

## Question 5

**Redmond Business College**  
**Trial Balance (extract)**  
as at 30 June 2019

Ledger Account Title	Debit	Credit
Stationery Supplies	3,700	
Prepaid Rent	8,400	

## **Additional Information**

- a Stationery expense for the year was \$3,500.
  - b Rent expense for the year was \$8,100.

The business calculates its profit or loss each year ending 30 June.

## **Required**

- 1 Prepare the general journal entries to record the stationery and rent expenses for the year ending 30 June 2019.

## **General Journal**

- 2 Carry out the balance day adjustments in the general ledger.

## **Stationery Supplies**

2019 Jun 30	Balance	3,700			

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**Question 5 continued****Prepaid Rent**

2019 Jun 30	Balance	8,400			


- 3 Prepare the current assets section of the balance sheet on 30 June 2019.

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

Current Assets	

- 4 Requirement 4 is a separate question. Complete the current assets section of the balance sheet of Northam Traders.

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

Ledger Account Title	Debit	Credit
Stationery Supplies	8,200	
Prepaid Insurance	4,500	

**Additional Information**

- a Stationery expense for the year ended 30 June 2026 was \$6,900.
- b Insurance expense for the year was \$4,300.

**Balance sheet entry**

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

Current Assets	
Stationery Supplies	
Prepaid Insurance	


**Question 6: calculation of the amount of the expense**
**Question 6**

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

Ledger Account Title	Debit	Credit
Prepaid Insurance	5,000	
Prepaid Rent	22,000	
Stationery Supplies	6,000	

**Additional Information**

- a Insurance expense for the year was \$4,200.
- b Prepaid rent on 30 June 2020 was \$1,000.
- c Unused stationery on 30 June 2020 was valued at \$700.

**Profit and loss account entries**

**Profit and Loss (extract)**

2020 Jun 30	Insurance				
	Rent				
	Stationery				

**Balance sheet entries**

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

Current Assets	
Prepaid Insurance	
Prepaid Rent	
Stationery	
Total Current Assets	

**Required**

Carry out the above balance day adjustment for Dynamic Coaching College.

**Question 7**

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

Ledger Account Title	Debit	Credit
Prepaid Advertising	3,900	
Prepaid Rent	27,000	
Stationery Supplies	3,000	

**Additional Information**

- a Prepaid advertising on 30 June 2021 was \$1,500.
- b Rent expense for the year was \$26,000.
- c Stationery on hand on 30 June 2021 was valued at \$900.

**Profit and loss account entries**

**Profit and Loss (extract)**

2022 Jun 30	Advertising				
	Rent				
	Stationery				

**Balance sheet entries**

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

Current Assets	
Total Current Assets	

**Required**

Carry out the above balance day adjustment for Geraldton Traders.



### Questions 8 to 10: accrued expenses adjustment

#### Question 8

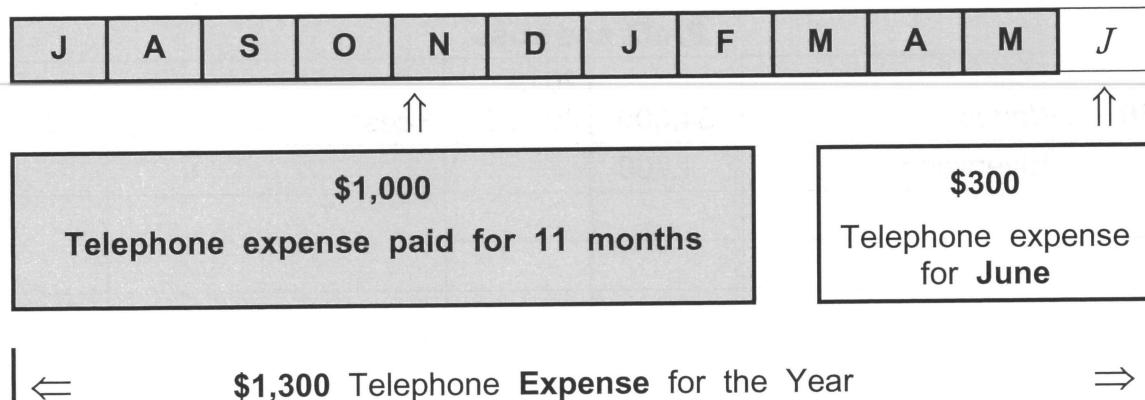
Movie Time DVD Hire, for July 2018 to May 2019, paid \$1,000 in telephone bills.

