

COMMONWEALTH OF AUSTRALIA

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Family Name	
Given Names	
Student Number	
Teaching Period	Semester 2 Special/Summer Semester, 2015

FINAL EXAMINATION	DURATION
CMA201 – Principles of Financial Accounting	Reading Time: 10 minutes
	Writing Time: 180 minutes

INSTRUCTIONS TO CANDIDATES

There are **TWO** parts to the exam – **BOTH** must be answered.

Part A – Multiple Choice

Part B – Practical Questions

Make sure that you insert your exam paper into your exam booklet.

EXAM CONDITIONS

You may begin writing from the commencement of the examination session. The reading time indicated above is provided as a guide only.

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
No additional printed material is permitted	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet

**THIS EXAMINATION IS PRINTED
DOUBLE-SIDED.**

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BLANK.**

Part B: Practical questions

All of the following questions must be answered.

The question will indicate whether the question is to be answered in the exam paper or in the booklet supplied. There are **50 marks** for this section.

Question 1 – 18.5 marks

a). Blum Services has the following unadjusted balances at year end.

Cash	\$12 900
Prepaid insurance	2 000
Office supplies	1 300
Office equipment	10 500
Accumulated depreciation – office equipment	3 500
Accounts payable	2 900
Salaries payable	0
Unearned service revenue	4 500
A.L.Blum, capital	11 750
A.L.Blum, drawing	5 600
Service revenue	13 350
Salary expense	3 700
Depreciation expense	0
Supplies expense	0
Insurance expense	0

The following information is available to use in making adjusting entries.

- a. Office supplies on hand at year- end: \$250
- b. Prepaid insurance expired during the year: \$325
- c. Unearned revenue remaining at year- end: \$2 500
- d. Depreciation expense for the year: \$1 800
- e. Accrued salaries at year- end: \$900

Using the table provided on the next page prepare the following for Blum Services:

- i) Trial balance;
- ii) The adjustments
- iii) The adjusted trial balance

(Total 10.5 marks)

Q1 a) Answer table

Blum Services Preparation of Adjusted Trial Balance As at 31 December 2014						
Accounts	Trial Balance		Adjustments		Adjusted Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash						
Prepaid insurance						
Office supplies						
Office equipment						
Accumulated depreciation – Office equipment						
Accounts payable						
Salaries payable						
Unearned services revenue						
A. L. Blum						
A. L. Blum, Drawings						
Service revenue						
Salaries expense						
Depreciation expense						
Supplies expense						
Insurance expense						
Totals						

Continued

b)

Refer to the worksheet below. **Complete the worksheet**, including the balancing amounts in the last row.

(8 marks)

Question 1 b) Answer Worksheet

Account Title	Adjusted Trial Balance		Income Statement		Balance Sheet	
	DR \$	CR \$	DR \$	CR \$	DR \$	CR \$
Cash	1 700					
Accounts Receivable	10 500					
Supplies	20					
Equipment	7 500					
Acc Depn		2 240				
Accounts Payable		1 200				
Salary Payable		980				
Unearned Revenue		600				
Capital		3 400				
Drawings	2 300					
Service Revenue		42 000				
Salary Expense	24 180					
Supplies expense	2 380					
Depn Expense	1 840					

Question 2 – 13.5 Marks

a). During september, Fitness Plans had the following transactions:

- Sept. 3 Purchased inventory from Laser Outfitters for cash, \$1 500.
- 5 Purchased inventory from Health Foods for \$1 500 cash.
- 9 Purchased \$500 of supplies for cash.
- 10 Purchased equipment for cash, \$330.
- 17 Made a \$50 payment on a loan payable.
- 25 Received and paid telephone bill, \$280.
- 30 Owner withdrew \$1 000 for personal use.
- 30 Paid R.D. Manning, a creditor, \$500 on account.

GST of 10% should be applied to the above amounts, where appropriate. **Record the above transactions in the cash payments journal provided below.**

(9 marks)

Cash Payments Journal

Debit

Credit

Date	Account Debited	Other Accounts	GST	Accounts Payable	Cash

b). Perry Materials Supply uses the ageing of accounts method to account for bad debts. At the end of the year, the balance in Accounts receivable was \$146 000 and Perry prepared the following ageing schedule.

Based on past history, Perry uses 2% for current receivables (1- 30 days), 10% for 31- 60 days, 20% for 61- 90 days, and 40% for over 90 days.

Required:

Complete the schedule below and calculate the estimated amount of Uncollectible accounts. **Ignore GST.**

(4.5 marks)

Customer	1- 30 Days	31- 60 Days	61- 90 Days	Over 90 Days	Total Balance
Johnson	\$4 600	\$3 200			\$7 800
Hot Pots			800	1 000	1 800
Potter	40 000	550			40 550
Harrison		3 600	900		4 500
Marx			2 000	50	2 050
Younger	65 000				65 000
Merry Maids	5 900				5 900
Acher	12 000	6 400			18 400
Totals	\$127 500	\$13 750	\$3 700	\$1 050	\$146 000
Estimated percentage of bad debts					
Allowance for doubtful debts Debt balance					

Continued

Question 3 – 12 Marks

On 2 January 2015, Powerhouse Ltd purchased, by exchanging \$300 000 cash and a \$180 000, 12%, 18-month finance company loan, assets with the following independently determined appraised values:

	<u>Appraised value</u>
Building	\$320 000
Land	80 000
Machinery and equipment	<u>100 000</u>
	<u>\$500 000</u>

The estimated useful life of the building is 30 years and its residual value is \$20 000.

The \$100 000 machinery and equipment amount consists of three machines independently valued at \$30 000 each and some office equipment valued at \$10 000. The estimated useful lives and residual values for these assets are:

	<u>Useful life</u>	<u>Residual value</u>
Machine 1	6 years	\$3 000
Machine 2	9 years	3 000
Machine 3	4 years	4 000
Office equipment	5 years	500

Powerhouse Ltd uses the straight-line depreciation method. **Ignore GST.**

Required:

Answer this question in your exam booklet provided

Prepare journal entries (in general journal form) to record:

- a) 1. The purchase of the assets **(5 marks)**
- b) 2. The accrual of interest expense on the loan on 31 December 2015. **(2 marks)**
- c) 3. Depreciation expense for the year 2015. **(5 marks)**

(Total 12 Marks)

Question 4 – 6 Marks

a). On 30 June 2014, GumTree issues 8%, 20-year debentures with a maturity value of \$130 000. The debentures sell at \$94 and pay interest on 30 June and 31 December each year. GumTree amortises debenture discount by the straight-line method.

Required:

Answer this question in your exam booklet provided

1. Journalise the issue of the debentures on 30 June 2014. **(3 marks)**
2. Journalise the half-yearly interest payment and amortisation of debenture discount on 31 December only. **(3 marks)**

*****End of Exam*****