | Total |  | 5000 | 2500 | 500 | 5500 |

Extract from General ledger

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Dr | Accounts Receivable | | Cr |  | Dr | GST Collected | | Cr |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Dr | Inventory | | Cr |  | Dr | Sales | | Cr |
| 1/8 | Balance 4000 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Dr | Cost of goods sold (COGS) | | Cr |  |
|  |  |  |  |  |
|  |  |  |  |  |
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## Question 5

Q5a Habib’s Kebab Heaven needs your assistance in calculating the final total in the Bank column of their Cash Payments Journal.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Chq. No.** | Stock control | Wages | Drawings | GST Paid | Sundry payments | Bank |
| Jan 31 | TOTAL |  | $0 | $11,700 | $3,000 | $1000 | $4,000 | ???? |

The Bank column should be equal to:

1. $15,700
2. $20,700
3. $19,700
4. Not enough information provided to calculate the Bank column

5b A key difference between service firms and trading firms is:

1. Service firms sell for cash only, whereas trading firms make both cash and credit sales
2. Trading firms need to account for GST, service firms do not
3. Trading firms buy and sell goods in order to make a profit, whereas service firms do not
4. Service firms are more profitable than trading firms

5C Select the entry that correctly records the purchase by Crazy Car Cleaners of a computer valued at $1800. The purchase is made on credit from LLV Computers. Ignore GST. Crazy Car Cleaners operates an accrual accounting system.

1. Debit computer equipment $1800; credit capital $1800
2. Debit computer equipment $1800; credit bank $1800
3. Debit creditors $1800; credit computer equipment $1800
4. Debit computer equipment $1800; credit creditors $1800

## Q6 Consider the following balance day adjustments for the year ending December 31st 2016. (5 Marks)

* 1. Advertising of $1,800 was paid on December 1st, 2016, covering advertising for December, January and February. What is the advertising expense for the year ending December 31st 2016?
  2. The annual Insurance of $3600 was paid on November 30th, 2016. How much of this insurance is an expense in the year ending December 31st 2016?
  3. A vehicle was purchased on July 31st 2016 for $51000. It was estimated that the vehicle would be used for 5 years before being sold for $6000.

## Q7 Record the following items in the stock card

1/6 8 printers at $150 in stock

2/6 Purchase 4 printers for $180 each (note price increase in stock purchased)

3/6 Sold 5 printers

4/6 Sold 3 printers

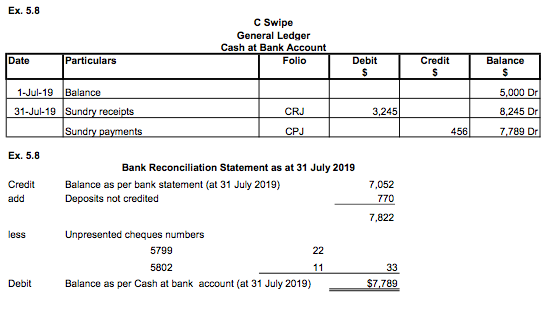
5/6 Stock at end of week was 3 printers

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Stock Card for Canon Printers **FIFO method used** | | | | | | | | | | | |
| DATE | | Transaction | IN | | | OUT | | | BALANCE | | |
|  |  |  | QTY | COST | VALUE | QTY | COST | VALUE | QTY | COST | VALUE |
| Jun 1 | | Balance |  |  |  |  |  |  | 8 | 150 | 1200 |
| Jun 2 | |  |  |  |  |  |  |  |  |  |  |
| Jun 3 | |  |  |  |  |  |  |  |  |  |  |
| Jun 4 | |  |  |  |  |  |  |  |  |  |  |
| Jun 5 | |  |  |  |  |  |  |  |  |  |  |

## Q8 Give 1 example of transactions recorded in the following Journals

|  |  |  |
| --- | --- | --- |
|  | Journal | Transaction recorded |
| 1 | Cash receipts journal |  |
| 2 | Sales Journal |  |
| 3 | Purchases journal |  |
| 4 | General journal |  |
| 5 | Cash payments journal |  |

## Q9 Bank Reconciliation Question



Check the Cash at Bank account and Bank Reconciliation statement then answer the following questions.

1. The balance in the business Cash at bank a/c is ? Is it a debit or credit Balance.
2. The balance from the Bank Statement is ? Is it a debit or credit Balance
3. Explain 2 reasons for the Bank Statement balance being different from the Cash at Bank a/c balance

## Q10 Multi choice

1. Which account is a current liability?:
   1. trade debtors
   2. drawings
   3. stock
   4. none of the above
2. What are the two major classifications used for Liabilities
   1. current and non-current
   2. assets and current liabilities
   3. drawings and owner’s equity
   4. all of the above
3. The accounting equation is:
   1. L = A-OE
   2. A = OE-L
   3. OE = A +L
   4. A = L-OE
4. Debtors Control account is also known as:
   1. Accounts Receivable
   2. inventory
   3. Accounts payable
   4. loan from the EastPac bank
5. The accounting process can be summarized as:

(a) Source documents ® journals ® ledger accounts ® financial statements ® Trial Balance

(b) Source documents ® journals ® ledger accounts ® trial balance ® financial statements

## (c) Source documents  financial statements  journals  ledger accounts  Trial Balance

(d) Source documents ® ledger accounts ® journals ® trial balance ® financial statement

1. A chart of accounts is:

(a) An index of ledger accounts.

(b) A book for recording the transactions from source documents.

(c) A set of financial reports.

(d) A wall chart displaying all the accounts of a business.

1. Double entry accounting requires:

(a) That the accounting equation must remain in balance.

(b) That there are two sides to every transaction.

(c) That debits equal credits.

(d) All of the above.

1. Purchase of goods for resale on credit will be posted as:

(a) Dr Inventory, Cr Accounts payable

(b) Dr inventory, Cr Cash at bank

(c) Dr Inventory, Cr Cash at bank

(d) Dr Accounts payable, Cr Cash at bank

1. Assets and liabilities contributed by the owner at commencement of business were: Cash at Bank $5,000; Stock $4,400; Trade Debtors $11,000; Motor Vehicles $16,000;Trade Creditors $2,000; Land & Buildings $99,000; Mortgage on Land & Buildings $33,000. The owner’s capital contribution is:

(a) $82,400

(b) $100,400

(c) $166,400

(d) $104,400