

# 1 Balance Day Adjustments

## Question 1 Oz Business College

1

$$\frac{2}{6} \times \boxed{\$39,000} = \boxed{\$13,000}$$

2

### General Journal

Date	Details	Debit	Credit
2019 Jun 30	Rent Expense Prepaid Rent  <i>Rent expense for the year.</i>	13,000	13,000

3

### Prepaid Rent (asset)

2019 May 1	Bank	39,000	2019 Jun 30	Rent Expense	13,000
---------------	------	--------	----------------	--------------	--------

### Rent Expense

2019 Jun 30	Prepaid Rent	13,000			
----------------	--------------	--------	--	--	--

**Question 1 continued**  
**Oz Business College**

4

**Profit and Loss**

2019 Jun 30			2019 Jun 30		
	Wages	30,000		Fees	51,000
	Advertising	2,000			
	Rent	13,000			
	Capital (Profit)	6,000			
		51,000			51,000

5

If the balance day adjustment had not been carried out the profit would have been:

- b overstated (wrong and too high) by \$13,000

6

**Oz Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

<b>Current Assets</b>	
Prepaid Rent	26,000

7

If the balance day adjustment had not been carried out the prepaid rent in the balance sheet on 30 June 2019 would have been:

- a overstated (wrong and too high) by \$13,000

**Question 2**  
**Car Care**

1

$$\frac{4}{12} \times \$2,400 = \$800$$

2

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Insurance Expense Prepaid Insurance  <i>Insurance expense for the year.</i>	800	800

3

**Prepaid Insurance (asset)**

2019 Mar 1	Bank	2,400	2019 Jun 30	Insurance Expense	800
---------------	------	-------	----------------	-------------------	-----

**Insurance Expense**

2019 Jun 30	Prepaid Insurance	800			
----------------	-------------------	-----	--	--	--

4

**Profit and Loss**

2019 Jun 30	Wages	24,200	2019 Jun 30	Fees	29,000
	Telephone	1,000			
	Insurance	800			
	Capital (Profit)	3,000			
		29,000			29,000

**Question 2 continued**  
**Car Care**

5

If the balance day adjustment had not been carried out the profit would have been:

- b overstated (wrong and too high) by \$800

6

**Car Care**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

<b>Current Assets</b>	
Prepaid Insurance	1,600

7

If the balance day adjustment had not been carried out the prepaid insurance in the balance sheet on 30 June 2019 would have been:

- a overstated (wrong and too high) by \$800

8

*Profit and loss account entry:*

**Profit and Loss (extract)**

2022					
Jun 30	Rent	26,100			

*Balance sheet entry:*

**Nannup Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2022**

<b>Current Assets</b>	
Prepaid Rent	900

**Question 3**  
**Cooee Costume Hire**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Rent Expense Prepaid Rent  <i>Rent expense for the year.</i>	38,400	38,400

2

**General Ledger**

**Prepaid Rent**

2019	2019		
Jun 30	Jun 30	Rent Expense	
Balance	39,100	Balance c/d	38,400
	39,100		700
Jul 1 Balance b/d	700		39,100

**Rent Expense**

2019		
Jun 30	Prepaid Rent	38,400

3

**Profit and Loss**

2019		
Jun 30	Rent	38,400

**Question 3 continued**  
**Cooee Costume Hire**

4

**Cooee Costume Hire**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

---

**Current Assets**

Prepaid Rent	700
--------------	-----

5

a

$$\$1,980 \times 2/12 = \$330$$

6

b

$$\text{Monthly rental is } \$7,320 / 12 = \$610$$

$$3 \text{ months} \times \$610 = \$1,830$$

7

d all of the above

8

$$\text{b} = \$20,200$$

$$\begin{aligned} \text{prepaid rent } \$1,900 + \text{cash at bank } \$3,200 + \text{inventory } \$11,400 + \text{GST credits } \\ \$1,400 + \text{accounts receivable } \$3,700 = \$21,600 \end{aligned}$$

**Question 4**  
**Wrightway Business College**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Stationery Expense Stationery Supplies  <i>Stationery expense for the year.</i>	700	700

2

**General Ledger**

**Stationery Supplies**

2019 Jun 30	Balance	900	2019 Jun 30	Stationery Expense	700
				Balance c/d	200
		900			900
Jul 1	Balance b/d	200			

**Stationery Expense**

2019 Jun 30	Stationery Supplies	700	2019 Jun 30	Profit and Loss	700
----------------	---------------------	-----	----------------	-----------------	-----

3

**Profit and Loss**

2019 Jun 30	Wages	4,000	2019 Jun 30	Fees	8,000
	Advertising	1,300			
	Stationery	700			
	Capital (Profit)	2,000			
		8,000			8,000

**Question 4 continued**  
**Wrightway Business College**

4

If the supplies adjustment had not been carried out the profit for the year ended 30 June 2019 would been:

- b overstated (wrong and too high) by \$700

5

**Wrightway Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Stationery	200
------------	-----

6

If the stock of supplies adjustment had not been carried out the supplies (asset) in the balance sheet on 30 June 2019 would have been:

