



**Unit:** ACC101 – Fundamentals of Accounting I

**Submission Date:** **02-June-2017** before 5.00 pm

**Weighting:** The assignment is worth 40% of the total unit weight.

**Instructions:**

1. Students are required to cover all stated requirements.
2. Your answer must be uploaded to Moodle in word file with your full name and student ID number.
3. You need to support your answers with appropriate Harvard style references where necessary.
4. Only include information in your appendixes that has been directly referred to in the body of your document.
5. Include a title/cover page containing the subject title and code and the name, student id number and name.
6. Please save the document as  
**ACC101\_B1T22016\_first name\_Surname\_Student Number**  
Eg: ACC101\_B1T22016\_John\_Smith\_20160000

### **Question 1: Control Account and Subsidiary ledgers (15 marks)**

The post-closing trial balance of Pollack Ltd as at 1 November 2012 contained the following normal balances:

<b>Account no.</b>	<b>Account title</b>	<b>Account balance</b>
1100	Cash at Bank	\$120 000
1120	Accounts Receivable	14 540
1130	Bills Receivable	1 500
1140	Inventory	160 000
1150	Prepaid Insurance	
1160	GST Outlays	4 000
1210	Delivery Vehicle	80 000
1215	Accumulated Depreciation - Delivery Vehicle	8 000
1220	Office Equipment	48 000
1225	Accumulated Depreciation - Office Equipment	8 000
2110	Accounts Payable	11 560
2120	Bills Payable	
2150	GST Collections	7 000
3110	Share Capital	384 000
3120	Retained Earnings	9 480
4110	Sales	
4115	Sales Returns and Allowances	
4120	Discount Received	
5110	Purchases	
5115	Purchases Returns and Allowances	
5120	Discount Allowed	
5130	Rent Expense	
5140	Electricity Expense	
5150	Salaries Expense	

Subsidiary ledger balances at 31 October 2012 were:

#### **Accounts Receivable**

<b><u>Customer</u></b>	<b><u>Date of sale</u></b>	<b><u>Terms</u></b>	<b><u>Amount</u></b>
D. Draper	28 October	2/10, n/30	\$4 200
C. Hand	30 October	2/10, n/30	4 620
T. Tremble	18 October	2/10, n/30	5 720

#### **Accounts Payable**

<b><u>Creditor</u></b>	<b><u>Date of purchase</u></b>	<b><u>Terms</u></b>	<b><u>Amount</u></b>
Laws Ltd	19 October	1/30, n/60	\$3 280
M. Merlow	10 October	n/30	5 300
Lenny Ltd	23 October	1/15, n/30	2 980

Nov.

- 1 Bought inventory from M. Merlow on credit, \$4800 plus GST; terms n/30. Purchased 1 year's insurance cover for \$1800 plus GST, cheque no. 400.
- 3 Inventory sold to C. Hand last month was returned. Issued an adjustment note for the amount of \$110 (including GST).  
Received a cheque from D. Draper to cover the sale made on 28 October.
- 4 Paid Lenny Ltd cheque no. 401 for purchase of 23 October.  
Purchased inventory from Laws Ltd on credit, \$4800 plus GST; terms 1/10, n/60.
- 5 Issued cheque no. 402 for \$3300 to M. Merlow on account, and issued a 60-day 10% bill

- payable for the balance due on the purchase of 10 October
- 8 Paid November rent of premises \$1080 plus GST, cheque no. 403. Paid Laws Ltd for the purchase of 19 October, cheque no. 404.
- 10 Sold inventory on account to A. Arnott, \$9000 plus GST; terms 2/10, n/30. Received cash for the issue of additional share capital, \$60 000 (GST-free).
- 11 Received cheque for \$2860 from T. Tremble in part payment of the sale made on 18 October, together with a bill receivable for the balance due.
- 12 Sold merchandise to D. Draper on account, \$9600 plus GST; terms 2/10, n/30.
- 13 Purchased goods on credit from Lenny Ltd, \$7920; terms 1/15, n/30 (including GST).
- 14 Paid fortnightly salaries by cheque no. 405, \$2400.  
Cash sales from 1 November to 14 November, \$18 400 plus GST.
- 18 Sold goods to T. Tremble on account, \$9300 plus GST; terms 2/10, n/30.  
Received an adjustment note from Lenny Ltd for \$154 for defective goods returned (includes GST).
- 19 Forwarded cheque no. 406 to ATO to cover GST owing from previous month, \$3000.
- 20 A. Arnott forwarded a cheque for \$2640 on account; no discount was allowed. Purchased goods for cash. Issued cheque no. 407 for \$10 800 plus GST.
- 21 Received a cheque from D. Draper for \$1320 and a promissory note (bill receivable) for the balance of his account; no discount was allowed.
- 26 T. Tremble forwarded a cheque for the goods sold on 18 November.
- 27 Paid Lenny Ltd for the purchase made on 13 November, cheque no. 408.
- 28 Paid fortnightly salaries with cheque no. 409, \$2400 (GST-free).
- 30 Electricity account paid by cheque no. 410, \$420 plus GST.  
Cash sales from 15 November to 30 November, \$18 000 plus GST.  
Purchased inventory on credit from Lenny Ltd, \$7260; terms 1/15, n/30 (includes GST).

