# *APPLICATION EXERCISE 1*

General Journal

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| --- | --- | --- | --- |
| Date | Details | Debit | Credit |
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# *APPLICATION EXERCISE 2*

***General Journal***

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| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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***General Journal***

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| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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# *APPLICATION EXERCISE 3*

***General Ledger***

***Cash at Bank***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
| *01/02* | *Balance* | *11 920* |  |  |  |
|  |  |  |  |  |  |
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***Accounts Receivable***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
| *01/02* | *Balance* | *14 300* |  |  |  |
|  |  |  |  |  |  |
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***Inventory***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
| *01/02* | *Balance* | *22 150* |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
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***Equipment***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
| *01/02* | *Balance* | *8 640* |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

***Accounts Payable***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  | *01/02* | *Balance* | *9 940* |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

***GST Clearing***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  | *01/01* | *Balance* | *916* |
|  |  |  |  |  |  |
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***Capital***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  | *01/01* | *Balance* | *46 154* |
|  |  |  |  |  |  |

***Drawings***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
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***Cash Sales***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
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***Credit Sales***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

***Sales Returns***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

***Cost of Sales***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
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***Advertising***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

***Discount Expense***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
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# *APPLICATION EXERCISE 4*

***Gus’ Gates***

***Trial Balance***

***as at 28 February 2025***

|  |  |  |
| --- | --- | --- |
| ***Account*** | ***Debit*** | ***Credit*** |
| *Accounts Payable* |  |  |
| *Accounts Receivable* |  |  |
| *Advertising* |  |  |
| *Capital* |  |  |
| *Cash at Bank* |  |  |
| *Cash Sales* |  |  |
| *Cost of Sales* |  |  |
| *Credit Sales* |  |  |
| *Discount Expense* |  |  |
| *Drawings* |  |  |
| *Equipment* |  |  |
| *GST Clearing* |  |  |
| *Inventory* |  |  |
| *Sales Returns* |  |  |
| ***Totals*** |  |  |

# *APPLICATION EXERCISE 5*

|  |
| --- |
| ***ITEM:*** *‘Dhawan’ rug* ***Cost method:*** *First In, First Out****SUPPLIER:*** *Tonka Threads* |
|  | ***IN*** | ***OUT*** | ***BALANCE*** |
| *Date* | *Document* | *Quantity* | *Cost* | *Total* | *Quantity* | *Cost* | *Total* | *Quantity* | *Cost* | *Total* |
| *01/06* | *Balance* |  |  |  |  |  |  | *8* | *580* | *4 640* |
|  |  |  |  |  |  |  |  |  |  |  |
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***General Journal***

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| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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# *APPLICATION EXERCISE 6*

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| --- |
| ***ITEM:*** *‘Dhawan’ rug* ***Cost method:*** *Identified Cost Method****SUPPLIER:*** *Tonka Threads* |
|  | ***IN*** | ***OUT*** | ***BALANCE*** |
| *Date* | *Document* | *Quantity* | *Cost* | *Total* | *Quantity* | *Cost* | *Total* | *Quantity* | *Cost* | *Total* |
| *01/06* | *Balance* |  |  |  |  |  |  | *8* | *580* | *4 640* |
|  |  |  |  |  |  |  |  |  |  |  |
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# *APPLICATION EXERCISE 7*

***General Journal***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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1. *Explain the effect on the Balance Sheet if Padma’s Pots uses period costing instead of product costing if all the items are no sold.*

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| --- | --- |
| ***Explanation*** |  |
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# *APPLICATION EXERCISE 8*

***General Journal***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
|  |  |  |  |
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1. *Explain how the valuation of the ‘Wainer’ oven effects the Income Statement and the Balance Sheet.*

*4 marks*

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| --- | --- |
| ***Explanation*** |  |
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# *APPLICATION EXERCISE 9*

***Discuss whether the liquidity of Holly’s Hats has improved or worsened between 2017 and 2019.***

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| ***Explanation*** |  |
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# *APPLICATION EXERCISE 10*

1. *Prepare the General Journal entries required on 30 June 2025 to close the revenue and expense accounts.*

*Narrations are* ***not*** *required.*

***General Journal***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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1. *Show how the following accounts would appear in the General Ledger of Steph’s Shoes after all closing and transferring entries have been posted.*
	* *Profit and Loss Summary*
	* *Drawings*
	* *Capital*

 *You* ***are*** *required to balance the Capital account.*

***Profit and Loss Summary***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
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***Drawings***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
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***Capital***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
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1. *Prepare the Income Statement for Steph’s Shoes for the month ending 30 June 2025.*

***Steph’s Shoes***

***Income Statement for the month ending 30 June 2025***

|  |  |  |
| --- | --- | --- |
|  | ***$*** | ***$*** |
| ***Revenues*** |  |  |
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# *APPLICATION EXERCISE 11*

***Discuss*** *whether the profitability of Watson’s Windows has improved or worsened between 2024 and 2026*

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| ***Explanation*** |  |
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# *APPLICATION EXERCISE 12*

*Prepare a fully classified Balance Sheet for Steph’s Shoes as at 30 June 2025.*

**Steph’s Shoes**

**Balance Sheet**

**as at 30 June 2025**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **$** | **$** |  | **$** | **$** |
| **Current Assets** |  |  | **Current Liabilities** |  |  |
|  |  |  |  |  |  |
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# *APPLICATION EXERCISE 13*

