

## **WARNING**

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Family Name					
Given Name/s					
Student Number					
Teaching Period	Semester 2 Special/Summer, 2018				

ACT102 – Introduction to Accounting	<b>DURATION</b>	
	Reading Time:	<b>10</b> minutes
	Writing Time:	<b>180</b> minutes
<b>INSTRUCTIONS TO CANDIDATES</b>		
<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>		
<b>EXAM CONDITIONS</b>		
<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		
Any hard copy, unannotated English dictionary is permitted		
<b>ADDITIONAL AUTHORISED MATERIALS</b>	<b>EXAMINATION MATERIALS TO BE SUPPLIED</b>	
None	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet 1 x Scrap Paper	

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DOUBLE-SIDED.**

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## 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. (Total Marks 15).

Racer International Unadjusted Trial Balance is given below:

Trial Balance as at 31 March 2015	Debit-\$	Credit-\$
Cash	4300	
Accounts Receivable	15100	
Prepaid Rent	2300	
Supplies	1000	
Equipment	30600	
Accumulated Depreciation		3900
Accounts Payable		6400
Salary Payable		
Unearned Service Revenue		9800
Racer, Beginning Capital		23000
Racer Drawings	4100	
Service Revenue		17300
Salary Expense	3000	
Rent Expense		
Depreciation Expense		
Supplies Expense		
Total	60400	60400

Adjusting data as at 31 March 2015:

1. Unearned service revenue still unearned \$ 500
2. Prepaid rent still in force \$ 2000
3. Supplies used during the month \$ 800
4. Depreciation for the month \$ 400
5. Accrued salary expense \$ 600

### **Requirements**

1. Journalise adjusting journal entries (15 Marks).

**Question 2. (Total Marks 15).**

The 31 August 2016 Bank Statement of Wards has just arrived from the United Bank. To prepare Ward's bank reconciliation, you gather the following data:

1. Ward's Cash Account shows a balance of \$ 2,900 on 31 August.
2. The bank statement includes two dishonoured cheques from customers, \$ 400 and \$ 110.
3. The following Ward's cheques are outstanding at 31 August:

	Cheque No.	Amount-\$
	237	50
	288	170
	291	520
	294	580
	295	50
	296	140

4. Ward collects from a few customers EFT. The bank statement lists a \$ 1300 EFT deposit for a collection on account.
5. The bank statement includes two special deposits that Ward has not recorded yet: \$ 970 from Dividend Revenue, and \$ 80 Interest Revenue Ward earned on its bank balance during August.
6. The Bank Statement lists a \$ 30 bank service charge.
7. On 31 August, Ward deposited \$ 350, but this deposit does not appear on the bank statement.
8. The bank statement includes \$ 1000.00 deduction for a cheque drawn by Interstate Freight Company. Ward notified this error.
9. The 31 August Bank balance is \$ 4870.

**Requirements:**

1. Prepare the bank reconciliation for Ward as at 31 August 2016. (15 Marks).

**Question 3. (Total Marks 12).**

Decorative Steel began August with 55 units of iron inventory that cost \$35 each. During, August the firm completed the following inventory transactions:

Date	Description	Units	Unit Costs-\$	Unit Sale Price-\$
Aug 3	Sale	45		83
Aug 8	Purchase	75	52	
Aug 21	Sale	70		85
Aug 30	Purchase	10	55	

**Requirements**

1. Determine the firm's cost of sales for August using FIFO, assuming the company has maintained a periodic inventory system. **(6 Marks)**.
2. Calculate gross profit for August using FIFO, assuming the company has maintained a periodic inventory system. **(6 Marks)**.

**Question 4. (Total Marks 8).**

Mama's Fried Chicken bought equipment on 2 January 2016 for \$ 39,000.00. The equipment was expected to remain in service for four years and to perform 11,000 fry jobs. At the end equipment's useful life, mama's estimate that its residual value will be \$ 6000.00. The equipment performed 1100 jobs in the first year, 3300 in the second year, 4400 in the third year and 2200 in the fourth year.

**Requirements**

1. Prepare a schedule of depreciation expense for 2016 (one year) for the equipment under the three depreciation methods. **(8 Marks)**.

**Question 5. (Total Marks 10).**

ABC is a partnership owned by Alders, Byron and Calvin, who share profits and losses in the ratio of 1:3: 4. The account balances of the partnership at 30 June follow:

ABC Adjusted trial Balance as at 30 June 2015			
Account Title	Debit-\$	Credit-\$	
Cash	33000		
Non-cash assets	117000		
Accounts payable			32000
Alders, capital			22000
Byron, capital			50000
Calvin, capital			53000
Alders, drawings	9000		
Byron, drawings	27000		
Calvin, drawings	49000		
Sales revenue			164000
Salary expense	74000		
Rent expense	12000		
Totals	321000		321000

**Requirements:**

1. Prepare the 30 June entries to close the revenue, expense, income summary and drawings accounts. **(6 Marks)**.
2. Insert the opening capital balances in each partner's capital account, post the closing entries to their accounts and determine each partner's ending capital balance. **(4 Marks)**.

