

<b>Handout:Question no 1:</b>				
<b>Required no 1:</b>				
<b>Computation for Total Cost</b>				
List Price				200,000
Less: Trade Discount( $200000 \times 10/100$ )				<u>(20,000)</u>
<b>Invoice Price</b>				180,000
Less: Cash Discount( $180000 \times 2/100$ )				<u>(3,600)</u>
<b>Net Cash Price</b>				176,400
Add: Sales Tax ( $176,400 \times 5/100$ )				<u>8,820</u>
<b>Net Invoice</b>				185,220
<b>Add: Capital Expenditures:</b>				
Foundation	1,780			
Installation	1,500			
Test Run Cost	1,000			
Freight	5,000			
Insurance-in-transit	1,000			
Import Duty	1,000			
Capital Replacement	<u>3,000</u>			
<b>Total Capital Expenditures</b>				<u>14,280</u>
<b>Total Cost</b>				<u><u>199,500</u></u>

# Adnan Co

## General Journal

Date	Account Titles and Explanation	Post Ref.	Debit	Credit
2007 Jan	1 Machine		180,000	
	Accounts Payable			180,000
	(Purchased machine on credit)			
	9 Accounts Payable		180,000	
	Cash			176400
	Discount			3,600
	(Made payment and availed discount)			
	9 Discount		3,600	
	Machine			3600
	(Closed discount account)			
	9 Machine		23,100	
	Cash			23100
	(Paid capital expenditures)			
	9 Prepaid Fire Insurance		2,000	
	Repair Expense		500	
	Miscellaneous Expense		500	
	Cash			3,000
	(Paid 2 year fire insurance, repairs and fine)			

<b>Handout: Question no 2:</b>			
<b>Required no 1:</b>			
<b>Situation no 1</b>			
<b>Computation for Total Cost</b>			
List Price			100,000
Less: Trade Discount( $100000 \times 10/100$ )			<u>(10,000)</u>
<b>Total Cost</b>			<u>90,000</u>
<b>Situation no 2</b>			
<b>Computation for Total Cost</b>			
List Price			100,000
Less: Cash Discount( $100000 \times 5/100$ )			<u>(5,000)</u>
<b>Total Cost</b>			<u>95,000</u>
<b>Situation no 3</b>			
<b>Computation for Total Cost</b>			
List Price			50,000
Less: Trade Discount( $50,000 \times 10/100$ )			<u>(5,000)</u>
<b>Invoice Price</b>			45,000
Less: Cash Discount( $45000 \times 3/100$ )			<u>(1,350)</u>
<b>Total Cost</b>			<u>43,650</u>
<b>Situation no 4</b>			
<b>Computation for Total Cost</b>			
List Price			600,000
Less: Trade Discount( $600,000 \times 5/100$ )			<u>(30,000)</u>
<b>Invoice Price</b>			570,000
Less: Cash Discount( $570,000 \times 2/100$ )			<u>(11,400)</u>
<b>Total Cost</b>			<u>558,600</u>
<b>Situation no 5:</b>			
<b>Computation for Total Cost</b>			
List Price			100,000
Less: Trade Discount			<u>(10,000)</u>
<b>Invoice Price</b>			90,000
Less: Cash Discount( $90,000 \times 2/100$ )			<u>(1,800)</u>
<b>Net Cash Price</b>			88,200
Add: Sales Tax ( $88200 \times 5/100$ )			<u>4,410</u>
<b>Net Invoice</b>			92,610
<b>Add: Capital Expenditures:</b>			
Freight	4,000		
Installation	5,000		
Insurance in transit	<u>3,000</u>		
<b>Total Capital Expenditures</b>			<u>12,000</u>
<b>Total Cost</b>			<u>104,610</u>

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
		(Situation no 1)			
2007 Jan	1	Equipment		90,000	
		Cash			90000
		(Purchased equipment on cash)			
		(Situation no 2)			
2007 Jan	1	Equipment		100,000	
		Accounts Payable			100,000
		(Purchased equipment on credit)			
	1	Accounts Payable		100,000	
		Cash			95,000
		Discount			5,000
		(Made payment and availed discount)			
	1	Discount		5,000	
		Equipment			5,000
		(To close discount account)			
		(Situation no 3)			
2007 Jan	1	Equipment		45,000	
		Accounts Payable			45,000
		(Purchased equipment on credit)			
	1	Accounts Payable		45,000	
		Cash			43,650
		Discount			1,350
		(Made payment and availed discount)			
	1	Discount		1,350	
		Equipment			1,350
		(To close discount account)			
		(Situation no 4)			
2003 Jan	1	Machine		570,000	
		Accounts Payable			570,000
		(Purchased equipment on credit)			
	10	Accounts Payable		570,000	
		Cash			558,600
		Discount			11,400
		(Made payment and availed discount)			
	10	Discount		11,400	
		Machine			11,400
		(To close discount account)			

		(Situation no 5 )			
<b>2002</b>					
<b>Jan</b>	<b>1</b>	<b>Machine</b>		<b>90,000</b>	
		<b>Accounts Payable</b>			<b>90,000</b>
		<b>(Purchased equipment on credit)</b>			
	<b>1</b>	<b>Accounts Payable</b>		<b>90,000</b>	
		<b>Cash</b>			<b>88,200</b>
		<b>Discount</b>			<b>1,800</b>
		<b>(Made payment and availed discount)</b>			
	<b>1</b>	<b>Discount</b>		<b>1,800</b>	
		<b>Machine</b>			<b>1,800</b>
		<b>(To close discount account)</b>			
	<b>1</b>	<b>Machine</b>		<b>16,410</b>	
		<b>Cash</b>			<b>16,410</b>
		<b>(Paid capital expenditures)</b>			