- b overstated by \$700

**Question 5**  
**WA Business College**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Stationery Expense Stationery Supplies  <i>Stationery expense for the year.</i>	3,500	3,500
	Rent Expense Prepaid Rent  <i>Rent expense for the year.</i>	8,100	8,100

**Question 5 continued**  
**WA Business College**

2

**Stationery Supplies**

2019		2019	
Jun 30	Balance	Jun 30	Stationery Expense
			3,500
		Balance c/d	200
	3,700		3,700
Jul 1	Balance b/d	200	

**Stationery Expense**

2019		2019	
Jun 30	Stationery Supplies	Jun 30	Profit and Loss
	3,500		3,500

**Prepaid Rent**

2019		2019	
Jun 30	Balance	Jun 30	Rent Expense
			8,100
		Balance c/d	300
	8,400		8,400
Jul 1	Balance b/d	300	

**Rent Expense**

2019		2019	
Jun 30	Prepaid Rent	Jun 30	Profit and Loss
	8,100		8,100

3

**WA Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Stationery	200
Prepaid Rent	300

**Question 5 continued**  
**WA Business College**

4

**Northam Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2026**

<b>Current Assets</b>	
Stationery	1,300
Prepaid Insurance	200

**Question 6**  
**Dynamic Coaching College**

**Profit and Loss (extract)**

2020	
Jun 30 Insurance	4,200
Rent	21,000
Stationery	5,300

*Balance sheet entries:*

**Dynamic Coaching College**  
**Balance Sheet (extract)**  
**as at 30 June 2020**

<b>Current Assets</b>	
Prepaid Insurance	800
Prepaid Rent	1,000
Stationery	700
<b>Total Current Assets</b>	<b>2,500</b>

**Question 7**  
**Geraldton Traders**

**Profit and Loss (extract)**

2021	
Jun 30 Advertising	2,400
Rent	26,000
Stationery	2,100

*Balance sheet entries:*

**Geraldton Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2021**

<b>Current Assets</b>	
Prepaid Advertising	1,500
Prepaid Rent	1,000
Stationery	900
<b>Total Current Assets</b>	<b>3,400</b>

**Question 8**  
**Movie Time DVD Hire**

1 and 6

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Telephone Accrued Expenses  <i>Accrued expense on balance date.</i>	300	300

2

**General Ledger**

**Telephone**

2019 Jun 30	Balance	1,000	2019 Jun 30	Profit and Loss	1,300
	Accrued Expenses	300			
		1,300			1,300

**Accrued Expenses**

2019 Jun 30	Telephone	300
----------------	-----------	-----

3

**Profit and Loss**

2019 Jun 30	Wages	34,000	2019 Jun 30	Fees	39,000
	Advertising	1,700			
	Telephone	1,300			
	Capital (Profit)	2,000			
		39,000			39,000

**Question 8 continued**  
**Movie Time DVD Hire**

4

If the accrued expenses adjustment had not been carried out the profit for the year ended 30 June 2019 would have been:

- b overstated (wrong and too high) by \$300

5

**Movie Time DVD Hire**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Liabilities**

Accrued Expenses	300
------------------	-----

6

If the accrued expenses adjustment had not been carried out the current liabilities in the balance sheet on 30 June 2019 would have been:

- b overstated (wrong and too high) by \$300

7

**General Journal**

Date	Details	Debit	Credit
2019 Aug 9	Accrued Expenses Telephone GST Credits Cash at Bank <i>Payment of telephone account.</i>	300 400 70 770	

**Question 8 continued**  
**Movie Time DVD Hire**

8

**General Ledger**

**Accrued Expenses**

2019			2019		
Aug 9	Bank	300	Jun 30	Telephone	300

**Telephone**

2019			2019		
Jun 30	Balance	1,000	Jun 30	Profit and Loss	1,300
	Accrued Expenses	300			
		1,300			1,300
Aug 9	Bank	400			

**GST Credits**

2019		
Aug 9	Bank	70

**Cash at Bank**

2019		
Aug 9	Accrued Expenses/Telephone/GST	770

**Question 9**  
**Away Furniture Removals**

1

**General Journal**

Date	Details	Debit	Credit
2026 Jun 30	Electricity Accrued Expenses <i>Accrued expense on balance date.</i>	200	200

2

**General Ledger**

**Electricity**

2026		2026	
Jun 30	Balance	Jun 30	Profit and Loss
	Accrued Expenses		
			2,700
		2,700	
			2,700

**Accrued Expenses**

2026	
Jun 30	Electricity

3

**Away Furniture Removals**  
**Balance Sheet (extract)**  
**as at 30 June 2026**

**Current Liabilities**

Accrued Expenses	200
------------------	-----

**Question 9 continued**  
**Away Furniture Removals**

4

**General Journal**

Date	Details	Debit	Credit
2026 Aug 11	Accrued Expenses Electricity GST Credits Cash at Bank  <i>Payment of electricity account.</i>	200 700 90  990	

