

## Financial Accounting

**Instructions:** Answer all questions. Your answer should be hand-written and presented as neat as possible.

Worksheet – Due **April 18, 2011**

1. Write short notes on each of the following:
  - a. The accounting equation
  - b. Generally Accepted Accounting Principles
  - c. International Accounting Standards
  - d. Matching concept
  - e. Management Accounting

**(20 marks)**
  
2. On January 1, 2010, Bruce Moulding owed SD Skite \$1,300,000 for manatts supplied to by Skite. Molding declares bankruptcy and his trustee pays Skite 40% of what he owes by cheque on June 30, 2010. Lortia Simpson, another debtor, owes Moulding \$1,200,000 and this is written off on October 1, 2010. On December 1, 2010, Simpson pays her account in cash.

**Required:**

- i. The Journal entries recording the above transactions.
  - ii. The Personal Accounts.
  - iii. The Bad Debt Account.
  - iv. The Cash Book entries.
  - v. The Bad Debt Recovered Account.

**(20 marks)**
  
3. On February 1, 2009 Frederick Pine purchased a car for \$1,800,000. He assumes that the car has a useful life of ten years, at the end of which it will be worth only \$50,000. He provides for depreciation using the Straight Line Method at 10% per annum.

Required:

- Prepare the Journal entries providing for depreciation for the five years.
- Prepare the Provision for Depreciation Account.
- Prepare the Motor Truck Account
- Prepare a Balance Sheet Extract for the fixed asset at the end of five years. **(20 marks)**