

# COMMONWEALTH OF AUSTRALIA

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	<b>Family Name</b>	
	<b>Given Names</b>	
	<b>Student Number</b>	
	<b>Teaching Period</b>	Semester 2 Special/Summer Semester, 2015
<b>FINAL EXAMINATION</b>	<b>DURATION</b>	
<b>PRBA001 – Accounting Principles</b>	Reading Time:	<b>10</b> minutes
	Writing Time:	<b>180</b> minutes

### INSTRUCTIONS TO CANDIDATES

1.1 The examination has **one** section:

<b>Section A</b>	Answer ALL 8 (eight) questions
Suggested Time: 180 mins	Marks as indicated by lecturer
	Total Marks: 100

Section A must be answered on the Answer booklet provided and must be handed in with your answer booklet. Please ensure that your name and student number are clearly indicated on your Answer Sheet and at the top of this examination paper.

- 1.2 Note that questions **ARE NOT** of equal value.
- 1.3 Read **ALL** questions carefully.
- 1.4 Do not commence writing until instructed to do so.

### 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

<b>ADDITIONAL AUTHORISED MATERIALS</b>	<b>EXAMINATION MATERIALS TO BE SUPPLIED</b>
No additional printed material is permitted	1 x 20 Page Book

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

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BLANK.**

### Section A: Short Answer Questions

Total No of Marks for this section: 100. Suggested Time allocation for this Section: 180 mins

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#### Q. 1 (Total Marks: 17)

The 31 August 2014 bank statement of Ward's Supacentre has just arrived from the United Bank. To prepare Ward's bank reconciliation, you gather the following data:

- a. Ward's Cash account shows a balance of \$2,900 on 31st August
- b. The bank statement includes two dishonoured cheques from customers: \$400 and \$110.
- c. The following Ward Cheques are outstanding at 31st August

<u>Cheque no</u>	<u>Amount</u>
237	(\$) 50
288	170
291	520
294	580
295	50
<u>296</u>	<u>140</u>

- d. Ward collects from a few customers by EFT (electronic funds transfer). The August bank statement lists a \$1 300 EFT deposit for a collection on account.
- e. The bank statement includes two special deposits that Ward hasn't recorded yet: \$970 for dividend revenue and \$80 for interest received that Ward earned on its bank balance during August
- f. The bank statement lists a \$30 bank service charge.
- g. On 31st August, Ward deposited \$350 but this deposit does not appear on the bank statement.
- h. The bank statement includes a \$1 000 deduction for a cheque drawn by Interstate Freight Company. Ward notified the bank of this error.
- i. The 31st August bank balance is \$4 870.

#### Requirements:

1. Prepare the bank reconciliation for Ward's Supacentre at 31 st August 2014

(Marks: 10)

2. Record any required journal entries from the bank reconciliation. Include an explanation for each entry.

(Marks: 7)

**Q. 2 (Total Marks: 15)**

Lismore. Ltd.'s accountants have assembled the following data for the year ended 31 December 2013.

**Lismore Ltd**

<b>Current Accounts</b>	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash	\$50,000	\$22,000
Accounts receivable	69,200	64,200
Inventory	80,000	83,000
<b>Current Liabilities:</b>		
Accounts payable	57,800	55,800
Income tax payable	14,700	16,700

**Transactions data for 2013**

Profit after tax	\$57,000	Purchase of long term investment	\$14,000
Issue of ordinary shares for cash	41,000	Loss on sale of equipment	11,000
Depreciation expense	21,000	Payment of cash dividend	18,000
Purchase of building	160,000	Issue of long term bill payable to borrow cash	34,000
Redemption of debentures payable by issuing ordinary shares	65,000	Sale of equipment	58,000

**Required:**

Prepare Lismore Ltd.'s cash flow statement for the year ended December 31, 2013, using the indirect method to report operating activities. Include an accompanying schedule of non-cash financing & investing activities.

(Marks: 15)

**Q. 3 (Total Marks: 14)**

Jim, Jake & Jane have formed a partnership on January 1, 2014. Jim invests \$10,000, Jake \$25,000 & Jane \$35,000. Jim will manage the store, Jake will work in the store half-time & Jane will not work in the business.

**Required:**

Calculate the partners' share of profits & losses under each of the following plans:

(a) Loss is \$60,000 & the partnership agreement allocates 40% of profits to Jim, 25% to Jake & 35% to Jane. The agreement does not specify the sharing of losses.

(Marks: 2.5)

(b) Profit for the year is \$190,000. The first \$70,000 is allocated on the basis of partner capital balances; the next \$40,000 is based on service with Jim receiving \$30,000 & Jake receiving \$10,000. Any remainder is shared equally.