5

**General Ledger**

**Accrued Expenses**

2026 Aug 11	Bank	200	2026 Jun 30	Electricity	200
----------------	------	-----	----------------	-------------	-----

**Electricity**

2026 Jun 30	Balance	2,500	2026 Jun 30	Profit and Loss	2,700
	Accrued Expenses	200			
		2,700			2,700
Aug 11	Bank	700			

**GST Credits**

2026 Aug 11	Bank	90
----------------	------	----

**Cash at Bank**

2026 Aug 11	Accrued Expenses/Telephone	990
----------------	-------------------------------	-----

**Question 10**  
**Harvey Traders**

**Profit and Loss (extract)**

2027				
Jun 30	Wages	83,400		

**Question 11**  
**Leaky Plumbers**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Wages Accrued Expenses <i>Accrued expense on balance date.</i>	300	300
	Rent Expense Prepaid Rent <i>Rent expense for the year.</i>	9,500	9,500
	Plumbing Supplies Expense Plumbing Supplies Asset <i>Plumbing supplies expense for the year.</i>	4,700	4,700

2

**Profit and Loss**

2019 Jun 30	Wages	29,400	2019 Jun 30	Fees	66,000
	Rent	9,500			
	Plumbing Supplies	4,700			
	Capital (Profit)	22,400			

**Question 11 continued**  
**Leaky Plumbers**

3

**Leaky Plumbers**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

GST Credits	2,000
Prepaid Rent	1,500
Plumbing Supplies	300
<i>Total Current Assets</i>	<b><u>3,800</u></b>

**Current Liabilities**

GST Payable	1,700
Accrued Expenses	300
<i>Total Current Liabilities</i>	<b><u>2,000</u></b>

**Question 12**  
**ABC Business College**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Unearned Income Fees  <i>Fees Income for the year.</i>	30,000	30,000

**Question 12 continued**  
**ABC Business College**

2

**General Ledger**

**Unearned Income**

2019		2019	
Jun 30	Fees	Jun 30	Balance
	Balance c/d	30,000	60,000
		30,000	
		60,000	
			60,000
		Jul 1 Balance b/d	30,000

**Fees Income**

2019		2019	
Jun 30	Profit and Loss	Jun 30	Unearned Income
		30,000	30,000

3

**Profit and Loss**

2019		2019	
Jun 30	Wages	Jun 30	Fees
	Electricity	1,000	30,000
	Capital (Profit)	2,000	
		30,000	30,000

4

If the unearned income adjustment had not been carried out the **profit** would have been:

- a understated (wrong and too low) by \$30,000

**Question 12 continued**  
**ABC Business College**

5

**ABC Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

---

**Current Liabilities**

Unearned Income	30,000
-----------------	--------

6

If the unearned income adjustment had not been carried out the **current liabilities** in the balance sheet on 30 June 2019 would have been:

- b overstated (wrong and too high) by \$30,000

**Question 13**  
**Dance World**

1

**General Journal**

Date	Details	Debit	Credit
2021 Jun 30	Unearned Income Fees  <i>Fees income for the year.</i>	27,000	27,000

2

**General Ledger**

**Unearned Income**

2021	2021
Jun 30	Jun 30
Fees	Balance
27,000	29,000
Balance c/d	
2,000	
	29,000
	Jul 1 Balance b/d
	2,000

**Fees Income**

2019	2021
Jun 30	Jun 30
Profit and Loss	Unearned Income
27,000	27,000

3

**Profit and Loss**

2021	2021
Jun 30	Jun 30
Wages	Fees
21,000	27,000
Advertising	
5,000	
Capital (Profit)	
1,000	
	27,000
	27,000

**Question 13 continued**  
**Dance World**

4

**Dance World**  
**Balance Sheet (extract)**  
**as at 30 June 2021**

---

**Current Liabilities**

Unearned Income	2,000
-----------------	-------

5

a

Total Assets:

\$5,000 debtors + \$1,000 prepaid rent + \$9,000 motor vehicle + \$3,000 GST credits + \$8,000 inventory = \$26,000

Total Liabilities:

\$2,000 bank overdraft + \$7,000 unearned income + \$4,000 accrued expenses + \$6,000 loan from bank = \$19,000

Net Assets:

\$26,000 – \$19,000 = \$7,000

**Question 14**  
**WA Goldfield Tours**

1

**Accrual Accounting**

Accrual accounting is a method of profit calculation in which:

- income is included in an income statement in the accounting period in which a service is provided or a sale of inventory is made
- an expense is included in an income statement in the accounting period in which the expense is generated.

The fees included in the calculation of the profit or loss for June 2021 were the 94 customers who paid for and received the June goldfields tour.

The insurance included in the calculation of the profit or loss for June 2021 was the insurance that had expired in June 2021.

2

**General Journal**

Date	Details	Debit	Credit
2021 Jun 1	Prepaid Insurance GST Credits Cash at Bank  <i>Payment of insurance.</i>	840 84  7,931	924  721 7,210
5	Cash at Bank GST Payable Unearned Income  <i>Fees received.</i>		

**Question 14 continued**  
**WA Goldfield Tours**

2

**General Journal**

Date	Details	Debit	Credit
9	Stationery Supplies GST Credits Accounts Payable  <i>Purchase of stationery on credit.</i>	500 50 550	
30	Wages Accrued Expenses  <i>Accrued wages on 30 June 2021.</i>	720	720
	Insurance Expense Prepaid Insurance  <i>Insurance expense for the year.</i>	70	70
	Stationery Expense Stationery Supplies  <i>Stationery expense for the year.</i>	331	331
	Unearned Income Fees  <i>Fees income for the year.</i>	6,580	6,580
Jul 7	Wages Accrued Wages Cash at Bank  <i>Payment of wages.</i>	260 720 980	

