

Chapter 8: Managing Debtors and Creditors

Chapter Review Solutions

2. Yabby Books

Customer	Collection Procedures
Agar, Albert	overdue sticker sent with next statement
Babington, Bertha	overdue sticker sent with next statement
Cuthbert, Charles	overdue sticker sent with next statement
Edwards, Edward	phone call informing customer credit facility will be put on hold
Inkson, Ian	overdue sticker sent with next statement
Johnson, Janice	phone call informing customer credit facility will be put on hold

4. **Morris P/L**

General Journal		GJ1	
	Accounts Payable – Morris P/L	1,375	
	Accounts Receivable – Morris P/L		1,375
	Contra Entry		

6. **Adam Parks**

(a)

	Accounts Payable -- Hunnicutt	1,144	
	Accounts Receivable --Hunnicutt		1,144
	Contra Entry		
	Accounts Payable -- Long	990	
	Accounts Receivable -- Long		990
	Contra Entry		

(b) Hunnicutt: Purchases \$1,595 less Sales \$1,144 = \$451 owing
 Long: Sales \$1,760 less Purchases \$990 = \$770 owed

8. **C. Walton**

(a)

General Journal		GJ1	
20/08	Bank	990	
	Accounts Receivable – M Jones		990
	Invoice paid		
31/08	Accounts Receivable – M Jones	990	
	Bank		990
	Cheque dishonoured		

(b)

Accounts Receivable – M Jones					110.01
Date	Details	Folio	Debit	Credit	Balance
01/08	Sales, GST		990		990 DR
20/08	Bank			990	0
31/08	Bank		990		990 DR

10. Super Snooper

(a)

General Journal			GJ1	
30/06	Bad Debts	1600+1700	3,300	
	GST Collected	160+170	330	
	Accounts Receivable	1760+1870		3,630
	Bad Debts written off			
	Doubtful Debts		2,020	
	Allowance for Doubtful Debts			2,020
	Adjustment to Allowance Doubtful Debts			
	Bring the allowance for doubtful debts to 5% x 104,400			

(b)

Accounts Receivable Control				110			
Date	Details	Folio	Amount	Date	Details	Folio	Amount
01/7/18	Balance b/d		68,070	30/6/19	Bank		263,200
30/6/19	Sales, GST		305,800		Bad Debts, GST		1,760
					Dis. Allowed, GST		2,640
					Bad Debts, GST		1,870
					Balance c/d		104,400
			373,870				373,870
01/7/19	Balance b/d		104,400				

Allowance for Doubtful Debts				115			
30/6/19	Balance c/d		5,220	01/7/18	Balance b/d		3,200
				30/6/19	Doubtful Debts		2,020
			5,220				5,220
				01/7/19	Balance b/d		5,220

Bad Debts				820			
30/6/19	Acc Rec Control		1,600	30/6/19	Balance c/d		3,300
	Acc Rec Control		1,700				
			<u>3,300</u>				<u>3,300</u>

Doubtful Debts				830			
30/6/19	Allow. for D Debts		2,020	30/6/19	Balance c/d		2,020
			2,020				2,020

(c)

Balance Sheet Extract of Super Snooper for the year ended 30 June		
Current Assets		
Accounts Receivable	104,400	
Less Allowance for Doubtful Debts	- <u>5,220</u>	99,180