These telephone payments were recorded in the general ledger:

#### Telephone Expense

2018 Jul 1 to 2019 May 31	Bank	1,000
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The telephone bill for **June** 2019, of \$300 (excluding GST), was not received until 6 July 2019.



Balance date is 30 June of each year.

#### Required

- 1 Prepare the general journal entry to record the accrued telephone expense on 30 June 2019.

#### General Journal

Date	Details	Debit	Credit

**Question 8 continued****Required**

- 2 Carry out the balance day adjustment in the general ledger.

**Telephone Expense**

2019 Jun 30	Balance	1,000			

**Accrued Expenses (liability)**


- 3 Complete the profit and loss ledger account.

**Profit and Loss**

2019 Jun 30	Wages	34,000	2019 Jun 30	Fees	39,000
	Advertising	1,700			

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

a understated by \$300      b overstated by \$300

- 5 Prepare the current liabilities section of the balance sheet as at 30 June 2019.

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

<b>Current Liabilities</b>	

**Question 8 continued****Required**

- 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:
- understated by \$300
  - overstated by \$300.
- 7 On 9 August 2019 Movie Time DVD Hire paid \$700 + \$70 GST = \$770 in telephone bills including the \$300 of accrued expense.

Prepare the general journal entry to record this payment.

**General Journal**

Date	Details	Debit	Credit

- 8 Post the general journal entry into the general ledger accounts.

**Telephone Expense**

2019 Jun 30	Balance	1,000			

**Accrued Expenses**

			2019 Jun 30	Telephone	300

**GST Credits**


**Cash at Bank**


**Question 9**

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

Ledger Account Title	Debit	Credit
Electricity	2,500	

The electricity bill for June 2026, of \$200 (excluding GST), was not received until 7 July 2026.

The business calculates its profit or loss each year ending 30 June.

On 11 August 2026 the business paid  $\$900 + \$90 \text{ GST} = \$990$  in electricity bills including the \$200 of accrued expense.

**Required**

- 1 Prepare the general journal entry to record the accrued electricity expense.

**General Journal**

Date	Details	Debit	Credit

- 2 Carry out the balance day adjustment in the general ledger.

**Electricity Expense**

2026 Jun 30	Balance	2,500			

**Accrued Expenses**


### **Question 9 continued**

## Required

- 3 Record the electricity expense in the profit and loss ledger account for the year ended 30 June 2026.

## Profit and Loss (extract)

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- 4 If the accrued expenses adjustment had not been carried out the **profit** for the year ended 30 June 2026 would have been:

a understated by \$200      b overstated by \$200

5 Prepare the current liabilities section of the balance sheet on 30 June 2026.

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

Current Liabilities	

- 6 Prepare the general journal entry to record the payment of the accrued electricity expense on 11 August 2026.

## **General Journal**

**Question 9 continued****Required**

- 7 Post the general journal entry of 11 August 2026 into the general ledger.

**Electricity Expense**


**Accrued Expenses**

			2019 Jun 30	Electricity	200

**GST Credits**


**Cash at Bank**


**Question 10**

Carry out the wages balance day adjustment for Harvey Traders.

**Harvey Traders**  
**Trial Balance (extract)**  
**as at 30 June 2027**

Ledger Account Title	Debit	Credit
Wages	81,300	

**Additional Information**

Accrued wages on 30 June 2027 was \$2,100.

**Profit and loss account entry****Profit and Loss (extract)**

2027 Jun 30	Wages				

**Question 11**

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

Ledger Account Title	Debit	Credit
Wages	29,100	
Prepaid Rent	11,000	
Plumbing Supplies	5,000	
Fees		66,000
GST Credits	2,000	
Loan from Bank (repayable in 2021)		4,000
GST Payable		1,700

**Additional Information**

- a Wages owing on 30 June 2019 was \$300.
- b The prepaid rent on 30 June 2019 was \$1,500.
- c A total of \$4,700 of plumbing supplies was consumed during the year.

**Required**

- 1 Prepare the general journal entries to record the balance day adjustments.
- 2 Complete the profit and loss ledger account below.

**Profit and Loss**

2019 Jun 30	Wages		2019 Jun 30	Fees	66,000
	Rent				
	Plumbing Supplies				

- 3 Prepare the current assets and current liabilities sections of the balance sheet as at 30 June 2019.

