**Question 13 (36 marks)**

Sarah Lumin is the owner of Luminosity Beauty Clinic and has provided the following financial information as 30 June 2022. **Disregard GST.**

|  |  |  |
| --- | --- | --- |
| **Account** | **Debit**  **$** | **Credit**  **$** |
| Accounts payable |  | 12,250 |
| Accounts receivable | 20,500 |  |
| Accumulated depreciation of fixtures & fittings |  | 5,000 |
| Allowance for doubtful debts |  | 1,250 |
| Bad debts | 1,500 |  |
| Cash at bank |  | 11,700 |
| Capital |  | 251,000 |
| Drawings | 53,250 |  |
| Electricity | 12,900 |  |
| Fees |  | 190,000 |
| Fixtures & fittings | 55,450 |  |
| Gain on sale of asset |  | 7,500 |
| Interest on mortgage repayments | 12,000 |  |
| Investment (due 2025) | 15,000 |  |
| Laundry and cleaning expenses | 27,500 |  |
| Mobile phone expenses | 5,000 |  |
| Mortgage |  | 174,450 |
| Other income |  | 9,950 |
| Premises | 210,000 |  |
| Prepaid insurance | 3,000 |  |
| Stock of supplies asset | 59,000 |  |
| Wages | 53,000 |  |

**Additional information**

* Fees include payment of $3,000 for the month of July paid in advance on   
  1 June 2022.
* Accounts receivable of $1,200 was written off as a bad debt.
* Allowance for doubtful debts to be set at 5% of Accounts Receivable
* Interest on investment is at 10% pa and is due on 1 July 2022.
* Wages owing $450.
* Stock of supplies on hand is $12,000.
* Twelve months Insurance of $6,400 was paid on 31 March 2022.

**Workings:**

**Required:**

1. Prepare the following ledger accounts for the 30 June 2017: **(34 marks)**

**Allowance for doubtful debts account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail $ | Date | Detail $ |

**Stock of supplies asset account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail $ | Date | Detail $ |

**Fees Account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail | Date | Detail |

**Wages account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail | Date | Detail |

**Pre Paid Insurance account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail | Date | Detail |

**Interest on investment account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail | Date | Detail |

**Profit and loss account**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Detail | Date | Detail |

1. Sarah Lumin does not understand why unearned fees income of $3,000 is recorded as a current liability and not income. Explain to Sarah the nature of unearned fees income using the Framework definition. (2 marks)

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