**ACF 11 – Class exercise – BDA**

**THEORY (18 marks)**

**Question A** 1.

|  |  |
| --- | --- |
| **Prepaid Insurance** | Asset Negative Asset Liability Expense Income |
| **Allowance for Doubtful Debts** | Asset Negative Asset Liability Expense Income |
| **Unearned Income** | Asset Negative Asset Liability Expense Income |
| **Insurance Expense** | Asset Negative Asset Liability Expense Income |
| **Stock of**  **Office Supplies** | Asset Negative Asset Liability Expense Income |
| **Accrued Wages** | Asset Negative Asset Liability Expense Income |
| **Accrued Income** | Asset Negative Asset Liability Expense Income |
| **Doubtful Debt** | Asset Negative Asset Liability Expense Income |

**PRACTICAL (52 marks)**

Trial Balance **extract** of TANGO TRADERS on 30 June 2018 showed the following:

|  |  |  |
| --- | --- | --- |
| **General Ledger Account** | **Acc** | **Balance** |
| Prepaid Insurance | CA | 3 000 |
| Accounts Receivable | CA | 35 000 |
| Office Supplies | CA | 8 000 |
| Unearned Income | CL | 90 000 |
| Interest Income | Inc | 1 800 |
| Prepaid Rent | CA | 49 000 |
| Wages | Exp | 102 000 |
| Allowance for Doubtful Debts | Neg CA | 4 000 |

**Workings:**

* Prepaid Rent Expired: $49,000 - $9,000 = $40,000
* Office Supplies Consumed: $8,000 - $1,500 = $6,500
* Insurance Expired: $3,000 x 5/12 = $1,250
* Accrued Interest Income: $200 x 3 = $600

**TANGO TRADERS**

**GENERAL JOURNAL**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| 2018 Jun 30 | Rent Expense | 40 000 |  |
|  | Prepaid Rent |  | 40 000 |
|  | *Prepaid rent expired* |  |  |
|  |  |  |  |
|  | Unearned Income | 67 850 |  |
|  | Sales |  | 67 850 |
|  | *Sales goods delivered* |  |  |
|  |  |  |  |
|  | Wages | 8 000 |  |
|  | Accrued Wages |  | 8 000 |
|  | *Wages accrued* |  |  |
|  |  |  |  |
|  | Bad Debts | 6 500 |  |
|  | Accounts Receivable |  | 6 500 |
|  | *Bad Debt written off* |  |  |
|  |  |  |  |
|  | Allowance for Doubtful Debts | 6 500 |  |
|  | Bad Debts |  | 6 500 |
|  | *Bad Debts allocated to Allowance for Doubtful debts* |  |  |
|  |  |  |  |
|  | Doubtful Debts | 10 500 |  |
|  | Allowance for Doubtful Debts |  | 10 500 |
|  | *Doubtful Debts allowed for at year end* |  |  |
|  |  |  |  |
|  | Office Supplies Expenses | 6 500 |  |
|  | Office Supplies |  | 6 500 |
|  | *Office supplies consumed* |  |  |
|  |  |  |  |
|  | Insurance Expense | 1 250 |  |
|  | Prepaid Insurance |  | 1 250 |
|  | *Prepaid insurance expired* |  |  |
|  |  |  |  |
|  | Accrued Interest Income | 600 |  |
|  | Interest Income |  | 600 |
|  | *Interest income accrued* |  |  |

**TANGO TRADERS - GENERAL LEDGER**

Account Name: **Unearned Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Sales | 67 850 | 2018 Jun 30 | Balance | 90 000 |
|  | Bal c/d | 22 150 |  |  |  |
|  |  | **90 000** |  |  | **90 000** |
|  |  |  | Jul 1 | Bal b/d | 22 150 |

Account Name:  **Sales**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | 2018 Jun 30 | Unearned Income | 67 850 |
|  |  |  |  |  |  |

Account Name:  **Wages**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Balance | 102 000 |  |  |  |
|  | Accrued Wages | 8 000 |  |  |  |
|  |  | **110 000** |  |  |  |
|  |  |  |  |  |  |

Account Name:  **Accrued Wages**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | 2018 Jun 30 | Wages | 8 000 |
|  |  |  |  |  |  |

Account Name: **Insurance Expense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Prepaid Insurance | 1 250 |  |  |  |
|  |  |  |  |  |  |

Account Name: **Prepaid Insurance**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Balance | 3 000 | 2018 Jun 30 | Insurance Expense | 1 250 |
|  |  |  |  | Bal c/d | 1 750 |
|  |  | **3 000** |  |  | **3 000** |
| Jul 1 | Bal b/d | 1 750 |  |  |  |

Account Name:  **Office Supplies Expense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Office Supplies | 6 500 |  |  |  |
|  |  |  |  |  |  |

Account Name:  **Office Supplies**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Balance | 8 000 | 2018 Jun 30 | Office Supplies Expense | 6 500 |
|  |  |  |  | Bal c/d | 1 500 |
|  |  | **8 000** |  |  | **8 000** |
| Jul 1 | Bal b/d | 1 500 |  |  |  |

Account Name: **Rent Expense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Prepaid Rent | 40 000 |  |  |  |
|  |  |  |  |  |  |

Account Name:  **Prepaid Rent**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Balance | 49 000 | 2018 Jun 30 | Rent Expense | 40 000 |
|  |  |  |  | Bal c/d | 9 000 |
|  |  | **49 000** |  |  | **49 000** |
|  | Bal b/d | 9 000 |  |  |  |

Account Name: **Bad Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Accounts receivable | 6 500 | 2018 Jun 30 | Allowance for doubtful debts | 6 500 |

Account Name: **Accounts Receivable**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Bal | 35 000 | 2018 Jun 30 | Bad debts | 6 500 |
|  |  |  |  | Bal c/d | 28 500 |
|  |  | **35 000** |  |  | **35 000** |
|  | Bal b/d | 28 500 |  |  |  |

Account Name: **Allowance for Doubtful Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Bad debts | 6 500 | 2018 Jun 30 | Bal | 4 000 |
|  |  | 8 000 |  | Doubtful debts | 10 500 |
|  |  | **14 500** |  |  | **14 500`** |
|  |  |  |  |  | 8 000 |

Account Name:  **Doubtful Debts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Allowance for Doubtful Debts | 10 500 |  |  |  |
|  |  |  |  |  |  |

Account Name: **Accrued Interest Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018 Jun 30 | Interest Income | 600 |  |  |  |
|  |  |  |  |  |  |

Account Name:  **Interest Income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | 2018 Jun 30 | Balance | 1 800 |
|  |  |  |  | Accrued Interest Income | 600 |
|  |  |  |  |  | **2 400** |

**TANGO TRADERS**

**BALANCE SHEET (extract)**

**As at 30 June 2018**

**Current Assets**

Prepaid Rent 9 000

Prepaid Insurance 1 750

Office Supplies 1 500

Accounts Receivable 28 500

Allowance for Doubtful Debt 8 000

20 500

Accrued interest income 600

Total Current Assets **33 350**

**Current Liabilities**

Unearned Income 22 150

Accrued Wages 8 000

Total Current Liabilities **30 150**