**Question 14 continued**  
**WA Goldfield Tours**

3

**WA Goldfield Tours**  
**Balance Sheet (extract)**  
**as at 30 June 2021**

**Current Assets**

Cash at Bank	1,428
GST Credits (\$84 + \$50)	134
Prepaid Insurance	770
Stationery Supplies	169
<i>Total Current Assets</i>	<b>2,501</b>

**Current Liabilities**

GST Payable	721
Accrued Expenses	720
Unearned Income	630
<i>Total Current Liabilities</i>	<b>2,071</b>

4

c \$700

**Question 15**  
**Geraldton Traders**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Accrued Income Interest Income  <i>Accrued income on balance date.</i>	4,000	4,000

2

**General Ledger**

**Accrued Income**

2019 Jun 30	Interest	4,000
----------------	----------	-------

**Interest Income**

2019 Jun 30	Profit and Loss	10,000	2019 Apr 30	Bank	6,000
				Accrued Income	4,000
		10,000			10,000

3

**Profit and Loss (extract)**

2019 Jun 30	Interest	10,000
----------------	----------	--------

4

**Geraldton Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Accrued Income	4,000
----------------	-------

**Question 15 continued**  
**Geraldton Traders**

5

**General Journal**

Date	Details	Debit	Credit
2019 Jul 31	Cash at Bank Accrued Income  <i>Accrued income received</i>	4,000	4,000

6

**General Ledger**

**Cash at Bank**

2019 Jul 31	Interest	4,000
----------------	----------	-------

**Accrued Income**

2019 Jun 30	Interest	4,000	2019 Jul 31	Bank	4,000
----------------	----------	-------	----------------	------	-------

**Question 16**  
**A1 Traders**

1

**General Journal**

Date	Details	Debit	Credit
2022 Jun 30	Accrued Income Interest Income  <i>Accrued income on balance date.</i>	2,000	2,000

2

**General Ledger**

**Accrued Income**

2022 Jun 30	Interest	2,000
----------------	----------	-------

**Interest Income**

2022 Jun 30	Profit and Loss	9,000	2022 Apr 30	Bank	7,000
				Accrued Income	2,000
		9,000			9,000

3

**Profit and Loss (extract)**

2022 Jun 30	Interest	9,000
----------------	----------	-------

4

**A1 Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2022**

**Current Assets**

Accrued Income	2,000
----------------	-------

**Question 16 continued**  
**A1 Traders**

4

**General Journal**

Date	Details	Debit	Credit
2022 Aug 6	Cash at Bank Accrued Income  <i>Accrued income received</i>	2,000	2,000

5

**General Ledger**

**Cash at Bank**

2022 Aug 6	Interest	2,000
---------------	----------	-------

**Accrued Income**

2022 Jun 30	Interest	2,000	2022 Aug 6	Bank	2,000
----------------	----------	-------	---------------	------	-------

**Question 17**  
**Try Hard Traders**

**Part A**

**Try Hard Traders**  
**Income Statement**  
**for the year ended 30 June 2029**

Sales	191,340
<i>Less Cost of Sales</i>	82,400
<b>Gross Profit</b>	<b>108,940</b>
<b>Add Other Income</b>	
Interest Income	659
	-----
	<b>109,599</b>
<i>Less Other Expenses</i>	
<b>Selling and Distribution Expenses</b>	
Cartage Outwards	3,530
Sales Wages	18,301
Advertising	9,200
	-----
	<b>31,031</b>
<b>General and Administration Expenses</b>	
Insurance	7,200
Rent	21,500
Office Wages	33,741
	-----
	<b>62,441</b>
<b>Financial Expenses</b>	
Bad Debts	3,710
Interest on Loan	1,500
	-----
	<b>5,210</b>
<b>Profit</b>	<b>98,682</b>
	-----
	<b>\$10,917</b>

**Part B**

d

**Question 18**  
**Outback Adventure Tours**

**Profit and Loss**

2024 Jun 30			2024 Jun 30		
	Wages	17,800		Fees	46,000
	Advertising	6,400		Interest	1,900
	Stationery	1,700			
	Rent	10,600			
	Capital (Profit)	11,400			
		47,900			47,900

**Question 19**  
**WA Couriers**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Doubtful Debts Allowance for Doubtful Debts <i>Creation of allowance for doubtful debts.</i>	6,000	6,000

2

**General Ledger**

**Doubtful Debts**

2019 Jun 30	Allowance for Doubtful Debts	6,000
----------------	---------------------------------	-------

**Allowance for Doubtful Debts**

2019 Jun 30	Doubtful Debts	6,000
----------------	----------------	-------

3

**General Ledger**

**Doubtful Debts**

2019 Jun 30	Allowance for Doubtful Debts	6,000
----------------	---------------------------------	-------

2019 Jun 30	Profit and Loss	6,000
----------------	-----------------	-------

**Profit and Loss (extract)**

2019 Jun 30	Doubtful Debts	6,000
----------------	----------------	-------

**Question 19 continued**  
**WA Couriers**

4

**WA Couriers**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Accounts Receivable	70,000		
Less Allowance for Doubtful Debts	(6,000)	64,000	
Total Current Assets		64,000	

5

A doubtful debt is unlikely to be received a bad debt will not be received.