**Steph’s Shoes**

**Cash Flow Statement for the month ending 30 June 2025**

|  |  |  |
| --- | --- | --- |
|  | **$** | **$** |
| **Cash Flows from Operating Activities** |  |  |
|  |  |  |
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|  |  |  |
| **Net Cash Flows from Operations** |  |  |
| **Cash Flows from Investing Activities** |  |  |
|  |  |  |
|  |  |  |
| **Net Cash Flows from Investing Activities** |  |  |
| **Cash Flows from Financing Activities** |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Net Cash Flows from Financing Activities** |  |  |
| **Net Increase / (Decrease) in Cash Position** |  |  |
| **Bank Balance at 1 June 2019** |  |  |
| **Bank Balance at 30 June 2019** |  |  |

# *APPLICATION EXERCISE 14*

1. Calculate the depreciation expense for the year ended 30 June 2025.

|  |  |
| --- | --- |
|  |  |
|  **Depreciation Expense for the year ended 30 June 2019** |  |

b. Assuming no additional Vans had been purchased, show how the Van would be reported in the Balance Sheet as at 30 June 2026.

**Richie’s Rugs**

**Balance Sheet (extract) as at 30 June 2026**

|  |  |  |
| --- | --- | --- |
|  | **$** | **$** |
| Van |  |  |
| Less: Accumulated Depreciation  |  |  |

1. Explain what the carrying value in the Balance Sheet represents.

|  |  |
| --- | --- |
| **Explanation** |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

# *APPLICATION EXERCISE 15*

1. *Calculate the depreciation expense for the Shelving for the quarter ended 30 June 2025.*

|  |  |
| --- | --- |
|  |  |
|  ***Depreciation Expense for the quarter ended 30 June 2025*** |  |

1. *Assuming not further Shelving was purchased or sold, prepare General Journal entries to record the necessary adjustment at 30 September 2025.*

*A narration is* ***not*** *required.*

***General Journal***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
|  |  |  |  |
|  |  |  |  |

1. *Assuming no further Shelving was purchased or sold, show how Shelving would appear in the Balance Sheet as at 30 June 2026.*

***Shane’s Shirts***

***Balance Sheet (extract) as at 30 June 2026***

|  |  |  |
| --- | --- | --- |
|  | ***$*** | ***$*** |
| *Shelving* |  |  |
| *Less: Accumulated Depreciation*  |  |  |

# *APPLICATION EXERCISE 16*

1. *If Hutchins’ Harps used the Reducing Balance method of depreciation at a rate of 40% per annum instead of the Straight-Line method, calculate and explain the effect on the Income Statement for the year ending 30 June 2025.*

|  |  |
| --- | --- |
| ***Calculation Space*** |  |

|  |  |
| --- | --- |
| ***Explanation*** |  |
|  |  |
|  |  |
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|  |  |
|  |  |

1. *Assuming no additional Vans had been purchased and that the Reducing Balance method of depreciation is used, show how the Van would be reported in the Balance Sheet as at 30 June 2026.*

***Hutchins’ Harps***

***Balance Sheet (extract) as at 30 June 2026***

|  |  |  |
| --- | --- | --- |
|  | ***$*** | ***$*** |
| *Van* |  |  |
| *Less: Accumulated Depreciation*  |  |  |

# *APPLICATION EXERCISE 17*

1. *Calculate the accumulated depreciation amount of the Shelving sold as at 31 October 2025.*

|  |  |
| --- | --- |
|  |  |
|  ***Accumulated Depreciation of Shelving sold as at 31 October 2025*** |  |

1. *Show how the Disposal of Shelving account would appear in the General Ledger as at 31 October 2025.*

***Disposal of Shelving***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

1. *Explain why a profit or loss on disposal of Shelving occurred.*

|  |  |
| --- | --- |
| ***Explanation*** |  |
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|  |  |
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# *APPLICATION EXERCISE 18*

*Prepare General Journal entries to record the necessary adjustments at 31 March 2025.*

*Narrations are* ***not*** *required.*

***General Journal***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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# *APPLICATION EXERCISE 19*

*Prepare General Journal entries to record the necessary adjustments and transactions on 30 June 2025.*

*Narrations are* ***not*** *required.*

***General Journal***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Date*** | ***Details*** | ***Debit*** | ***Credit*** |
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# *APPLICATION EXERCISE 20*

1. *Reconstruct**the Accounts Receivable ledger in order to calculate budgeted Receipts from Accounts Receivable for the year ended 30 June 2026.*

***Accounts Receivable***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
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1. *Reconstruct**the Inventory and Accounts Payable ledgers*

***Inventory***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
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***Accounts Payable***

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| --- | --- | --- | --- | --- | --- |
| ***Date*** | ***Cross-reference*** | ***Amount*** | ***Date*** | ***Cross-reference*** | ***Amount*** |
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# *APPLICATION EXERCISE 21*

1. Prepare the Budgeted Income Statement for the year ending 30 June 2026.

**Westy’s Wallets**

**Budgeted Income Statement for the year ending 30 June 2026**

|  |  |  |
| --- | --- | --- |
|  | **$** | **$** |
| **Revenues** |  |  |
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1. Prepare the Budgeted Cash Flow Statement for the year ending 30 June 2026.

**Westy’s Wallets**

**Budgeted Cash Flow Statement for the year ending 30 June 2026**

|  |  |  |
| --- | --- | --- |
|  | **$** | **$** |
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