

Q1

For each of the transactions below, make the necessary journal entries. Please select the most appropriate account title for each question and prepare the journal entry. Consider the value add tax (VAT) only for the questions where it is specified.

- 1 In paying an employee a salary of ¥550,000, an income tax withholding of ¥27,500 and social insurance premiums of ¥50,000 were deducted, and the remaining amount was paid from the savings account.

Account Name	Debit	Credit
Salary	550,000	
Personal Tax Withholdings		27,500
Social Insurance Withholdings		50,000
Saving Account		472,500

- 2 Stamp duty costing ¥2,700 and postage stamps costing ¥450 were purchased in cash. These were used immediately.

Account Name	Debit	Credit
Taxes and Dues	2,700	
Communication Expense	450	
Cash		3,150

- 3 An electronic recorded obligation of ¥720,000 was settled and deducted from the current account.

Account Name	Debit	Credit
Electronically Recorded Monetary Obligations	720,000	
Current Account		720,000

- 4 At the beginning of the period, equipment that was no longer needed (acquisition cost of ¥490,000 and accumulated depreciation of ¥428,750, recorded using the indirect method) was sold for ¥70,000, with the payment to be received at the end of the month.

Account Name	Debit	Credit
Accumulated Depreciation on Equipment	428,750	
Other Receivable	70,000	
Equipment		490,000
Gain on Sale of Fixed Assets		8,750

- 5 Accounts receivable of ¥280,000, which were uncollected at the end of the previous period, have become uncollectible. The balance of the allowance for doubtful accounts was ¥190,000.

Account Name	Debit	Credit
Allowance for Doubtful Account	190,000	
Bad Debts Expense	90,000	
Accounts Receivable		280,000

- 6 The merchandise ¥210,000 was sold, with ¥60,000 received in cash and the remaining amount received in gift certificates.

Account Name	Debit	Credit
Gift Certificate Receivable	150,000	
Cash	60,000	
Sales		210,000

- 7 Accounts payable of ¥200,000 were repaid from the current account. However, the balance of the current account before the repayment was ¥175,000, and the company has an overdraft agreement with the bank with a limit of ¥1,000,000.

Account Name	Debit	Credit
Accounts Payable	200,000	
Current Account		200,000

- 8 An employee returned to the company from a business trip and handed back ¥9,500 in cash from the ¥100,000 that had been given to them for travel expenses.

Account Name	Debit	Credit
Travel Expenses	90,500	
Cash	9,500	
Advanced Payment		100,000

- 9 The goods ¥740,000 was sold to Yumeno Co., Ltd. As payment, a promissory note issued by the company for ¥500,000 was received, and the remaining amount was recorded as Accounts Receivable.

Account Name	Debit	Credit
Notes Receivable	500,000	
Accounts Receivable	240,000	
Sales		740,000

- 10 Purchased goods costing ¥979,000 (including 10% VAT) . A payment of ¥100,000 was made by issuing a check, and the remaining amount was recorded as Accounts Payable. The value add tax (VAT) is processed using the tax-excluded method.

Account Name	Debit	Credit
Purchase	890,000	
VAT Receivable	89,000	
Current Account		100,000
Accounts Payable		879,000

- 11 A loan of ¥5,000,000 was obtained from the bank, and a promissory note of the same amount was issued. The net proceeds, after deducting interest, were deposited into the current account. The loan term is 10 months, with an annual interest rate of 2.4%, and the interest is calculated on a monthly basis.

Account Name	Debit	Credit
Interest Payment	100,000	
Current Account	4,900,000	
Loans Payable by Promissory note		5,000,000

- 12 Kitani Nippon Co., Ltd. increased its capital by issuing 7,000 shares at ¥900 per share, and the payments from shareholders were deposited into the regular bank account.

Account Name	Debit	Credit
Saving Account	6,300,000	
Share Capital		6,300,000

- 13 Renovations and repairs were carried out on the building used for business operations, with the payment of ¥4,500,000 to be made at the end of the month. Of the total amount, ¥2,800,000 is classified as revenue expenditure, and the remaining amount is classified as capital expenditure.

Account Name	Debit	Credit
Repairs and Maintenance Expense	2,800,000	
Building	1,700,000	
Other Payable		4,500,000

- 14 A lease agreement for an office was signed, and payment was made by issuing a check for six months' rent (¥250,000 per month), a commission fee of ¥250,000, and a security deposit of ¥300,000.