**Solution Check**

Profit = \$22,400



#### **Questions 12 to 14: unearned income adjustment**

## Question 12

On 1 February 2019 the ABC Business College received \$60,000 in fees in advance from students for a 10 month course.

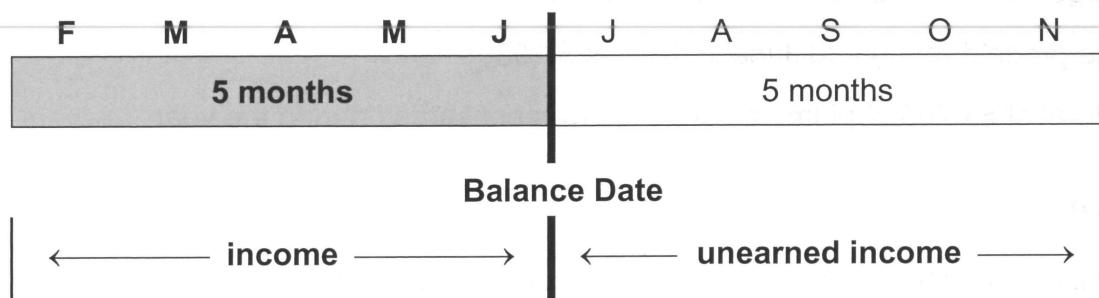
The fees were credited to an unearned income account, a liability account.

### **Unearned Income (liability)**

2019  
Feb 1 Bank 60,000

The ABC Business College calculates its profit or loss each year ended 30 June.

On 30 June 2019 a total of 1/2 of the course has been taught and \$30,000 of the fees received is income.



## **Required**

- 1 Prepare the general journal entry to record the fees income for the accounting period ending on 30 June 2019.

## General Journal

**Question 12 continued****Required**

- 2 Carry out the balance day adjustment in the general ledger.

**Unearned Income (liability)**

			2019 Feb 1	Bank	60,000

**Fees (income)**


- 3 Complete the profit and loss ledger account below.

**Profit and Loss**

2019 Jun 30	Wages	27,000			
	Electricity	1,000			

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

a understated by \$30,000      b overstated by \$30,000

- 5 Prepare the current liabilities section of the balance sheet as at 30 June 2019.

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

Current Liabilities	

- 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:

a understated by \$30,000      b overstated by \$30,000

**Question 13**

During the year ended 30 June 2021 Dance World received \$29,000 in fees from students for dance lessons that will be given in the future.

The fees received in advance were recorded in an unearned income ledger account:

**Unearned Income (liability)**

2021			
Jun 30	Balance		29,000

Dance World calculates its profit or loss each 30 June.

By 30 June 2021 Dance Land had given dance lessons to the value of \$27,000.

**Required**

- 1 Prepare the general journal entry to record the fees income for the year ending on 30 June 2021.

**General Journal**

Date	Details	Debit	Credit

- 2 Carry out the balance day adjustment in the general ledger.

**Unearned Income (liability)**

		2021			
		Jun 30	Balance		29,000

**Fees (income)**


**Question 13 continued****Required**

- 3 Complete the profit and loss ledger account.

Profit and Loss					
2021 Jun 30	Wages	21,000			
	Advertising	5,000			

- 4 Prepare the current liabilities section of the balance sheet as at 30 June 2021.

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

Current Liabilities	

- 5 Below is a list of ledger balances of a business:

Bank overdraft	\$2,000
Debtors	5,000
Prepaid rent	1,000
Unearned income	7,000
Accrued expenses	4,000
Motor vehicle	9,000
GST credits	3,000
Inventory	8,000
Loan from bank	6,000

The **net assets** total is:

- |           |           |
|-----------|-----------|
| a \$7,000 | c \$6,000 |
| b \$4,000 | d \$8,000 |

**Solution Check**

Profit = \$1,000

**Question 14**

Set out below are the transactions of WA Goldfield Tours for June 2021:

- Jun 1 Paid \$840 + \$84 GST = \$924 for a 12 months motor vehicle insurance policy.
- Jun 5 Received fees in advance from customers: 94 customers paid for the two week tour of the WA goldfields starting on 13 June and 9 customers paid for the July goldfields tour. The cost of the tour is \$70 per person plus 10% GST.
- Jun 9 Purchased stationery on credit from the Pen and Paper People \$550 (inclusive of GST).
- Jun 30 Wages owing to employees at end of month \$720.
- Jun 30 Stationery consumed during June 2021 was valued at \$331.
- Jul 7 Paid \$980 in wages including the wages owing on 30 June.

