

**HOLY TRINITY SCHOOL
BAF3M Practice Exam Application Questions**

Section B: Practical Application
Complete the following questions within the forms provided.

1. Bank Reconciliation Statement (10 marks)

The information below has resulted from identifying and listing the discrepancy items for S. Singha Plant Clinic Inc., as of the June 30 bank statement:

Royal Bank, bank statement balance, June 30.....	\$1,378.00
Singha Plant Clinic, cash account balance, June 30.....	1,627.00
Deposit in Transit , June 30	560.00
Outstanding Cheques:	
No. 314	60.00
No. 320	15.00
No. 321	245.00
Bank Credit Memo for interest earned	17.45
Bank Service Charges	35.45

Also: A transposition error occurred. The bank correctly cashed a cheque we issued for \$45.00, but we mistakenly recorded the cheque in our records as a \$54.00 cheque - resulting in \$9.00 less being taken from our account than we had initially recorded.

From the information stated above, complete the Bank Reconciliation Statement provided within the exam workbook.

2. Merchandising Income Statement (8 marks)

Complete this month's income statement for the Smith's Clothing Co. by:

- i) placing the following account titles and balances within the proper format;
- ii) calculating and recording any missing values for the titles indicated below.

Revenue From Sales:	
Sales:	\$40,000.00
Sales Returns & Allowances:	200.00
Sales Discounts:	100.00

Cost of Goods Sold:	
Beginning Inventory:	\$2,000.00
Purchases:	6,000.00
Transportation-in:	400.00
Purchases Returns and Allowances:	66.00
Purchase Discounts:	34.00
Ending Inventory:	3,500.00

Operating Expenses:	
Rent Expense:	\$1,000.00
Hydro Expense:	200.00
Phone Expense:	50.00

HINT: Be sure to find the value for each of the following:

- | |
|--|
| <ul style="list-style-type: none"> i) Net Sales ii) Cost of Delivered Goods iii) Net Purchases iv) Cost of Goods Available for Sale v) Cost of Goods Sold vi) Gross Profit from Sales vii) Total Operating Expenses viii) Net Income |
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3. Inventory Transactions and Adjustments (10 marks)

You are operating a merchandising business. This month is your very FIRST accounting period.

- i) Assume your business is utilizing a PERIODIC inventory system. Record the transactions and closing entries found below within the General Journal pages provided within the exam workbook.
- ii) Assume your business is utilizing a PERPETUAL inventory system. Record the transactions and closing entries found below within the General Journal pages provided within the exam workbook.

- June 5: Purchase \$7,000.00 of inventory (paid cash).
- June 17: Sell \$1,000.00 of our inventory for \$1,500.00 (received cash).
- June 30: Record the closing entries for this accounting period.

4. Depreciation (12 marks)

Jennifer has purchased a computer for \$2,600.00. She predicts that she will use the computer for two years, after which she estimates she can sell the computer for \$600.00.

- i. Using the straight-line method, calculate the amount which this computer will depreciate each year. Show your calculations.

Rough Work

Annual Depreciation = _____

- ii. Using the ledger accounts provided within the exam booklet, show the entries that would be made to the accounts for the purchase of the computer on January 1, 2000.
- iii. Show how Jennifer would adjust for depreciation over the next two years.
- iv. Show the entries that would occur if Jennifer sold the computer at the end of two years for \$500.00

5. Special Journals (27 marks)

Record the following transactions for Adeline's Farm Co-op within the appropriate special journal provided within the exam booklet.

Remember, you have four special journals, and one General Journal to choose from. The special journals include the Sales Journal, the Purchases Journal, the Cash Payments Journal, and the Cash Receipts Journal. Choose which journal you will enter each transaction into wisely.

NOTE *Pay careful attention to the GST (7%), purchase discounts, and sales discounts. (Ignore PST for this question)*

- June 2 Purchased chicken feed for \$2,000.00 from *Hamilton Feed Inc.*, invoice # 42. Terms 2/10, n/30.
- 6 Sold rabies vaccine to *Minghella Corp.* for \$400 on account. Invoice # 29. Terms 2/10, n/60.
- 11 Paid the *Hamilton Feed* account in full, cheque #115.
- 13 Sold pig feed to *Ryan Farmer* for \$500.00, invoice # 103. Terms 2/10, n/30
- 15 Received full payment on the *Minghella* account.
- 16 Cash sales for the week totaled \$800.00
- 20 Purchased horse feed from *Wong Supply* for \$750.00 Invoice # 17. Terms 2/15, n/60.
- 22 Received full payment on the *Ryan Farmer* account.
- 23 Adeline's Farm Co-op returned \$250.00 of horse feed to *Wong Supply* because it was for the wrong type of horse.
- 26 Paid the *Wong Supply* account in full, cheque # 116
- 29 Adeline withdrew \$200.00 from the business.

**** IMPORTANT! ****
Total all of the four special journals.