**Question 20**  
**Dirt Busters Cleaning Service**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Doubtful Debts Allowance for Doubtful Debts  <i>Creation of allowance for doubtful debts.</i>	8,000	8,000

**Question 20 continued**  
**Dirt Busters Cleaning Service**

2

**General Ledger**

**Doubtful Debts**

2019		2019	
Jun 30	Allowance for Doubtful Debts	Jun 30	Profit and Loss
	8,000		8,000

**Allowance for Doubtful Debts**

2019		2019	
Jun 30	Doubtful Debts	Jun 30	

**Profit and Loss (extract)**

2019	
Jun 30	Doubtful Debts
	8,000

4

**Dirt Busters Cleaning Service**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Accounts Receivable	91,000
Less Allowance for Doubtful Debts	(8,000)

**Question 21**  
**Industry Traders**

1

**General Ledger**

**Bad Debts**

2019		2019	
Jun 30	Balance	Jun 30	Allowance for Doubtful Debts
	700		700

**Allowance for Doubtful Debts**

2019		2018	
Jun 30	Bad Debts	Jul 1	Balance
	700		1,000
	Balance c/d		
	3,000		
	3,700		
		2019	
		Jun 30	Doubtful Debts
			2,700
			3,700
		Jul 1	Balance b/d
			3,000

**Doubtful Debts**

2019		2019	
Jun 30	Allowance for Doubtful Debts	Jun 30	Profit and Loss
	2,700		2,700

**Profit and Loss**

2019	
Jun 30	Doubtful Debts

**Question 21 continued**  
**Industry Traders**

2

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Allowance for Doubtful Debts Bad Debts  <i>Transfer of bad debts to allowance for doubtful debts.</i>	700	700
	Doubtful Debts Allowance for Doubtful Debts  <i>Allowance for doubtful debts set at \$3,000.</i>	2,700	2,700

**Question 22**  
**Esperance Traders**

1

**General Ledger**

**Bad Debts**

2019 Jun 30	Balance	5,000	2019 Jun 30	Allowance for Doubtful Debts	5,000

**Allowance for Doubtful Debts**

2019 Jun 30	Bad Debts	5,000	2018 Jul 1	Balance	2,000
	Balance c/d	3,000	2019 Jun 30	Doubtful Debts	6,000
		8,000			8,000
			Jul 1	Balance b/d	3,000

**Question 22 continued**  
**Esperance Traders**

**Doubtful Debts**

2019		2019
Jun 30	Allowance for Doubtful Debts	Jun 30 Profit and Loss
		6,000

2

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Allowance for Doubtful Debts Bad Debts  <i>Transfer of bad debts to allowance for doubtful debts.</i>	5,000	5,000
	Doubtful Debts Allowance for Doubtful Debts  <i>Allowance for doubtful debts set at \$3,000.</i>	6,000	6,000

**Question 23**  
**Mount Barker Suppliers**

**Bad Debts**

2019		2019	
Jun 30	Balance	Jun 30	Allowance for Doubtful Debts
	3,000		3,000

**Allowance for Doubtful Debts**

2019		2019	
Jun 30	Bad Debts	Jun 30	Balance
	3,000		5,000
	Balance c/d		Doubtful Debts
	4,000		2,000
	7,000		7,000
		Jul 1	Balance b/d
			4,000

**Doubtful Debts**

2019		2019	
Jun 30	Allowance for Doubtful Debts	Jun 30	Balance
	2,000		

**Question 24**  
**Katanning Suppliers**

**Bad Debts**

2019		2019	
Jun 30	Balance	Jun 30	Allowance for Doubtful Debts
	6,710		6,710

**Allowance for Debts**

2019		2019	
Jun 30	Bad Debts	Jun 30	Balance
	6,710		4,000
	Balance c/d		Doubtful Debts
	3,100		5,810
	9,810		9,810
		Jul 1	Balance b/d
			3,100

**Doubtful Debts**

2019		2019	
Jun 30	Allowance for Doubtful Debts	Jun 30	Balance
	5,810		

**Question 25**

1

**Calculation of insurance expense**

Expense				Asset							
M	A	M	J	J	A	S	O	N	D	J	F
1 March 2019									28 February 2020		
Paid			Balance Date								Expires

From the diagram it can be seen that 4 months of the insurance policy has been used by balance day, therefore, 4 months are recorded as the insurance expense.

The amount of insurance expense is  $4/12 \times \$600 = \$200$

2

**Calculation of insurance expense**

Expense			Asset								
A	M	J	J	A	S	O	N	D	J	F	M
1 April 2019										31 March 2020	
Paid	Balance Date										

From the diagram it can be seen that 3 months of the insurance policy has been used by balance day, therefore, 3 months are recorded as the insurance expense.