Account Name	Debit	Credit
Rent Payment	1,500,000	
Commission Expense	250,000	
Deposit	300,000	
Current Account		2,050,000

- 15 Merchandise was sold to Nishinihon Co., Ltd., and a delivery and invoice statement was sent along with the goods. The payment was recorded as accounts receivable. The consumption tax is recorded using the tax-excluded method.

Delivery Note and Invoice			
To Nishinihon Co., Ltd		Sep-20-2024	
<u>Amount Due</u> ¥ 77,220		Yumeno Co., Ltd	
		Tax Invoice (XXXXXXX)	
Goods Name	Amount	Unit Price	Total Price
Goods Y	230	150	¥34,500
Goods Z	170	210	¥35,700
		VAT (10%)	¥7,020
		Total include VAT	¥77,220
Please transfer the total amount to the account below by October 20, 2024			
USCPA Bank ×× Branch Ordinary Account 1234567 / Account Name Yumeno			

Account Name	Debit	Credit
Accounts Receivable	77,220	
Sales		70,200
VAT Payable		7,020

Q2

Based on the following (1) Pre-adjustment Trial Balance and (2) Adjustment Entries, please answer the questions. Note that the provisional receipt and payment of VAT are only to be made for sales transactions and purchase transactions. The current period is one year from April 1, 2024 to March 31, 2025.

[Notes for answering]

- The blank spaces for each account are in the order of (Date) [Description] <Amount>. (Date) is not subject to scoring, so it can be left blank.
- When answering, please select the most appropriate account names, etc. for the description column from the following list. Note that account names, etc. can be used multiple times within this question.

Accrued Income Taxes	Dividends Payable	Retained Earnings Carried Forward	Taxes and Dues
Legal Reserve	Brought Forward	Carried Forward	Revenue and Expense

[Reference Material]

1. At the shareholders' meeting on June 28, 2024, a dividend of ¥350,000 to shareholders from retained earnings carried forward and an allocation of ¥35,000 to the legal reserve accompanying the dividend were resolved (the dividend was paid on July 1, 2024).
2. For the closing of accounts on March 31, 2025, the balances of each Revenue and Expense account after closing adjustments (excluding Taxes and Dues) were as shown in the Revenue and Expense account on the answer sheet. For the current Tax, 30% of the profit before taxes will be recorded. For the convenience of the question, expenses other than purchases and Taxes and Duties are collectively shown as "Other expenses".

Revenue and Expense				
3/31	Purchase	4,500,000	3/31 Sales	6,800,000
"	Other expenses	1,200,000		
"	Taxes and Dues	330,000		
"	Retained Earnings Carried Forward	770,000		
		<u>6,800,000</u>		<u>6,800,000</u>

Legal Reserve				
3/31	Carried Forward	213,000	4/1 Brought Forward	178,000
			6/28 Retained Earnings Carried Forward	35,000
		<u>213,000</u>		<u>213,000</u>

Retained Earnings Carried Forward				
6/28	Dividends Payable	350,000	4/1 Brought Forward	1,430,000
"	Retained Earnings	35,000	3/31 Revenue and Expense	770,000
3/31	Brought Forward	1,815,000		
		<u>2,200,000</u>		<u>2,200,000</u>

Q3

(2) Based on the purchase ledger and sales ledger records for Product A during October of Year X7, fill in the merchandise inventory ledger on the answer sheet using the moving average method. Also, enter the amounts of sales and gross profit for Product A during October of Year X7 in the answer column of the answer sheet. Note that consumption tax should not be considered. Furthermore, closing the books and carrying over entries to the next month are not required.

Purchase Ledger					Sales Ledger						
2024		Description			Total Price	2024		Description			Total Price
10	5	HK Store		Credit		10	5	TWN Store		Credit	
		Product A	175	@ ¥ 380	66,500			Product A	215	@ ¥ 520	111,800
	21	BKK Sotre		Credit			21	TYO Store		Credit	
		Product A	140	@ ¥ 379	53,060			Product A	150	@ ¥ 530	79,500

Product A Balance Table											
2024		Description	Received			Dispatched			Balance		
			Qty	Unit Price	Ttl Price	Qty	Unit Price	Ttl Price	Qty	Unit Price	Ttl Price
10	1	Brought Forward	200	350	70,000				200	350	70,000
	5	Purchase	175	380	66,500				375	364	136,500
	12	Sales				215	364	78,260	160	364	58,240
	21	Purchase	140	379	53,060				300	371	111,300
	26	Sales				150	371	55,650	150	371	55,650

Goods A in October of Year 2024

Total Sales ¥ 191,300

Gross Profit ¥ 57,390

Q4

Based on the following (1) Pre-adjustment Trial Balance and (2) Adjustment Entries, please answer the questions. Note that the provisional receipt and payment of VAT are only to be made for sales transactions and purchase transactions. The current period is one year from April 1, 2024 to March 31, 2025.

