**ACF 11 – Balance Day Adjustments**

**Class Exercises**

1. Circle what type of account each of the following are:

|  |  |
| --- | --- |
| **Account Name** | **Account Type** |
| **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 |

**2.**

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

|  |  |  |
| --- | --- | --- |
| **General Ledger Account** | **Acc Type** | **Acc Balance** |
| Prepaid Insurance |  | 3 000 |
| Accounts Receivable |  | 35 000 |
| Office Supplies |  | 8 000 |
| Unearned Income |  | 90 000 |
| Interest Income |  | 1 800 |
| Prepaid Rent |  | 49 000 |
| Wages |  | 102 000 |
| Allowance for doubtful debts |  | 4 000 |

**Additional Information:**

* On June 30, prepaid rent for the warehouse was $9 000.
* By balance day, $67 850 worth of goods previously paid for, but not yet made for the customers, had now been made and collected from the warehouse by customers.
* The last pay day was 17th of June 2018. Accrued wages was $8 000 on balance day.
* Write off $6,500 in bad debts and set the allowance for doubtful debts at $8,000.
* Office Supplies on hand was valued at $1 500.
* The annual insurance premium was paid on 1 February 2018.
* Tango Traders have a Term Deposit which earns $200 per month in interest. The last time interest had been received was on 31 March 2018.

**Required:**

1. Prepare the general journal entries to account for the above balance day adjustments.
2. Post only the above journal entries to the General Ledger. Balance the entries, closing entries not required.
3. Prepare an extract of the Balance Sheet

**Workings:**

**TANGO TRADERS**

**GENERAL LEDGER**

**TANGO TRADERS**

**BALANCE SHEET (extract)**

**As at 30 June 2018**

**Current Assets**

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**Current Liabilities**

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