WA Goldfield Tours calculates its profit or loss **monthly** using accrual accounting.

***Additional Information***

The cash at bank balance on 30 June 2021 was \$1,428 debit.

**Required**

- 1 What is accrual accounting? Use examples taken from the transactions of WA Goldfield Tours in your answer.
- 2 Record the above transactions in the general journal and all the necessary balance day adjustments on 30 June 2021.
- 3 Prepare the current assets and current liabilities sections of the balance sheet of WA Goldfields Tours on 30 June 2021.
- 4 The wages shown in the trial balance of Esperance Traders on 30 June 2028 was \$33,000. The wages expense for the year ending 30 June 2028 was \$33,700. The accrued wages in the balance sheet on 30 June 2028 was:
  - a \$33,000
  - b \$33,700
  - c \$700


**Questions 15 to 17: accrued income adjustment**
**Question 15**

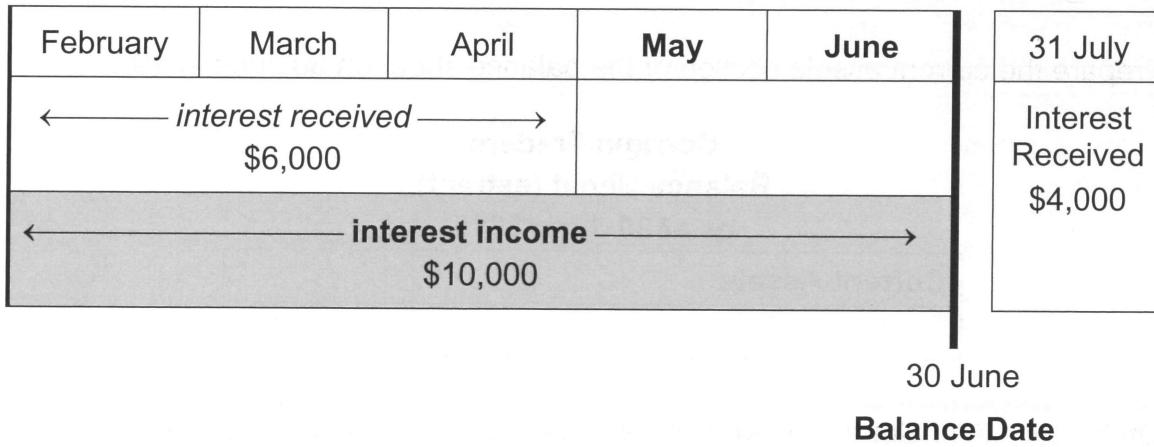
**Corrigin Traders  
Trial Balance (extract)  
as at 30 June 2019**

Ledger Account Title	Debit	Credit
Interest Income		6,000
Term Deposit – Bank (maturing in 2021)	240,000	

**Additional Information**

- On 1 February 2019 the business invested \$240,000 in a term deposit with a bank.
- The business has received the interest due for February, March and April, 2019.
- The \$4,000 of interest due for May and June will not be received until 31 July 2019.

This is shown on the diagram below:


**Required**

- Prepare the general journal entry to record the accrued income on 30 June 2019.

**General Journal**

Date	Details	Debit	Credit

**Question 15 continued****Required**

- 2 Carry out the balance day adjustment in the general ledger.

**Accrued Income**


**Interest Income**

			2019 May 31	Bank	6,000

- 3 Show how the interest income will be recorded in the profit and loss ledger account for the year ended 30 June 2019.

**Profit and Loss (extract)**


- 4 Prepare the current assets section of the balance sheet on 30 June 2019.

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

Current Assets	

- 5 On 31 July 2019 Corrigin Traders received the \$4,000 of interest income.

Record this transaction in the general journal.

**General Journal**

Date	Details	Debit	Credit

**Question 15 continued****Required**

- 6 Post the general journal entry of 31 July 2019 into the general ledger.

**Cash at Bank**


**Accrued Income**

2019 Jun 30	Interest	4,000			

**Question 16**

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

Ledger Account Title	Debit	Credit
Interest Income		7,000
Term Deposit – Bank (maturing in 2024)	350,000	

**Additional Information**

Accrued interest income on 30 June 2022 was \$2,000.