The amount of insurance expense is  $3/12 \times \$800 = \$200$

**Question 25 continued**

3

**Calculation of insurance expense**

Expense					Asset							
F	M	A	M	J	J	A	S	O	N	D	J	
1 February 2019									31 January 2020			
Paid	Balance Date								Expires			

From the diagram it can be seen that 5 months of the insurance policy has been used by balance day, therefore, 5 months are recorded as the insurance expense.

The amount of insurance expense is  $5/12 \times \$600 = \$250$

4

**Calculation of advertising expense**

April	May	June	July
Expense			Asset

From the diagram it can be seen that 3 months of the advertising contract which was taken for a period of 4 months has been used by balance day, therefore, 3 months are recorded as the advertising expense.

The amount of advertising expense is  $3/4 \times \$600 = \$450$

5

**Calculation of stationery expense**

Stationery on hand 1 July 2018	200
Add stationery purchased	5,000
	5,200
Less stationery on hand at 30 June 2019	100
Stationery expense for the year	\$5,100

**Question 25 continued**

6

**Calculation of stationery expense**

Stationery on hand 1 July 2005	100
Add stationery purchased	4,200
	4,300
Less stationery on hand at 30 June 2006	300
Stationery expense for the year	\$3,900

7

**Calculation of accrued wages**

Tuesday	Wednesday	Thursday	Friday
<b>Pay Day</b>	\$280	\$280	\$280 <b>Balance Day</b>

From the diagram it can be seen that 3 days wages will be owing but unpaid at balance day.

The total wages paid each week is \$1,400 (\$280 per day), therefore, the accrued expense is  $\$1,400 \times 3/5 = \$840$

8

**Calculation of accrued wages**

Thursday	Friday	Monday
<b>Pay Day</b>	\$320	\$320 <b>Balance Day</b>

From the diagram it can be seen that 2 days wages will be owing but unpaid at balance day.

The total wages paid each week is \$1,600 (\$320 per day), therefore, the accrued expense is  $\$1,600 \times 2/5 = \$640$

**Question 26**  
**Gotcha Pest Controllers**

**Workings**

**Calculation of accrued wages**

Thursday	Friday	Monday
	\$400	\$400
<b>Pay Day</b>		<b>Balance Day</b>

From the diagram it can be seen that 2 days wages will be owing but unpaid at balance day.

The accrued expense is  $\$400 \times 2/5 = \$800$

**Calculation of advertising expense**

May	June	July	August	September	October
2 months		4 months			
<b>Expense</b>		<b>Asset</b>			

From the diagram it can be seen that 2 months of the advertising has been used by balance day. Therefore, 2 months is recorded as the advertising expense.

The amount of advertising expense is  $2/6 \times \$6,000 = \$2,000$

**Question 26 continued**  
**Gotcha Pest Controllers**

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Wages Accrued Expenses  <i>Accrued wages on balance date.</i>	800	800
	Advertising Expense Prepaid Advertising  <i>Advertising expense for the year.</i>	2,000	2,000

**Question 27**  
**U Learn Driving School**

1

**Workings****Calculation of accrued wages**

Thursday	Friday	Monday	Tuesday	Wednesday
<b>Pay Day</b>				<b>Balance Date</b>

From the diagram it can be seen that 4 days wages will be owing but unpaid at balance day.

The total wages paid each week is \$800, therefore, the accrued expense is  
 $\$3,100 \times 4/5 = \$2,480$

**General Journal**

Date	Details	Debit	Credit
2027 Jun 30	Wages Accrued Expenses  <i>Accrued wages on balance date.</i>	2,480	2,480

**Question 27 continued**  
**U Learn Driving School**

2

**General Journal**

Date	Details	Debit	Credit
2027 Jun 30	Unearned Income Fees  <i>Fees income for the year.</i>	68,500	68,500

3

**Calculation of accrued income**

4 Months			1 Month
28 February			
<b>Amount Paid</b>			<b>Balance Date</b>

From the diagram it can be seen that 4 months interest has been earned but not yet received.

The term deposit is \$84,000 at 10%, therefore, the yearly interest is \$8,400. Monthly interest is \$700.

The amount of accrued income is  $4 \times \$700 = \$2,800$

**General Journal**

Date	Details	Debit	Credit
2027 Jun 30	Accrued Income Interest Income  <i>Accrued income on balance date.</i>	2,800	2,800

**Question 28**  
**Tardun Traders**

**Entry A**

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Wages Accrued Expenses <i>Accrued wages on balance date.</i>	350	350

**Question 29**  
**Yalgoo Traders**

**Adjusting ledger entry**

**Wages Expense**

2019 Jun 30	Balance	72,000	2019 Jun 30	Profit and Loss	72,341
	Accrued Expenses	341			

**Accrued Expenses**

			2019 Jun 30	Wages	341

**Profit and loss ledger account entry**

**Profit and Loss**

2019 Jun 30	Wages	72,341			

**Balance sheet entry**

**Bunbury Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

Current Liabilities	
Accrued Wages	341

**Question 30**  
**Able Coaching Services**

**Adjusting general journal entry**

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Telephone	210	
	Accrued Expenses		210
	<i>Accrued telephone expense on balance date.</i>		

