Video link: <https://www.loom.com/share/4c9b6988d4fb4b14b815e127bf7564a1>

“Hot Air Ballooning” commenced business on 1 January 2022 and has supplied the financial information for the six months ended 30 June 2022. The business is not registered for GST.

**Hot Air Ballooning**

**Trial Balance**

**as at 30 June 2022**



|  |  |  |
| --- | --- | --- |
| Account | Dr  $ | Cr  $ |
| Cash at bank | 15,600 |  |
| Accounts receivable | 15,200 |  |
| Wages | 60,100 |  |
| Hot Air Balloons | 520,700 |  |
| Advertising | 5,430 |  |
| Repairs | 12,764 |  |
| Oil and fuel | 4,320 |  |
| Interest on loan | 673 |  |
| Loan (due 2023) |  | 20,000 |
| Telephone | 2,470 |  |
| Unearned income |  | 2,000 |
| Prepaid utilities | 663 |  |
| Allowance for doubtful debts |  | 900 |
| Fees |  | 585,020 |
| Capital |  | 30,000 |
|  | **637,920** | **637,920** |

**Additional Information**

* Bad debts of $3,200 are to be written off.
* Allowance for doubtful debts is to be raised at 3.5% of **net** accounts receivable.

**Required:**

1. Prepare the general journal entries to account for the above balance day adjustment. Show

all workings.

1. Post transactions from the General Journal to the General Ledger accounts provided at

30 June 2022. Balance the ledger accounts where required. Closing entries are not required.

**GENERAL JOURNAL**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Particulars** | **Debit** | **Credit** |
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**Bad debt**

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| --- | --- | --- | --- | --- | --- |
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**Accounts receivable**

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| --- | --- | --- | --- | --- | --- |
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**Allowance for doubtful debts**

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| --- | --- | --- | --- | --- | --- |
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**Doubtful debt**

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| --- | --- | --- | --- | --- | --- |
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