**SOLUTION**

**Question 1 (35 Marks)**

The following information has been taken from the accounting records of Jet Traders for the year ended 30 June 2019.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account** | **Acc Type** | **Amount** | **Debit** | **Credit** |
| Motor Vehicle | A | 22 000 | 22 000 |  |
| Rent Expense | Exp | 12 000 | 12 000 |  |
| Capital | Eq | ? |  | 53 000 |
| Office Equipment | A | 9 000 | 9 000 |  |
| Cost of Sales | Exp | 60 000 | 60 000 |  |
| Inventory | A | 8 000 | 8 000 |  |
| Wages | Exp | 19 000 | 19 000 |  |
| Interest on Loan | Exp | 1 000 | 1 000 |  |
| Sales | Inc | 120 000 |  | 120 000 |
| Accounts Receivable | A | 15 000 | 15 000 |  |
| Cash at Bank | A | 22 000 | 22 000 |  |
| Advertising | Exp | 5 000 | 5 000 |  |
| Loan: ABC Bank | L | 12 000 |  | 12 000 |
| Discount Received | I | 1 000 |  | 1 000 |
| Telephone | E | 5 000 | 5 000 |  |
| Accounts Payable | L | 6 000 |  | 6 000 |
| Electricity | E | 2 000 | 2 000 |  |
| Discount Allowed | E | 1 000 | 1 000 |  |
| Drawings | Eq | 11 000 | 11 000 |  |
| TOTAL |  |  | 192 000 | 192 000 |

**Required:**

1. Determine the balance of the Capital account (2 marks)

2. Do the Closing Entries in the General Journal (16 marks)

3. Transfer the General Journal entries to the Profit and Loss Summary Account and the Capital Account. Include the opening balance where necessary. (17 marks)

**GENERAL JOURNAL – JUNE 2019**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Details | Debit | Credit |
| 2019  June 30 | Sales | 120 000 |  |
|  | Discount Received | 1 000 |  |
|  | Profit & Loss Summary |  | 121 000 |
|  | *Closing off Income Accounts* |  |  |
|  |  |  |  |
| 30 | Profit & Loss Summary | 105 000 |  |
|  | Rent Expense |  | 12 000 |
|  | Cost of Sales |  | 60 000 |
|  | Wages |  | 19 000 |
|  | Interest on Loan |  | 1 000 |
|  | Advertising |  | 5 000 |
|  | Telephone |  | 5 000 |
|  | Electricity |  | 2 000 |
|  | Discount Allowed |  | 1 000 |
|  | *Closing off Expense Accounts* |  |  |
|  |  |  |  |
| 30 | Profit & Loss Summary | 16,000 |  |
|  | Capital |  | 16,000 |
|  | *Transfer profit to Capital* |  |  |
|  |  |  |  |
| 30 | Capital | 11,000 |  |
|  | Drawings |  | 11,000 |
|  | *Closing off Drawings to Capital* |  |  |
|  |  |  |  |
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**GENERAL LEDGER OF JET TRADERS**

**Profit and Loss Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2019  Jun 30 | Rent Expense | 12 000 | 2019  Jun 30 | Sales | 120 000 |
|  | Cost of Sales | 60 000 |  | Discount Received | 1 000 |
|  | Wages | 19 000 |  |  |  |
|  | Interest on Loan | 1 000 |  |  |  |
|  | Advertising | 5 000 |  |  |  |
|  | Telephone | 5 000 |  |  |  |
|  | Electricity | 2 000 |  |  |  |
|  | Discount Allowed | 1 000 |  |  |  |
|  | Capital | 16 000 |  |  |  |
|  |  | **121 000** |  |  | **121 000** |
|  |  |  | 30 | Balance b/f | 0 |

**Capital**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2019  Jun 30 | Drawings | 11 000 | 2019  Jun 30 | Balance b/f | 53 000 |
|  | Balance c/f | 58 000 |  | Profit & Loss Summ | 16 000 |
|  |  | **69 000** |  |  | **69 000** |
|  |  |  | 30 | Balance b/f | 58 000 |

**Drawings**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2019  Jun 30 | Balance b/f | 11 000 | 2019  Jun 30 | Capital | 11 000 |
|  |  | **11 000** |  |  | **11 000** |
| 30 | Balance b/f | 0 |  |  |  |