**Required:**

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

***Workings:***

**Accrued Interest Income: $30,000 x 3% x 2/12 = $150 (1 mark)**

**Insurance expense: $3,600 x 4/12 = $1,200 (1 mark)**

**Allowance for Doubtful Debts: $12,100 – $2,300 = $9,800 (1 mark)**

**Wages**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Balance b/f | 30,000 |  |  |  |
|  | Accrued expenses | 800 |  |  |  |

**Accrued Expenses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
|  |  |  | 2020  June 30 | Wages | 800 |

**Interest income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
|  |  |  | 2020  June 30 | Balance b/f | 450 |
|  |  |  |  | Accrued income | 150 |

**Accrued income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Interest income | 150 |  |  |  |

**Insurance expense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Prepaid insurance | 1,200 |  |  |  |

**Prepaid Insurance**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Balance | 3,600 | 2020  June 30 | Insurance expense | 1,200 |
|  |  |  |  | Balance c/d | 2,400 |
|  |  | **3,600** |  |  | **3,600** |
|  | Balance b/d | 2,400 |  |  |  |

**Unearned Sales Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Sales income | 9,800 | 2020  June 30 | Balance | 12,100 |
|  | Balance c/d | 2,300 |  |  |  |
|  |  | **12,100** |  |  | **12,100** |
|  |  |  | 2020  July 1 | Balance b/d | 2,300 |

**Sales Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
|  |  |  | 2020  June 30 | Unearned sales income | 9,800 |

**Accounts Receivable**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Balance | 51,000 | 2020  June 30 | Bad Debts | 1,000 |
|  |  |  |  | Balance c/d | 50,000 |
|  |  | **51,000** |  |  | **51,000** |
|  | Balance b/d | 50,000 |  |  |  |

**Bad Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Balance | 2,000 | 2020  June 30 | Allowance for Doubtful debts | 3,000 |
|  | Accounts Receivable | 1,000 |  |  |  |

**Allowance for Doubtful Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Bad debts | 3,000 | 2020  June 30 | Balance | 1,500 |
|  | Balance c/d | 2,000 | 2020  June 30 | Doubtful debts | 3,500 |
|  |  | **5,000** |  |  | **5,000** |
|  |  |  | 2020  July 1 | Balance b/d | 2,000 |

**Doubtful Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Details | Dr | Date | Details | Cr |
| 2020  June 30 | Allowance for doubtful debts | 3,500 |  |  |  |

**-1 mark for incorrect dates to a maximum of 2**