

Mehreen Gul

Roll # 16091

Financial Accounting

Sir Navazul Azeem

Mid Term Exam

Q#1:- The Ledger of Costello company at the end of current year A/Rec \$110,000-----

@ Date	Acc/Title	DR	CR
Dec 31	Bad Debt Expense Acc/Rec	\$1400	\$1400
⑥ ① 1%	of net sales:		
	$1\% \times (840,000 - 20,000)$		
Dec, 31	Bad Debt Expense Allowance for doubtful Acc.	\$8200	\$8200
⑥ ② 10%	of accounts receivable		
	$(110,000 \times 10\% = 11000)$		
Dec, 31	Bad Debt Expense Allowance for doubtful Acc.	\$8900	\$8900
⑥ ① 0.75%	of net sales:-		
Dec 31	Bad Debt Expense	\$6150	
	Allowance for doubtful Acc $(840,000 - 20,000) \times 0.75\%$ $= 6150$		\$6150

② 6% of account receivables.

Date, 31

Bad Debt Expense

\$ 6800

Allowance for doubtful
Acc

\$ 6800

$$(110,000 \times 6\% = 6600)$$

$$6600 + 200 = 6800$$

Question #2

Date	Acc/Title	DR	CR
Jan 1	Accumulated dep - machinery Machinery	\$62000	\$62000
June 30	Depreciation Expense Accumulated Dep - computer (45000 x 1/5 x 6/12)	\$4500	\$4500
June 30	Cash Accumulated Dep - computer (45000 x 3/5) = 27000; 27000 + 45000 = 31500 Gain on disposal [14000 - (45000 - 31500)] computer	\$4000 \$31500	\$500 \$45000
Dec 31	Depreciation Expense Accumulated Dep - Truck (33000 - 3000) x 1/6	\$5000	\$5000
Dec 31	Loss on disposal Accumulated Dep - Truck Delivery Truck	\$3000 \$25000	33000