**Adjusting ledger entry**

**Telephone Expense**

2019 Jun 30	Balance	1,400	2019 Jun 30	Profit and Loss	1,610
	Accrued Expenses	210			

**Accrued Expenses**

			2019 Jun 30	Telephone	210

**Profit and loss ledger account entry**

**Profit and Loss**

2019 Jun 30	Telephone	1,610			

**Balance sheet entry**

**Able Coaching Service  
Balance Sheet (extract)  
as at 30 June 2019**

<b>Current Liabilities</b>	
Accrued Expenses	210

**Question 31**  
**Radio Station Here4U**

The accrued wages in the balance sheet on 30 June 2022 is:

- a \$200

**Question 32**  
**Oz Mortgage Brokers**

The electricity expense in the profit and loss ledger account is:

- b \$24,530

**Question 33**  
**Albany Traders**

The wages expense in the profit and loss ledger account is:

- c \$31,500

**Question 34**  
**Moora Traders**

**Entry A**

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Rent  Prepaid Rent  <i>Rent expense for the year.</i>	30,100	30,100

**Question 35**  
**Broome Traders**

**Adjusting ledger entry**

**Prepaid Rent**

2021 Jun 30	Balance	26,000	2021 Jun 30	Rent Expense	25,000

**Rent Expense**

2021 Jun 30	Prepaid Rent	25,000	2021 Jun 30	Profit and Loss	25,000

**Profit and loss ledger account entry**

**Profit and Loss**

2021 Jun 30	Rent	25,000			

**Balance sheet entry**

**Broome Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2021**

<b>Current Assets</b>	
Prepaid Rent	1,000

**Question 36**  
**Furniture Land**

**Furniture Land**  
**Balance Sheet (extract)**  
**as at 30 June 2024**

<b>Current Asset</b>	
Prepaid Insurance	300

**Question 37**  
**Coolimba Traders**

**Profit and loss ledger account entry**

**Profit and Loss**

<b>Profit and Loss</b>					
2021					
Jun 30	Rent	6,700			
	Insurance	1,600			

**Question 38**  
**Narrogin Traders**

**Adjusting ledger entry**

**Prepaid Advertising**

<b>Prepaid Advertising</b>					
2025					
Jun 30	Balance	5,300	2025		
			Jun 30	Advertising Expense	5,100

**Advertising Expense**

<b>Advertising Expense</b>					
2025					
Jun 30	Prepaid Advertising	5,100	2025		
			Jun 30	Profit and Loss	5,100

**Profit and loss ledger account entry**

**Profit and Loss**

<b>Profit and Loss</b>					
2025					
Jun 30	Advertising	5,100			

**Balance sheet entry**

**Narrogin Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2025**

<b>Current Assets</b>	
Prepaid Advertising	200

**Question 39**  
**City Dance School**

**Entry B**

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Unearned Income Fees <i>Fees income for the year.</i>	59,000	59,000

**Question 40**  
**Tours of the South West**

**Adjusting ledger entry**

**Unearned Income**

2021 Jun 30	Fees	66,200	2021 Jun 30	Balance	67,000

**Fees Income**

2021 Jun 30	Profit and Loss	66,200	2021 Jun 30	Unearned Income	66,200

**Profit and loss ledger account entry**

**Profit and Loss**

			2021 Jun 30	Fees	66,200

**Balance sheet entry**

**Tours of the South West**  
**Balance Sheet (extract)**  
**as at 30 June 2021**

Current Liabilities	
Unearned Income	800

**Question 41**  
**Learner Business School**

**Learner Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2027**

Current Liabilities	
Unearned Income	2,000

**Question 42**  
**Fast Forward Coaching College**

**Profit and loss ledger account entries**

**Profit and Loss**

2019 Jun 30	Rent	20,200	2019 Jun 30	Fees	69,600

**Question 43**  
**Advanced Cooking School**

**Adjusting ledger entry**

**Unearned Income**

2022 Jun 30	Fees	71,000	2022 Jun 30	Balance	79,000

**Fees Income**

2022 Jun 30	Profit and Loss	71,000	2022 Jun 30	Unearned income	71,000

**Profit and loss ledger account entry**

**Profit and Loss**

			2022 Jun 30	Fees	71,000

**Question 43 continued****Balance sheet entry**

**Advanced Cooking School**  
**Balance Sheet (extract)**  
**as at 30 June 2022**

<b>Current Liabilities</b>	
Unearned Income	8,000

**Question 44**  
**Donnybrook Traders**

**Entry A****General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Accrued Income  Interest Income  <i>Accrued income on balance date.</i>	1,300	1,300