Pre-adjustment Trial Balance		(Unit : JPY)	
March 31, 2025			
Debit	Account Name		Credit
85,400	Cash		
1,308,000	Saving Account		
1,700,000	Current Account		
990,000	Accounts Receivable		
470,000	VAT Receivable		
160,000	Provisional Corporate Tax		
340,000	Inventory - Carried Forward		
1,400,000	Equipment		
260,000	Deposit		
	Accounts Receivable	516,000	
	Temporary Payment Received	120,000	
	VAT Payable	930,000	
	Borrowings	1,200,000	
	Allowance for Doubtful Account	3,000	
	Accumulated Depreciation - Equipment	480,000	
	Share Capital	1,500,000	
	Retained Earnings Carried Forward	834,000	
	Sales	9,300,000	
4,700,000	Cost of Sales		
1,625,000	Salary		
1,690,000	Rent Payment		
86,000	Communication Expense		
47,600	Travel Expenses		
21,000	Interest Payments		
14,883,000		14,883,000	

(2) Adjustment Entries

- A time deposit of ¥1,000,000 has matured, and the total amount including interest of ¥2,000 was transferred to a Savings Account, but this transaction has not been processed yet.
- It was determined that the entire amount of suspense receipts was a deposit received when taking orders for merchandise.
- The actual cash balance was ¥81,700. Of the difference from the book balance, ¥3,200 was found to be an unrecorded Communication Expense, but the remaining amount is unknown and will be treated as Miscellaneous Loss or Gain.
- Set up an Allowance for Doubtful Accounts at 2% of the ending balance of Accounts Receivable using the direct write-off method.
- The ending Inventory of merchandise is ¥395,000.
- Depreciate Equipment using the straight-line method with zero residual value and a useful life of 5 years. Of the equipment, ¥600,000 worth has been in use since February 1, 2023, and will be depreciated under the same conditions, but the depreciation expense will be calculated on a monthly basis.
- The entire loan was borrowed on November 1, 2024, for a period of 1 year at an annual interest rate of 1.5%, with interest for the full year to be paid at the time of principal repayment. Record the interest that has already accrued for the current period on a monthly basis. Note that other interest payments have been appropriately processed.
- There is a prepaid rent of ¥130,000.
- Process VAT using the tax-exclusive method.
- Income taxes, inhabitant taxes, and Corporate taxes have been calculated at ¥290,000, so record the difference from the Provisional Corporate Taxes as accrued.

Question 1: Complete the post-adjustment trial balance on the answer sheet. Question 2: State the amount of net income or net loss for the period. In case of a net loss, prefix the amount with a (-) symbol.

Post-adjusted Trial Balance		(Unit : JPY)	
March 31, 2025			
Debit	Account Name		Credit
81,700	Cash		
2,310,000	Saving Account		
700,000	Current Account		
990,000	Accounts Receivable		
130,000	Prepaid Rent		
395,000	Inventory - Carried Forward		
1,400,000	Equipment		
260,000	Deposit		
	Accounts Payable	516,000	
	Temporary Payment Received	120,000	
	VAT Payable	460,000	
	Corporate Tax Payable	130,000	
	Accrued Interest	7,500	
	Borrowings	1,200,000	
	Allowance for Doubtful Accounts	19,800	
	Accumulated Depreciation - Equipment	660,000	
	Share Capital	1,500,000	
	Retained Earnings - Carried Forward	834,000	
	Sales	9,300,000	
	Interest Received	2,000	
4,645,000	Cost of Sales		
1,625,000	Salary		
1,560,000	Rent Payment		
89,200	Communication Expense		
47,600	Travel Expense		
16,800	Bad Debts Expense		
180,000	Depreciation Expense		
28,500	Interest Payments		
500	Miscellaneous Loss or Gain		
290,000	Taxes and Dues		
14,749,300		14,749,300	

Q2 819,400