**SECTION TWO: PRACTICAL QUESTIONS (41 marks)**

1. The following is an extract of the Trial Balance of Billy’s Beekeepers which sells honey to retail outlets and restaurants.

**Trial Balance (Extract) at 30 June 2020**

|  |  |  |
| --- | --- | --- |
|  | **DEBIT** | **CREDIT** |
| Wages | 30,000 |  |
| Accounts receivable | 51,000 |  |
| Interest Income |  | 450 |
| Allowance for doubtful debts |  | 1,500 |
| Unearned Sales Income |  | 12,100 |
| Bad debts | 2,000 |  |
| Prepaid insurance | 3,600 |  |

**Additional information at 30 June 2020:**

* $800 wages were owing to employees.
* A fixed deposit of $30,000 earns 3% interest per year on a quarterly basis. The last time interest was received, was on 30 April 2020.
* The annual insurance premium was paid on the 1 March 2020
* Unearned sales income at 30 June 2020 is $2,300.
* Additional bad debts of $1,000 needs to be written off.
* The allowance for doubtful debts was to be set at $2,000.

**Required:**

1. Prepare the ledger accounts for the above balance day adjustment items at 30 June 2020 and balance the ledger accounts where required. Closing entries are **not required**. Show your workings. (21 marks)

***Workings:***

**Wages**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2020  June 30 | Balance b/f | 30,000 |  |  |  |
|  |  |  |  |  |  |

**Accrued Expenses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

**Interest income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  | 2020  June 30 | Balance b/f | 450 |
|  |  |  |  |  |  |

**Accrued income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

**Insurance expense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

**Prepaid Insurance**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2020  June 30 | Balance b/f | 3,600 |  |  |  |
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**Unearned sales income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  | 2020  June 30 | Balance b/f | 12,100 |
|  |  |  |  |  |  |
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**Sales income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

**Accounts Receivable**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2020  June 30 | Balance b/f | 51,000 |  |  |  |
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**Bad debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
| 2020  June 20 | Balance b/f | 2,000 |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Allowance for Doubtful Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  | 2020  June 30 | Balance b/f | 1,500 |
|  |  |  |  |  |  |
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**Doubtful debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

1. Prepare the general journal entries for the above transactions. (14 marks)

**GENERAL JOURNAL**

|  |  |  |  |
| --- | --- | --- | --- |
| **DATE** | **DETAILS** | **DEBIT** | **CREDIT** |
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1. Show the Current Assets and Current Liabilities sections of the Balance Sheet as at 30 June 2020. (6 marks)

|  |
| --- |
| **Current Assets** |
|  |
|  |
|  |
|  |
|  |
| **Current Liabilities** |
|  |
|  |
|  |