**Question 45**  
**Northam Traders**

**Adjusting ledger entry****Interest Income**

2024 Jun 30	Profit and Loss	5,900	2024 Jun 30	Balance	5,100
				Accrued Income	800

**Accrued Income**

2024 Jun 30	Interest	800			

**Question 45 continued****Profit and loss ledger account entry****Profit and Loss**

			2024 Jun 30	Interest	5,900
--	--	--	----------------	----------	-------

**Balance sheet entry**

**Northam Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2024**

<b>Current Assets</b>	
Accrued Income	800

**Question 46**  
**Bencubbin Traders**

**Adjusting ledger entry****Interest Income**

2022 Jun 30	Profit and Loss	9,500	2022 Jun 30		8,200
				Accrued Income	1,300

**Accrued Income**

2022 Jun 30	Interest	1,300			
----------------	----------	-------	--	--	--

**Profit and loss ledger account entry****Profit and Loss**

			2022 Jun 30	Interest	9,500
--	--	--	----------------	----------	-------

**Balance sheet entry**

**Bencubbin Traders**  
**Balance Sheet (extract)**  
**as at 30 June 2022**

<b>Current Assets</b>	
Accrued Income	1,300

**Question 47**  
**WA Business College**

**WA Business College**  
**Income Statement (extract)**  
**for the year ended 30 June 2019**

Fees	73,000
<i>Less Expenses</i>	

**WA Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Accounts Receivable	6,100
Allowance for Doubtful Debts	(100)

**Question 48**  
**West Coast Traders**

**Allowance for Doubtful Debts**

2021		2020	
Jun 30	Bad Debts	5,000	Jul 1 Balance
	Balance c/d	3,000	2021
		8,000	Jun 30 Doubtful Debts
			6,000
			8,000

b \$6,000

**Question 49**  
**A2B Couriers**

**A2B Couriers**  
**Income Statement (extract)**  
**for the year ended 30 June 2021**

Fees	86,000
<i>Less Expenses</i>	

**A2B Couriers**  
**Balance Sheet (extract)**  
**as at 30 June 2021**

**Current Assets**

Accounts Receivable	37,300
Allowance for Doubtful Debts	(1,300)

**Question 50**  
**Mandurah Traders**

Allowance for Doubtful Debts					
2025			2024		
Jun 30	Bad Debts	3,000	Jul 1	Balance	1,600
	Balance c/d	2,000	2025		
			Jun 30	Doubtful Debts	3,400
		5,000			5,000

The doubtful debts expense in the income statement for the year ended 30 June 2025 was:

- a \$3,400

**Question 51**  
**Delivery Couriers**

1

Profit and Loss					
2025			2025		
Jun 30	Wages	8,400	Jun 30	Fees	12,600
	Interest on Loan	1,000			
	Petrol and Oil	300			
	Insurance	110			
	Capital (Profit)	2,790			
		12,600			12,600

2

The final cash at bank balance includes the repayment of a loan, a reduction in a liability and not an expense, drawings of the owner which is not an expense and GST credits, an asset.

**Question 52**  
**Excel Business College**

1

**Workings**

**Allowance for Doubtful Debts**

2019		2018	
Jun 30	Bad Debts	4,000	Jul 1 Balance
	Balance c/d	2,000	3,000
		<hr/>	
		6,000	Jun 30 Doubtful Debts
		<hr/>	3,000
			<hr/>
			6,000
			<hr/>
			Jul 1 Balance b/d
			2,000

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Rent Expense Prepaid Rent  <i>Rent expense for the year.</i>	39,000	39,000
	Unearned Income Fees  <i>Fees income for the year.</i>	78,000	78,000
	Wages Accrued Expenses  <i>Accrued expense on balance day.</i>	3,000	3,000
	Stationery Expense Stationery Asset  <i>Stationery expense for the year.</i>	3,000	3,000

**Question 52 continued**  
**Excel Business College**

1

**General Journal**

Date	Details	Debit	Credit
2019 Jun 30	Insurance Expense Prepaid Insurance  <i>Insurance expense for the year.</i>	2,000	2,000
	Bad Debts Accounts Receivable  <i>Amount owing from as debtor written off as a bad debt.</i>	4,000	4,000
	Doubtful Debts Allowance for Doubtful Debts  <i>Allowance for doubtful debts set at \$2,000.</i>	3,000	3,000
	Accrued Income Interest Income  <i>Accrued Interest on balance date.</i>	310	310

**Question 52 continued**  
**Excel Business College**

2

**General Ledger**

**Profit and Loss**

2019 Jun 30	Rent	39,000	2019 Jun 30	Fees	78,000
	Wages	70,000		Interest	1,310
	Insurance	2,000		Capital (Loss)	37,690
	Stationery	3,000			
	Doubtful Debts	3,000			
		117,000			117,000

3

**Excel Business College**  
**Balance Sheet (extract)**  
**as at 30 June 2019**

**Current Assets**

Accrued Income	310
Prepaid Rent	1,000
Prepaid Insurance	1,000
Stationery Asset	2,000
Accounts Receivable	16,000
Less Allowance for Doubtful Debts	(2,000)
	<u>14,000</u>
	<u>\$18,310</u>

**Current Liabilities**

Accrued Expenses	3,000
Unearned Income	2,000
	<u>\$3,000</u>

**Question 53****Calculation of Sales**

$$\$55 \times [(30 \text{ handbags} + 150 \text{ handbags}) - 22] = \$8,690$$

**Cost of Sales**

$$\$29 \times [(30 \text{ handbags} + 150 \text{ handbags}) - 22] = \$4,582$$

**Insurance Expense**

$$\$540 \times 3/12 = \$135$$

**Profit and Loss**

2025 Dec 31	Cost of Sales	4,582	2025 Dec 31	Sales	8,690
	Rent	600			
	Wages	107			
	Interest	229			
	Stationery	317			
	Insurance	135			
	Capital (Profit)	2,720			
		8,690			8,690