

Ethics Case

Chris Kerr is a department manager of a large local electronics store. He often "borrows" digital cameras, video gaming systems, etc. for the weekend, brings them back on Monday, and places them back on the shelves.

On Labour Day weekend there will be a large family gathering. Chris decides it would be a great idea to videotape the event. He borrows the most expensive video camera at the store. He has no intention of buying the product, but plans to return it on Monday. Unfortunately, while in his use, he drops the camera and it is seriously damaged. He returns it to the store and instructs the staff to send back the camera to the supplier as defective merchandise.

Questions

1. Do you think Chris acted ethically? Explain your reasoning.
2. Do you think Chris did anything illegal? Why or why not?
3. How can a business avoid or prevent such behaviour?

Accounting Standards—Accrual Method

The following data were collected for Reid Cleaners for the month of November.

- Payments received on previous accounts receivable, \$2400.
- Cash received for cleaning services performed this month, \$6000.
- Cleaning services performed for credit customers this month, \$3500.
- Payments made on previous accounts payable, \$3000.
- Expenses of this month paid in cash, \$4000.
- Expenses incurred this month that remain unpaid at month-end, \$3200.

Reid Cleaners follows the accrual system of accounting for revenue and expense.

Question

1. State the amount of revenue, expense, and net income for the month of November.

General Journal Errors

There are several errors in the general journal on the next page.

Questions

1. Prepare a list of the journalizing errors.
2. Prepare a corrected general journal.

CASE 1

CASE 2

CASE 3