**Required**

- 1 Prepare the general journal entry to record the accrued income on 30 June 2022.

**General Journal**

Date	Details	Debit	Credit

**Question 16 continued****Required**

- 2 Carry out the balance day adjustment in the general ledger.

**Accrued Income**


**Interest Income**

			2022 Jun 30	Balance	7,000

- 3 Show how the interest income will be recorded in the profit and loss ledger account for the year ended 30 June 2022.

**Profit and Loss (extract)**


- 4 Prepare the current assets section of the balance sheet on 30 June 2022.

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

Current Assets	

- 5 On 6 August 2022 A1 Traders received the \$2,000 of interest income.

Record this transaction in the general journal.

**General Journal**

Date	Details	Debit	Credit

**Question 16 continued****Required**

- 6 Post the general journal entry of 6 July 2022 into the general ledger.

**Cash at Bank**


**Accrued Income**

2019 Jun 30	Interest	2,000			

**Question 17****Part A**

**Try Hard Traders**  
**Trial Balance (extract)**  
**as at 30 June 2029**

Ledger Account Title	Debit	Credit
Sales		191,340
Cost of Sales	82,400	
Sales Wages	16,460	
Office Wages	32,983	
Prepaid Rent	24,100	

**Balance Day Adjustments**

- Sales wages owing on 30 June 2029 were \$1,841.
- Office wages expense for the year was \$33,741.
- Interest earned but not yet received amounted to \$659.
- Prepaid rent was \$2,600 on the last day of the accounting period.

**Required**

Record the income and expense items in the income statement on the next page and calculate the profit for the year ended 30 June 2029.

**Question 17 continued**

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

Sales	-----
Less Cost of Sales	-----
<b>Gross Profit</b>	-----
Add Other Income	-----
Interest Income	-----
 Less Other Expenses	 -----
<b>Selling and Distribution Expenses</b>	  -----
Cartage Outwards	3,530
Sales Wages	-----
Advertising	9,200
<b>General and Administration Expenses</b>	  -----
Insurance	7,200
Rent	-----
Office Wages	-----
<b>Financial Expenses</b>	  -----
Bad Debts	3,710
Interest on Loan	1,500      5,210      94,580
<b>Profit</b>	  -----

**Part B**

An accrued expense is a liability because:

- a a business has a present obligation (duty) to pay money
- b the obligation exists because of a past transaction
- c the settlement of the obligation will result in an outflow of future economic benefits (money)
- d all of the above

**Solution Check**

Profit = \$10,917

**Question 18****Outback Adventure Tours****Trial Balance****as at 30 June 2024**

Ledger Account Title	Debit	Credit
Unearned Fees		47,000
Interest Income		1,000
Wages	17,300	
Prepaid Advertising	6,500	
Prepaid Rent	11,000	
Stationery Supplies (Asset)	1,900	
Cash at Bank	13,500	
Motor Vehicles	61,000	
Term Deposit – Kalgoorlie Bank	14,000	
Accounts Payable		18,200
GST Payable		3,000
Capital		66,000
Drawings	10,000	
	\$135,200	\$135,200

**Additional Information**

- a Fees earned during the year were \$46,000.
- b Interest earned on the term deposit but not received \$900.
- c Wages owing on balance date \$500.
- d Advertising paid in advance amounted to \$100.
- e Stationery consumed during the year was \$1,700.
- f Prepaid rent on 30 June 2024 was \$400.

**Required**

Prepare the profit and loss ledger account for the year ended 30 June 2024.

**Solution Check**

Profit = \$11,400


**Question 19 and 21: creation of allowance for doubtful debts**

SI outcome

**Question 19**
**WA Couriers**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Accounts Receivable	70,000	

**Additional Information**

After a review of all the accounts receivable, the following three debtors were identified as unlikely to pay the money owing:

Citywide Traders	3,000
Power Traders	1,000
Zenith Traders	2,000
<i>Total</i>	<i>\$6,000</i>

Therefore, the business decided to establish an allowance for doubtful debts of \$6,000.

**Required**

- 1 Prepare the general journal entry to establish the allowance for doubtful debts.

**General Journal**

Date	Details	Debit	Credit

**Question 19 continued****Required**

- 2 Post the general journal entry into the general ledger and Transfer the doubtful debts expense to the profit and loss ledger account for the year ended 30 June 2019.

