Name: Nadia Noreen

ID: 12219

Financial Accounting

Mid -Term

Sir Naveed Azeem

**Q1: (a)**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | A/C Title | Debit | Credit |
| Dec 31 | Bad Debt Expense  Account Receivable | 1400 | 14000 |

**(b)** (1) 1 % of Net Sales

Sales Returns 84000

Less: Sales Returns & Allowances (20000)

Net Sales 82000

|  |  |  |  |
| --- | --- | --- | --- |
| Dec 31 | Bad Debt Expense  1 % \* ( 82000 )  Allowance for doubtful account | 8200 | 8200 |

**(b)** (2) 10 % of A/C Receivables

|  |  |  |  |
| --- | --- | --- | --- |
| Dec 31 | Bad Debt Expense  (110000 \* 10 %) = 11000  Allowance for doubtful account  ( 11000 – 2100 ) = 8900 | 8900 | 8900 |

**(c)** (1) 0.75 % of Net Sales

|  |  |  |  |
| --- | --- | --- | --- |
| Date | A/C Title | Debit | Credit |
| Dec 31 | Bad Debt Expense  Allowance for doubtful account  ( 820000 \* 0.75 % ) = 6150 | 6150 | 6150 |

**(c)** (2)6 % of Account Receivable

|  |  |  |  |
| --- | --- | --- | --- |
| Dec 31 | Bad Debt Expense  Allowance for doubtful account  ( 110,000 \* 6 % ) = 6600  6600 + 200 = 6800 | 6800 | 6800 |

**Q2:**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | A/C Title | Debit | Credit |
| Jan 1 | Accumulated Depreciation = Machinery  Machinery | 62000 | 62000 |
| Jun 30 | Depreciation Expense  Accumulated Depreciation = Computer  ( 45000 \* 1/5 \* 6/12 ) | 4500 | 4500 |
| June 30 | Cash  Accumulated Depreciation = Computer  ( 45000 \* 3/5 ) = 27000 ; 27000 + 4500 = 31500  Gain on Disposal  [ 14000 – ( 45000 – 31500 ) ]  Computer | 14000  31500 | 500  45000 |
| Dec 31 | Depreciation Expense  Accumulated Depreciation – Truck  ( 33000 – 3000 ) \* 1/6 | 5000 | 5000 |
| Dec 31 | Loss on disposal (33000-25000)  Accumulated Depreciation – Truck (33000 –3000) \* 4/6 =20000+5000  Delivery Truck | 8000  25000 | 33000 |