

PROBLEMS BANK RECONCILIATION STATEMENT I (1-8)

Problem # 17.1: The depreciation expense on office equipment for the month of March is Rs. 50. This is the second month that the office Equipment, which cost Rs. 950, has been owned. Prepare the adjusting entry for March and show the adjustment using written down method (WDM) for depreciation recording

Adjusting Entry

Date	Account Title and Explanations	Ref	Amount	
			Debit	Credit
	dep. expense office equip.		50	
	office equip.			50

Problem # 17.2: Bad Debts during the year were Rs. 1,500. Pass journal entry by using direct write off method for bad debt treatment

Adjusting Entry

Date	Account Title and Explanations	Ref	Amount	
			Debit	Credit
	bad debts		1500	
	sundry debtors			1500

sundry: of various kinds several.

Problem # 17.3: During the year 2000, XYZ Company identified Rs. 16,000 of uncollectible Accounts receivable and wrote them off. Prepare the journal entry for XYZ Company to write off Rs. 16,000 of uncollectible Accounts receivable

Adjusting Entry

Date	Account Title and Explanations	Ref	Amount	
			Debit	Credit
	bad debts		1600	
	allowance for bad debts			1600
	allowance for bad debts		1600	
	A/R			1600

Problem # 17.4: Prepare the journal entry for XYZ Company to estimates Rs. 17,000 of Bad debt expense for the year 2017 by using allowance method for bad debt treatment

Adjusting Entry

Date	Account Title and Explanations	Ref	Amount	
			Debit	Credit
	bad debts		17000	
	allowance for debts			17000

Problem # 17.5: Prepare the journal entries for ABC Company to record cash collections was Rs. 900 that represented collections of Accounts receivable that had previously been written off

Adjusting Entry

Date	Account Title and Explanations	Ref	Amount	
			Debit	Credit
	A/R		900	
	Allowance for bad debts			900
	cash		900	
	A/R			900

Problem # 17.6: Company reports the following financial information before adjustments

	Dr.	Cr.
Accounts Receivable	Rs. 100,000	
Allowance for Doubtful Accounts		Rs. 2,000
Sales (all on credit)		900,000
Sales Returns and Discount	50,000	

Prepare the journal entry to record estimated Bad Debt Expense assuming Company estimates bad debts at (a) 1% of net sales and (b) 5% of net accounts receivable

Adjusting Entry

Date	Account Title and Explanations	Ref	Amount (Rs)	
			Debit	Credit
a	bad debt expense			
	allowance for bad debts			
b	bad debt expense			
	allowance for bad debts			

Problem # 17.7: Prepare adjusting journal entries for the year ended December 31, 2010, for each of these separate situations. Assume that prepaid expenses are initially recorded in asset accounts. Also assume that fees collected in advance of work are initially recorded as liabilities

- assets
- a. Depreciation on the company's machinery is computed to be Rs.16,000 by cost method
 - b. The prepaid Insurance account had a Rs. 9,000 debit balance at December 31, 2010, before adjusting for the costs of any expired coverage. An analysis of the company's insurance policies showed that Rs. 3,000 of unexpired insurance coverage remains
 - c. The office supplies account had Rs. 600 debit balance on January 1, 2010; and Rs. 2,600 of the supplies was purchased during the year. The December 31, 2010, physical count showed Rs. 500 of the supplies available
 - d. One half of the work related to Rs. 10,000 received in advance was performed during the period
 - e. Wages expenses of Rs.4,000 have been incurred but are not paid as of December 31, 2010
 - f. On December 31, of the current year, a company's unadjusted trial balance revealed the following: Accounts receivable of Rs. 185,600; and Allowance for Doubtful Accounts of Rs. 1,600 (credit balance). Prepare the adjusting journal entry to record the estimate for bad debts, assuming 6% of the accounts receivable balance is assumed to be uncollectible

Adjusting Entries

Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
2010					
<i>Dec</i>	(a)				
	(b)				
	(c)				
	(d)				
	(e)				
	(f)				
Total					

Problem # 17.8: AR Khan Country Club adjusts its accounts monthly and closes its accounts annually. Club members pay their annual dues in advance by January 4. The entire amount is initially credited to Unearned Membership Dues. At the end of each month, an appropriate portion of this amount is credited to Membership Dues Earned. The following information is available as a source for preparing adjusting entries at December 31, 2016:

- Salaries earned by club's employees that have not yet been recorded or paid amount to Rs. 17,500
- Membership dues earned in December, for collections received in January, amount to Rs. 80,000
- Depreciation of the country club's equipment is based on an estimated life of 10 years by WDM. The equipments had originally been purchased for Rs. 180,000. The straight-line method is used
- A 12-month bank loan in the amount of Rs. 50,000 had been obtained by the country club on October 1. Interest is computed at an annual rate of 12%. The entire Rs. 50,000, plus all of the interest accrued over the 12-month life of the loan, is due in full on September 30 of the upcoming year. The necessary adjusting entry was made on November 30 to record the first two months of accrued interest expense. However, no adjustment has been made to record interest expense accrued in December
- A one-year property insurance policy had been purchased on March 31. The entire premium of Rs. 2,400 was initially recorded as Unexpired Insurance
- Unrecorded Income Taxes Expense accrued in December amounts to Rs. 1,700. This amount will not be paid until January 15

Adjusting Entries

Date	Account Title and Explanations	Ref	Amount (Rs)	
			Debit	Credit