**APPLICATION EXERCISE 20 – SUGGESTED SOLUTION**

1. **Reconstruct the Accounts Receivable ledger in order to calculate budgeted Receipts from Accounts Receivable for the year ending 30 June 2020.**

**Accounts Receivable**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Cross-reference** | **Amount** | **Date** | **Cross-reference** | **Amount** |
|  | Opening Balance | 19 250 |  | Bank | 133 200 |
|  | Credit Sales | 120 000 |  | Discount Expense | 2 000 |
|  | GST Clearing | 12 000 |  | Allowance for Doubtful Debts | 2 500 |
|  |  |  |  | GST Clearing | 250 |
|  |  |  |  | Sales Returns | 3 000 |
|  |  |  |  | GST Clearing | 300 |
|  |  |  |  | Closing Balance | 10 000 |
|  |  | 151 250 |  |  | 151 250 |

1. **Reconstruct the Inventory and Accounts Payable ledgers in order to calculate budgeted Payments to Accounts Payable for the year ending 30 June 2020.**

**Inventory**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Cross-reference** | **Amount** | **Date** | **Cross-reference** | **Amount** |
|  | Opening Balance | 27 500 |  | Cost of Sales | 160 000 |
|  | Bank | 29 800 |  | Drawings | 500 |
|  | Accounts Payable | 119 200 |  | Inventory Loss | 1 000 |
|  | Cost of Sales | 1 200 |  | Accounts Payable | 1 200 |
|  |  |  |  | Closing Balance | 15 000 |
|  |  | 177 700 |  |  | 177 700 |

**Accounts Payable**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Cross-reference** | **Amount** | **Date** | **Cross-reference** | **Amount** |
|  | Bank | 136 900 |  | Opening Balance | 31 600 |
|  | Discount Revenue | 4 500 |  | Inventory | 119 200 |
|  | Inventory | 1 200 |  | GST Clearing | 11 920 |
|  | GST Clearing | 120 |  |  |  |
|  | Closing Balance | 20 000 |  |  |  |
|  |  | 162 720 |  |  | 162 720 |