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Family Name					
Given Name/s					
Student Number					
Teaching Period	Semester 1, 2019				

ACT102 – Introduction to Accounting	DURATION	
	Reading Time:	10 minutes
	Writing Time:	180 minutes
INSTRUCTIONS TO CANDIDATES		
<p>The exam has two sections:</p> <p>Section A must be answered on the Multiple-Choice Answer sheet provided in this examination paper 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.</p> <p>Section B is to be answered in the answer booklet provided.</p>		
EXAM CONDITIONS		
<p><u>You may begin writing from the commencement of the examination session.</u> The reading time indicated above is provided as a guide only.</p>		
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 20 Page Book 1 x 4-Multiple Choice Answer Sheet 1 x Scrap Paper	

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Section A

Multiple Choice Questions

Total No of Marks for this Section: 40 marks

This section should be answered on the Answer Sheet provided. Please ensure that your name and student number have been written on the Answer sheet and placed in the completed Answer Booklet.

There are 40 multiple choice questions. Each question carries one (1) mark. Suggested time allocation for Section A: 80 mins

Section B

Total No of Marks for this section: 60

This section should be answered in the Answer Booklet provided.

Marks for each question are indicated. Suggested time allocation for Section B: 100 mins

Question 1

20 Marks

The trial balance of ABC Company as at 30 June 2020 is given.

Additional information:

Ref.	Description	Amount
A	Unearned service revenue still unearned at 30 June	\$1,500.00
B	Prepaid rent still in force at 30 June	\$2,500.00
C	Supplies used during the month,	\$800.00
D	Depreciation for the month	\$500.00
E	Accrued salary expense at 30 June	\$1,200.00

Required:

Complete the adjustment columns of debit and credit with relevant references shown on the reference column, and complete the final trial balance, with the following columns. The beginning trial balance is provided below.

Account	Beginning Trial Balance		Ref	Adjustments		Adjusted Trial Balance	
	Debit	Credit		Debit	Credit	Debit	Credit

Account	Beginning Trial Balance	
	Debit	Credit
Cash	\$4,500	
Accounts receivable	\$16,000	
Prepaid rent	\$3,500	
Supplies	\$2,300	
Equipment	\$35,000	
Accumulated depreciation		\$5,000
Accounts payable		\$7,500
Salary payable		\$6,500
Unearned service revenue		\$6,500
Wolfe, capital, 1 June 2020		\$30,000
Wolfe, drawings	\$3,000	
Service revenue		\$23,000
Salary expense	\$4,500	
Rent expense	\$4,000	
Depreciation expense	\$2,500	
Supplies expense	\$3,200	
Total	\$78,500	\$78,500

Question 2**25 Marks**

ABC Company's cheque book ledger lists the following in \$ amounts for June 2020.

Date	Cheque number	Description	Cheque	Deposit	Balance
1					1,500.00
4	622	Golf club	15.00		1,485.00
9		dividend received		200.00	1,685.00
13	623	food supplies	80.00		1,605.00
14	624	electricity	100.00		1,505.00
18	625	cash	150.00		1,355.00
26	626	stationery	100.00		1,255.00
28	627	rent	300.00		955.00
29		Service revenue		2,000.00	2,955.00
30					2,955.00

ABC Company's bank statement shows the following in \$ amounts for June 2020.

Date	Transaction description	Cheque number	Debit (withdrawal /charge)	Credit (deposit)	Balance
1					1,500.00
10	Dividend from XYZ			200.00	1,700.00
4		622	15.00		1,685.00
14		623	80.00		1,605.00
15		624	120.00		1,485.00
19		625	150.00		1,335.00
28	Printed cheques		35.00		1,300.00
29	Service charge		20.00		1,280.00
30					1,280.00

Additional information

The correct expense of cheque 624 as shown on the bank statement. The cash book has made a posting error.

Required:

- Prepare a reconciliation starting with the cash book balance and ending with the adjusted cash book balance as at 30 June 2020 (8 marks)
- Prepare the bank reconciliation starting with the bank statement balance and ending with the adjusted cash book balance as at 30 June 2020 (8 marks)

- c) Complete the journal entries required to be entered for the month ending 30 June 2020. Provide a narrative to each journal entry. (6 marks)
- d) If the bank reconciliation does not balance, state at least three things to check. (3 marks)

Question 3

15 Marks

Following details relates to ABC Company

ABC Company Income Statement For the year ending	30-Jun-20
Sales revenue	\$700,000
Cost of sales	\$600,000
Gross profits	\$100,000
Operating expenses:	
Salary expense	50000
Depreciation expense	\$15,000
Rent expense	\$3,000
Loss on sale of equipment	\$2,000
Profit before income taxes	\$30,000
Income tax expense	\$9,000
Profit	\$21,000

ABC Company		
Balance sheet at	30-Jun-20	30-Jun-19
Assets		
<i>Current assets</i>		
Cash and cash equivalents	\$1,000	\$5,000
Accounts receivable	\$20,000	\$14,000
Inventory	\$17,000	\$20,000
<i>Non-current assets</i>		
Equipment, net	\$176,000	\$125,000
Total assets	\$214,000	\$164,000
Liabilities and shareholders' equity		
<i>Current liabilities</i>		
Accounts payable	\$20,000	\$35,000
Accrued liabilities	\$8,000	\$6,000
Income tax payable	\$3,000	\$4,000
<i>Non-current liabilities</i>		
Debentures	\$81,000	\$50,000
<i>Shareholders' equity</i>		
Share capital	\$82,000	\$50,000
Retained earnings	\$20,000	\$19,000
Total liabilities and shareholders' equity	\$214,000	\$164,000

Transactions for the year ending	30-Jun-20
Cash purchase of equipment	\$140,000
Cash payment of dividends	\$18,000
Issue of ordinary shares to repay debentures	\$13,000
issue of debentures to borrow cash	\$44,000
Cash payment of debentures	\$5,000
Cash issue of ordinary shares	\$19,000
Cash receipt from sale of equipment	\$74,000
 Additional Information: Carrying amount of sale of equipment	 \$76,000

Required:

Prepare the Statement of Cash Flows using the indirect method, calculating and showing

- a) Cash flows from operating activities (7 marks)
- b) Cash flows from investing activities (2 marks)
- c) Cash flows from financing activities (4 marks)
- d) Reconciliation of cash at the beginning, movement of cash flows, and cash balance as at 30 June 2020 (2 marks)

END