(Marks: 8)

Revenues for the year ended 31 December 2014 were \$427,000 and expenses were \$237,000. Under plan (b) above, prepare the partnership income statement for the year.

(Marks: 3.5)

**Q. 4 (Total Marks: 14)**

Carla Bishop is a manager at Commonwealth Australia Bank (CBA). During 2014, she worked for the bank all year at a \$6,300 gross monthly salary. She also earned a year-end bonus equal to 13% of her annual salary.

Carla's income tax withheld during 2014 was \$1,575 per month, plus \$3,600 on her bonus cheque. Carla authorised the following payroll deductions: charitable fund contribution of 2% of total earnings & life insurance of \$50 per month.

CBA incurred payroll tax expense of 6% of the total payroll. The bank provided Carla with the following benefits: health insurance at a cost of \$50 per month, & 9% superannuation on her gross salary to be paid to Carla during her retirement.

**Required:**

- a) Calculate Carla's gross pay, payroll deductions & net pay during 2014.

(Marks: 4)

- b) Calculate the bank's total payroll cost for Carla.

(Marks: 6)

- c) Make the journal entries to record the bank's expense for Carla's total earnings for the year, her payroll deductions & her net pay. Use appropriate accounts. Explanations are not required.

(Marks: 4)

(Please show your calculations clearly)

**Q. 5 (Total Marks: 10)**

Supreme Ltd. began with an inventory of 60 signs that cost a total of \$1,800 Supreme purchased & sold signs on credit as follows:

Purchase 1	65 signs @ \$32
Sale 1	105 signs @ \$65
Purchase 2	92 signs @ \$38
Sale 2	75 signs @ \$68

Supreme uses the average cost method of inventory valuation. Cash payments on account totalled \$2,080. Operating expenses were \$3,600. Supreme paid two-thirds in cash & accrued the rest as accounts payable.

**Required:**

a) Prepare a perpetual inventory record at average cost.

(Marks: 7)

b) Make journal entries to record the firm's transactions.

(Marks: 3)

**Q. 6 (Total Marks:10)**

Supply the missing amounts for each of the following companies (show your calculations clearly):

Company	Net sales	Beginning Inventory	Net Purchases	Ending Inventory	Cost of Sales	Gross Profit
Abacus Co.	\$140,000	\$32,000	\$82,000	\$41,000	(a)	(b)
Nu Bold	(c)	25,000	93,000	(d)	94,000	43,000
Juno Ltd	94,000	(e)	54,000	22,000	62,000	(f)
Ben Inc.	84,000	10,000	(g)	8,000	(h)	47,000

Prepare the income statement for Abacus Company, which uses the periodic inventory system. Include a complete heading and show the full calculation of cost of sales. Abacus's operating expenses for the year were \$18,000.

(Marks:10)



**Q. 7 (Total Marks: 10)**

Toll Trucking uses the unit-of-production (UOP) depreciation method because UOP best measures wear & tear on the trucks. Consider these facts about one Mack semi-trailer truck in their fleet.

When acquired in 2009, the semi-trailer rig cost \$320,000 & was expected to remain in service for 10 years, or 1 million kilometres. Estimated residual value was \$80,000. The truck was driven 90,000 kms. in 2009, 110,000 kms. in 2010 & 150,000 kms. in 2011. After 50,000 kms. in 2012, the firm traded in the Mack truck & paid cash of \$30,000 as full payment for a new truck valued at \$310,000.

**Required:**

Prepare the journal entries to record

- a) depreciation expense in year 2009, 2010, & 2011

(Marks: 3)

- b) the trade-in of the old truck & the purchase of the new truck.

(Marks: 7)

Show your calculations clearly. Explanations for journals are not required.

**Q. 8 (Total Marks: 10)**

On 1 Jan 2010, Anwar Ltd issues \$100,000 of 6.5% five-year debentures at 102. Anwar has extra cash & wishes to redeem the debentures on 1 Jan 2013, immediately after making the second half-yearly interest payment. To redeem the debentures, Anwar pays the price of 98.

**Required:**

- a) What is Anwar's carrying amount of the debentures on the redemption date?  
(Marks: 2)
- b) How much cash must Anwar pay to redeem the debentures?  
(Marks: 1)
- c) Calculate Anwar's gain or loss on the redemption of the debentures.  
(Marks: 4)
- d) Journalise Anwar's transaction to redeem the debentures.  
(Marks: 3)

Please show your calculations clearly.