**Doubtful Debts**


**Allowance for Doubtful Debts**


**Profit and Loss (extract)**


- 3 Prepare the current assets section of the balance sheet on 30 June 2019.

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

<b>Current Assets</b>		
Total Current Assets		

- 4 What is the difference between a doubtful debt and a bad debt?

## Question 20

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

Ledger Account Title	Debit	Credit
Accounts Receivable	91,000	

## **Additional Information**

On 30 June 2019, after a review of all the receivable, the following three debtors were identified as unlikely to pay the amounts owing:

Alpha Traders	5,000
Beta Traders	2,000
Omega Traders	1,000
<i>Total</i>	<i>\$8,000</i>

Therefore, the business decided to establish an allowance for doubtful debts of \$8,000.

## Required

- 1 Prepare the general journal to establish the allowance for doubtful debts on 30 June 2019.

## General Journal

**Question 20 continued****Required**

- 2 Post the general journal entry into the general ledger and transfer the doubtful debts expense to the profit and loss ledger account for the year ended 30 June 2019.



**Profit and Loss (extract)**

2019 Jun 30			2019 Jun 30		
	Wages			Fees	91,000
	Doubtful Debts				

- 3 Prepare the current assets section of the balance sheet on 30 June 2019.

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

Current Assets		
Total Current Assets		


**Question 21 to 24: adjusting an allowance for doubtful debts**
**Question 21**

On **30 June 2018** Industry Traders decided that \$1,000 owing from a debtor, Freeze Traders, was to be treated as a doubtful debt.

On **1 March 2019** \$700 owing from Freeze Traders was written off as a bad debt.

**Industry Traders**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Bad Debts	700	
Accounts Receivable	19,000	
Allowance for Doubtful Debts		1,000

**Additional Information**

On 30 June 2019 the allowance for doubtful debts is to be set at \$3,000.

**Required**

- 1 Prepare the required general ledger accounts to carry out the decision made on 30 June 2019.

**Bad Debts**

2019 Mar 1	Accounts Receivable	700			

**Allowance for Doubtful Debts**

			2018 Jun 30	Balance	1,000

**Doubtful Debts**


**Profit and Loss**


**Question 21 continued**

## **Required**

- 2 Prepare the required general journal entries.

## Question 22

## **Esperance Traders Trial Balance (extract) as at 30 June 2019**

Ledger Account Title	Debit	Credit
Bad Debts	5,000	
Accounts Receivable	100,000	
Allowance for Doubtful Debts		2,000

## **Additional Information**

The allowance for doubtful debts is to be set at \$3,000.

## **Required**

- 1 Prepare the following ledger accounts to carry out this decision:
    - bad debts
    - doubtful debts
    - allowance for doubtful debts
    - profit and loss.
  - 2 Prepare the required general journal entries.

**Question 23**

**Mount Barker Suppliers**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Bad Debts	3,000	
Accounts Receivable	167,000	
Allowance for Doubtful Debts		5,000

**Additional Information**

The allowance for doubtful debts is to be adjusted to \$4,000.

**Required**

Prepare the following ledger accounts to carry out this decision:

- bad debts
- doubtful debts
- allowance for doubtful debts.

**Question 24**

**Katanning Suppliers**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Bad Debts	6,710	
Accounts Receivable	119,000	
Allowance for Doubtful Debts		4,000

**Additional Information**

The allowance for doubtful debts is to be adjusted to \$3,100.

**Required**

Prepare the following ledger accounts to carry out this decision:

- bad debts
- doubtful debts
- allowance for doubtful debts.

**Question 25 to 27: calculation of the amount of the balance day adjustment****Question 25**

Below is a series of transactions for different businesses. The profit or loss for each business is calculated each year ending 30 June.

**Prepaid Expenses**

- 1 a 12 months insurance policy on office equipment had been taken out on 1 March 2019. An amount of \$600 + \$60 GST = \$660 was paid on that date.
- 2 a 12 months insurance policy had been taken out on 1 April 2019. The cost of the insurance policy was \$800 + \$80 GST = \$880.
- 3 a 12 months insurance policy costing \$600 (before GST) had been taken out on 1 February 2019.
- 4 a contract to include half page advertisements in four monthly issues of a magazine, commencing with the April issue, was signed on 31 March 2019. A total of \$600 + \$60 GST = \$660 was paid on that date.

