

ACCT2111  
2003/2004 1<sup>st</sup> Semester  
Final Examination  
Suggest Solution

Date: 4 May 2011

**Problem 1**

(a) ACY Company  
Bank reconciliation statement as at 31 November 2003

	\$	\$
Unadjusted balance as per cash book		4,667
Add: Cash book Error (4)	63	
Credit Note (6) (\$1200+\$80)	1,280	1,343
		6,010
Less: Bank charges (2)	(40)	
NSF check (5)	(550)	
Collection fee (6)	(20)	(610)
Adjusted balance as per cash book		5,400
Add: Unpresented checks (3)		5,800
		11,200
Less: Uncredited checks (1)		(4,200)
Balance as per bank statement		7,000

(b) ACY Company  
Journal entries for the year ended 31 August 2009

Date	Details	Dr.	Cr.
Item		\$	\$
(2)	Bank charges Bank To record bank charges	40	40
(4)	Bank Accounts Payable To correct errors previously recorded	63	63
(5)	Accounts Receivable Bank To record dishonored check	550	550
(6)	Bank Accounts Receivable Interest To record collection of note from customers and interest earned	1,280	1,200 80
	Collection fee Bank To record collection fee charged by bank	20	20

## Problem 2

- (a) Prudence Concept.
- (b) Reflecting accounts in a true and fair manner.
- (c) Going Concern.
- (d) Objectivity.

**Problem 3****Part 1**

Sausalito Company  
Journal entries for the year ended 31 December 2003

Date	Details	Dr.	Cr.
Item		\$	\$
(1)	Bad Debt Expense (\$2,200,000 * 2%) Allowance for doubtful debts To record allowance for doubtful debts under percentage-of-sales basis	44,000	44,000
(2)	Bad Debt Expense Allowance for doubtful debts To record allowance for doubtful debts under percentage-of-receivable basis	37,000	37,000
(3)	Bad Debt Expense Allowance for doubtful debts To record allowance for doubtful debts under percentage-of-receivable basis	40,600	40,600

**Part 2**

Carolina Company  
Journal entries for the year ended 31 December 2003

Date	Details	Dr.	Cr.
2003		\$	\$
Feb. 15	Accounts Receivable - Liz Roberts Sales To record sales to Liz Roberts	2,000	2,000
Jul. 23	Cash Accounts Receivable - Liz Roberts To record cash received from Liz Roberts	600	600
Aug. 28	Allowance for doubtful debts Accounts Receivable - Liz Roberts To record balance of Liz Roberts as bad debt	1,400	1,400
Oct. 16	Accounts Receivable - Liz Roberts Allowance for doubtful debts To restore balance previously written off as bad debt	500	500
	Cash Accounts Receivable - Liz Roberts To record cash received from Liz Roberts	500	500

**Problem 3**  
**Part 3**

Hampton Company  
Journal entries for the year ended 31 December 2003

Date	Details	Dr.	Cr.
2003		\$	\$
Oct. 31	Disposal Old Delivery Equipment To transfer the cost of old delivery equipment to disposal account	77,000	77,000
	Accumulated depreciation (\$77,000-\$5,000)/72months * 70 months Disposal To transfer accumulated depreciation of old delivery equipment to disposal account	70,000	70,000
	New Delivery Equipment Disposal - Trade-in Value To record fair market value of old delivery equipment in exchange	3,000	3,000
	Profit and Loss - Loss on Disposal Disposal To record loss on disposal	4,000	4,000
	New Delivery Equipment Cash To record cash payment for new delivery equipment	16,000	16,000
Jul. 31	Disposal Old Office Equipment To transfer the cost of old office equipment to disposal account	66,000	66,000
	Accumulated Depreciation Disposal To transfer accumulated depreciation of old office equipment to disposal account	56,000	56,000
	New Office Equipment Disposal - Trade-in Value To record fair market value of old office equipment in exchange	18,000	18,000
	Disposal Profit and Loss - Gain on Disposal To record gain on disposal	8,000	8,000
	New Office Equipment Cash To record cash payment for new office equipment	35,000	35,000

**Problem 4**

Out of Syllabus.

**Problem 5**

Out of Syllabus.