***Required***

- A.** Record the November transactions (round amounts to the nearest dollar) in appropriate special journals and the general journal.
- B.** Open running balance accounts in the subsidiary ledgers and their control accounts in the general ledger, and enter the opening details of these accounts.
- C.** Post relevant data from the journals to the appropriate running balance subsidiary ledger accounts.
- D.** Prepare schedules of accounts receivable and accounts payable as at 30 November 2012, and reconcile to the appropriate subsidiary ledger control accounts in the general ledger.
- E.** Prepare the GST Collections and GST Outlays accounts as they would appear at 30 November 2012.

**Question 2: Journal Entries, Discounts, Closing Entries and Income Statement- Both Perpetual and Periodic Inventory Systems (15 marks)**

Starbright Lighting buys lamps for \$40 each and sells them for \$70 each. On 1 April 2013, 24 lamps were in inventory. Starbright Lighting completed the transactions below during April.

- April 3 Purchased 40 lamps on account. Terms: 2/10, n/30, EXW supplier's warehouse.  
4 Paid freight cost of \$60 on 3 April purchase.  
5 Sold 22 lamps on account. Terms: 3/10, n/30, DDP acquirer's warehouse. Paid freight cost of \$30.  
9 Returned 10 of the lamps purchased on 3 April and paid the amount due on the lamps retained in stock.  
10 A customer returned 3 of the lamps sold on 5 April. The lamps were not defective and were returned to stock.  
13 Purchased 20 lamps on credit. Terms: 2/10, n/30, EXW supplier's warehouse.  
14 Received payment from customer for the amount due on 5 April sale.  
19 Sold 39 lamps for cash at \$60 each.  
20 Four of the lamps sold on 19 April were returned by the customer for a cash refund. The lamps were not defective.  
22 Paid the supplier the amount owed for the 13 April purchase.

A physical inventory count taken on 30 April 2013 showed 20 lamps in stock.

***Required***

- A. In two columns and ignoring GST, prepare general journal entries to record the transactions assuming:
1. a perpetual inventory system is used
  2. a periodic inventory system is used. Narrations are not required.
- B. Repeat requirement A but assume the business is registered for the GST.
- C. Assuming Starbright closes its accounts at month-end, prepare relevant entries to close the accounts under both inventory systems.

**Question 3: Adjusting the accounts and preparing financial statements (10 marks)**

The following trial balance was prepared from the ledger accounts of Taiwan Consultants a firm of management consultants.

<b><u>Taiwan Consultants</u></b>		
Unadjusted Trial Balance as at 30 June 2011		
	Debit	Credit
	\$	\$
Bank	41,520	
Stock office supplies on hand	11,890	
Office equipment	152,000	
Accumulated depreciation, office equipment		24,400
Premises	800,000	
Accumulated depreciation, premises		64,000
Accounts payable		33,000
GST collections		5,500
GST outlays	3,500	
Accounts receivable	46,000	
Fees revenue		880,600
Rent revenue		16,000
Advertising expense	25,000	
Administrative expenses	30,000	
Salaries	390,000	
Internet service provider	2,000	
Interest expense	19,000	
Telephone expense	8,000	
Loan (due 1 Sept 2015)		200,000
Capital – L. Lee		345,410
Drawings – L. Lee	40,000	
	\$1,568,910	\$1,568,910

Adjustments:

- Salaries are \$1500 per day. They are paid weekly in arrears. The next pay day is July 3 which is a Wednesday.
- Depreciation on premises is 2% pa, on a straight-line basis.
- Depreciation of office equipment is 10% of the equipment's cost.
- On 1 January, 2011. Taiwan Consultants rented part of its premises to T. Light for 12 months and received a cheque for \$16,000 representing the whole year's rental.
- Office supplies of \$6,390 had been used during the year. Office supplies of \$5,500 were on hand at the end of the period.
- Advertising of \$2,000 was prepaid for an advertising campaign starting in July 2011.
- \$6,000 is owing for consulting work completed but not yet billed to the client.

***Required***

- a) Prepare general journal entries for the balance day adjustments.
- b) Prepare an Income Statement for the year ended 30 June 2011.
- c) Prepare a classified Balance sheet as at 30 June 2011.