

## Exercises for Chapter 3:

### Exercise 3.1:

Following are some account beginning balances of company A on 01/01/2018: Cash on hand – 100.000.000 VND, Trade payables – 200.000.000 VND, Raw materials – 50.000.000 VND.

Below are transactions in 01/2018:

- (1) 02/Jan, withdrew 50.000.000 VND cash in banks to get cash on hand
- (2) 05/Jan, purchased raw materials on credit and added to inventory, 100.000.000 VND
- (3) 15/Jan, paid 20.000.000 VND on trade payables by cash on hand
- (4) 20/Jan, purchased raw materials and added to inventory for 10.000.000 VND cash on hand

Required: Record information above into T-account of 111 – Cash on hand, 331: Trade payables and 152 - Raw materials

### Exercise 3.2:

Below are account beginning balances of Tay Do company on 01/01/2018:

1	Raw materials	24.000.000
2	Trade receivables	40.000.000
3	Tangible fixed assets	220.000.000
4	Cash on hand	100.000.000
5	Cash in banks	250.000.000
6	Tools and supplies	12.000.000
7	Trade payables	88.000.000
8	Owner's equity	X
9	Depreciation of fixed assets	50.000.000

Below are transactions in 01/2018:

1. 02/Jan, withdrew 50.000.000 VND cash in banks to get cash on hand
2. 05/Jan, purchased raw materials and added to inventory for 20.000.000 VND cash on hand
3. 06/Jan, received 20.000.000 VND on trade received from customer Y by cash in banks
4. 15/Jan, purchased a tangible fixed asset on credit, 30.000.000 VND
5. 20/Jan, borrowed 10.000.000 VND from banks to repay supplier X
6. 25/Jan, advanced 2.500.000 VND cash on hand to employee (but company accountant recorded wrong entry of 3.000.000 VND)

7. 31/Jan, made correcting entry to adjust entry (6) (“red entry”)

Required:

- Identify X
- Record information above into related T-accounts
- Balance all accounts, prepare a trial balance and company balance sheet at the end of accounting period.

### Exercise 3.3:

Below are account beginning balances of ABC company on 01/09/2017:

1. Cash in banks	210.000.000	8. Trade payables	50.000.000
2. Cash on hand	10.000.000	9. Tangible fixed assets	500.000.000
3. Borrowings	400.000.000	10. Payables to employees	15.000.000
4. Trade receivables	140.000.000	11. Allowance for impairment of assets	10.000.000
5. Raw materials	50.000.000	12. Depreciation of fixed assets	50.000.000
6. Tools and supplies	20.000.000	13. Undistributed profit after tax	20.000.000
7. Owner's equity	X	14. Bonus and welfare fund	10.000.000

Below are transactions in 09/2017:

1. Borrowed 10.000.000 VND from banks to repay a supplier
2. Raw materials, tools and supplies were purchased for actual costs of 20.000.000 VND and 5.000.000 VND respectively, deductible VAT for 2.000.000 VND, all will be pay for supplier next month by cash in banks.
3. Customer repaid 10.000.000 VND cash on hand and 20.000.000 cash in banks
4. Refunded borrowings to banks 20.000.000 VND and repaid a supplier 10.000.000 VND, all by cash in banks
5. Paid employee monthly salaries 5.000.000 VND by cash on hand
6. Transferred 8.000.00 VND of Undistributed profit after tax to Bonus and welfare fund, the remain was transferred to Owner's equity
7. Received 500.000.000 VND cash in banks from the government to increase owner's equity
8. Withdrew 10.000.000 VND from banks to get cash on hand
9. Repaid suppliers 5.000.000 VND by cash on hand
10. Paid 4.000.000 VND cash on hand to support employees from bonus and welfare fund

Required:

- Identify X
- Record information above into related T-accounts
- Balance all accounts, prepare a trial balance and company balance sheet at the end of accounting period.

### Exercise 3.4:

For each of following transactions, indicate whether the accounts affected are an asset, a liability, an equity, an income or an expense. Also indicate whether the accounts are being increased or decreased and whether the increase or decrease is a debit or credit.

Example: Paid for advertising by cash on hand

Increase an expense (debit), decrease an asset (credit)

1. Owner invested cash.
2. Paid creditor by cheque.
3. Cash payment made for equipment purchasing.
4. Purchased supplies on account.
5. Sold a vehicle for cash.
6. Invoiced a customer for services performed.
7. Owner withdrew money from business bank account for private use.
8. Received payment on an account receivable.
9. Issued cheque and took out a loan to purchase machinery.
10. Paid for an advertisement aired on television.

### Exercise 3.5:

The following transactions were undertaken by Minh An Computer Services during the month of October 2017:

- 1 Paid current month's rent for office space by cheque, \$3.600.
- 2 Purchased on credit computers costing \$70.000 from Dell Computer Ltd.
- 3 Invoiced M.Layton for computer services provided, \$4.600.
- 4 Received \$87.000 cash in banks from clients for computer services provided in March.
- 5 Paid electricity account for October by cheque, \$870.
- 6 The owner invested a further \$34.000 additional capital in the business by cash in banks.
- 7 Purchased on credit office equipment costing \$17.400
- 8 Paid Dell Computer Ltd for computer purchased in (2) above.
- 9 Invoiced G.Barker for computer services provided in October, \$6.500.
- 10 Paid by cheque Sunbright Ltd for raw materials purchasing, \$2.400.
- 11 Paid wage expenses of \$5.000.

Required: Prepare account (journal) entries for each transaction above.

### Exercise 3.6:

The following transactions were undertaken by Aces Tennis Centre during the month of November 2017:

- 1 The owner withdrew \$1.500 cash on hand for personal use
- 2 Paid salaries of \$970.

- 3 Purchased new equipment for \$1.800. Paid \$500 by cheque with the balance to be paid within 60 days
- 4 Paid \$470 to creditors for office supplies that had been purchased on credit in the previous month.
- 5 Paid for advertising in the local newspaper, \$510.
- 6 Received \$210 cash on hand from customers to reduce their account balances.

Required: Prepare account (journal) entries for each transaction above.

### **Exercise 3.7:**

The following events occurred in Collins Print Shop:

1. The owner invested \$1.700 cash on hand to the business
2. The shop hired a new employee at an annual salary of \$14.400.
3. The shop completed an order and invoiced the customer \$125.
4. The shop purchased a piece of equipment for \$9.400, paid \$1.200 by cheque and the remainder would be paid in 30 days.
5. The shop signed an agreement with a secondary school to print 4.900 programs for \$1.290.
6. The business paid \$700 by cheque to a creditor for paper purchased on credit.
7. The shop paid \$600 cash on hand for rent of office.
8. The owner withdrew \$480 from the business for personal use.
9. The shop will no longer be opened on Sunday. The business will lose approximately \$270 in income per week because of this decision.

Required: Prepare account (journal) entries for each transaction above.