**SINGAPORE POLYTECHNIC**

**BA9026/ EP0709 Accounting**

**BA4114 Fundamentals of Accounting**

**Question 1**

The following are the transactions of Xing Pte Ltd for the month of April 2019:

|  |  |  |
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| April | 1 | Issue 50,000 ordinary shares at $1.50 each to Xing Yen in exchange for cash which was deposited to the business bank account. |
|  | 3 | Bought office equipment for $20,000 on credit from Offnet Pte Ltd. |
|  | 7 | Took a bank loan for $30,000 from OUZ Bank. |
|  | 10 | Bought inventory for $20,000 by cash. |
|  | 12 | Sold inventory for $25,000 for cash. Cost of inventory sold was $8,000. |
|  | 15 | Returned $3,000 of the inventory bought on 10 April due to wrong specifications. |
|  | 18 | Bought $22,000 inventory on credit from Wong Trading. |
|  | 20 | Customer returned $5,000 of the inventory sold on April 12. The cost of inventory return was $1,000. |
|  | 22 | Sold $30,000 of inventory on credit to Jerry Ho Traders. The cost of inventory sold was $7,000. |
|  | 24 | Paid $12,000 to Wong Trading as partial settlement for amount owing. |
|  | 26 | Paid the following expenses by cash:  rental $3,000  utilities $2,000 |
|  | 29 | Received from Jerry Ho Traders $15,000 being partial settlement of amount owing. |
|  |  |  |

**Required**

Prepare the journal entries for the above transactions. Narration is not required.

**Question 2**

The following are the transactions for Nimb Pte Ltd for the month of May 2019:

(0) Issue 50,000 ordinary shares @ $2 per share to the owner in exchange for $100,000 cash which was deposited in the business bank account.

1. Took a loan for $50,000 from DBN bank.
2. Bought inventory on credit from Yin Trading amounting to $20,000.
3. Sold inventory on credit to customer, Jen for $12,000. The cost of inventory sold was $6,000.
4. Return $1,000 of inventory bought from Yin Trading due to wrong specification.
5. Customer Jen returned $3,000 of inventory due to damaged. The cost of inventory returned was $2,000.
6. Paid Yin Trading $6,000 cash as partial settlement for amount owing.
7. Received $3,000 cash from customer Jen for partial settlement of account.
8. Paid utilities expense for the month amounting to $1,200 cash.

**Required:**

Show how the above transactions affect the accounting equation by identifying the accounts that is affected and whether there is an increase (I), decrease (D) or no effect (NE) on them.

The first transaction has been done for you as an example. Please write your answers in the answer templates attached.

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| --- | --- | --- | --- |
|  | **Assets** | **Liabilities** | **Shareholders’ Equity** |
| (0) | Cash (I) |  | Ordinary Share Capital (I) |