**Stationery Supplies**

- 5 Stationery on 1 July 2018 was valued at \$200. During the year ending on 30 June 2019 a total of \$5,000 of stationery was purchased and \$100 of stationery was on hand on 30 June 2019.
- 6 Stationery on 1 July 2018 was valued at \$100. During the year ending 30 June 2019 stationery costing \$4,200 was purchased and \$300 of stationery was on hand on 30 June 2019.

**Accrued Expenses**

- 7 The employees of a business are paid a total of \$1,400 wages for working a five day week. Pay day is Tuesday of each week. The employees are paid for all work completed up to and including pay day. Balance day falls on a Friday this year.
- 8 The employees of a business are paid a total of \$1,600 wages for working a five day week. Pay day is Thursday of each week. The employees are paid for all work completed up to and including pay day. Balance day falls on a Monday this year.

**Required**

For items 1 to 6, calculate the dollar amount of the expense that would be recorded in the profit and loss ledger account prepared on 30 June 2019. For items 7 and 8, calculate the accrued wages on balance date.

**Question 26**

The following transactions occurred in the business known as Gotcha Pest Controllers during the year ended 30 June 2019.

- 1 The employees of the business are paid \$400 wages a day for working a five day week. Pay day is Thursday of each week. Balance day falls on a Monday this year. The employees are paid for all work completed up to and including pay day.
- 2 The business paid \$6,000 (excluding GST) on 30 April 2019 for a series of advertisements in a monthly magazine. The advertisements are to run for six months starting from May 2019.

**Required**

Prepare the general journal entries to record the balance day adjustments made on 30 June 2019.

**Question 27**

The following transactions occurred in the business known as the U Learn Driving School during the year ended 30 June 2027.

- 1 The driving instructors are paid a total of \$3,100 wages for working a five day week. Pay day is Thursday of each week. Balance day falls on a Wednesday this year. The employees are paid for all work completed up to and including pay day.
- 2 A business received \$73,200 in fees + \$7,320 GST = \$80,520 for the year ended 30 June 2027. Fees received in advance on balance date amounted to \$4,700. The fees received during the year totalled \$69,000.
- 3 The business invested \$84,000 in a bank term deposit at an interest rate of 10% per annum on 28 February 2027. Interest is paid each year on 1 August and 1 February.

**Required**

Prepare the general journal entries to record the balance day adjustments made on 30 June 2027.



## Questions 28 to 33: revision - accrued expenses

### Question 28

**Tardun Traders**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Wages	9,000	

### Additional Information

The accrued wages on 30 June 2019 was \$350.

### Required

Which is the correct adjusting entry?

### Entry A

**General Journal**

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

### Entry B

**General Journal**

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

**Question 29**

**Yalgoo Traders**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Wages	72,000	

**Additional Information**

The accrued wages on 30 June 2019 was \$341.

**Adjusting ledger entry****Wages Expense**

2019 Jun 30	Balance	72,000			

**Accrued Expenses**


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

2019 Jun 30	Wages				

**Balance sheet entry**

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

<b>Current Liabilities</b>	
Accrued Wages	

**Question 30**

**Able Coaching Services**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Telephone	1,400	

**Additional Information**

The accrued telephone expense on 30 June 2019 was \$210.

**Adjusting general journal entry****General Journal**

Date	Details	Debit	Credit
2019 Jun 30			

**Adjusting ledger entry****Telephone Expense**

2019 Jun 30	Balance	1,400			

**Accrued Expenses**


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

2019 Jun 30	Telephone				

**Balance sheet entry**

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

<b>Current Liabilities</b>	
Accrued Expenses	

**Question 31**

**Radio Station Here4U**  
**Trial Balance (extract)**  
**as at 30 June 2022**

Ledger Account Title	Debit	Credit
Wages	26,900	

**Additional Information**

The wages expense for the year ended 30 June 2022 was \$27,100.

**Required**

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

- a \$200      b \$27,100      c \$26,900

**Question 32**

**Oz Mortgage Brokers**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Electricity	24,200	

**Additional Information**

The \$330 electricity bill for June 2019 was not received until July 2019.

**Required**

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

- a \$27,100      b \$24,530      c \$24,200

**Question 33**

**Albany Traders**  
**Trial Balance (extract)**  
**as at 30 June 2019**

Ledger Account Title	Debit	Credit
Wages	31,000	

**Additional Information**

The accrued wages on 30 June 2019 was \$500.

**Required**

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

- a \$31,000      b \$30,500      c \$31,500