Jamie Jones and Samantha Smith are partners running a stationery supply business called Pen and Pencil Stationery Supplies.The trial balance for Pen and Pencil Stationery Supplies as at 30 June 2023 is shown below.

**Pen and Pencil Stationery Supplies**

**Trial Balance**

**as at 30 June 2023**

|  |  |  |
| --- | --- | --- |
| **Account** | **Dr** | **Cr** |
| Cash at Bank | 24,600 |  |
| Petty Cash | 500 |  |
| Sales |  | 275,245 |
| Sales returns | 1,750 |  |
| Office equipment | 25,000 |  |
| Cost of sales | 157,000 |  |
| Shop fixtures and fittings | 32,000 |  |
| Rent | 52,000 |  |
| Sales salaries | 60,000 |  |
| Interest received |  | 1,200 |
| Interest on loan | 2,500 |  |
| Loan from ABC Bank (repayable 2025) |  | 45,000 |
| Insurance | 7,250 |  |
| Drawings | 5,500 |  |
| GST Credit | 750 |  |
| Bad debts | 450 |  |
| Accounts receivable | 12,500 |  |
| Accounts payable |  | 10,200 |
| Advertising | 2,350 |  |
| Donations | 500 |  |
| Telephone and internet | 700 |  |
| Capital |  | 53,705 |
| **TOTAL** | **$385,350** | **$385,350** |

**Pen and Pencil Stationery Supplies**

1. Prepare the following Ledger accounts, including balancing and closing entries, for the business as at 30 June 2023. (23 marks)

**Sales (2)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2019 |  | $ |  | 2019 |  | $ |  |
| 30 June | Profit & Loss | 275,245 | 1 | 30 June | Balance | 275,245 | 1 |
|  |  | 275,245 |  |  |  | 275,245 |  |

**Rent (2)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2019 |  | $ |  | 2019 |  | $ |  |
| 30 June | Balance | 52,000 | 1 | 30 June | Profit and Loss | 52,000 | 1 |
|  |  | 52,000 |  |  |  | 52,000 |  |

**Profit and Loss (13)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Debit** |  | **Date** | **Details** | **Credit** |  |
| 2019 |  | $ |  | 2019 |  | $ |  |
| 30 June | Sales returns | 1,750 | 1 | 30 June | Sales | 275,245 | 1 |
|  | Cost of sales | 157,000 | 1 |  | Interest received | 1,200 | 1 |
|  | Rent | 52,000 | 1 |  | Capital-loss | 8,055 | 1 |
|  | Sales Salaries | 60,000 | 1 |  |  |  |  |
|  | Interest on loan | 2,500 | 1 |  |  |  |  |
|  | Insurance | 7,250 | 1 |  |  |  |  |
|  | Bad debts | 450 | 1 |  |  |  |  |
|  | Advertising | 2,350 | 1 |  |  |  |  |
|  | Donations | 500 | 1 |  |  |  |  |
|  | Tele and internet | 700 | 1 |  |  |  |  |
|  |  | 284,500 |  |  |  | 284,500 |  |
|  |  |  |  |  |  |  |  |

**Capital (4)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2019 |  | $ |  | 2019 |  | $ |  |
| 30 June | Profit & Loss | 8,055 | 1 | 30 June | Balance | 53,705 | 1 |
|  | Drawings | 5,500 | 1 |  |  |  |  |
|  | Bal c/d | 40,150 |  |  |  |  |  |
|  |  | 53,705 |  |  |  | 53,705 |  |
|  |  |  |  | 1 July | Bal b/d | 40,150 | 1 |

**Drawings (2)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2019 |  | $ |  | 2019 |  | $ |  |
| 30 June | Balance | 5,500 | 1 | 30 June | Capital | 5,500 | 1 |
|  |  | 5,500 |  |  |  | 5,500 |  |

1. Prepare a fully classified Balance Sheet (in the narrative format) for Pen and Pencil Stationery Supplies as at 30 June 2023. (14 marks)

**Pen and Paper Stationery Supplies**

**Balance Sheet**

**as at 30 June 2023**

|  |  |  |
| --- | --- | --- |
| **Current assets** | **$** |  |
| Cash at bank | 24,600 | 1 |
| Petty cash | 500 | 1 |
| GST Credit | 750 | 1 |
| Accounts receivable | 12,500 | 1 |
| **Total current assets** | **38,350** |  |
| **Non-current assets** |  |  |
| Office equipment | 25,000 | 1 |
| Shop fixtures and fittings | 32,000 | 1 |
| **Total non-current assets** | **57,000** |  |
| **Total assets** | **95,350** |  |
| **Current liabilities** |  |  |
| Accounts payable | 10,200 | 1 |
| **Total current liabilities** | **10,200** |  |
| **Non-current liabilities** |  |  |
| Loan from ABC Bank | 45,000 | 1 |
| **Total non-current liabilities** | **45,000** |  |
| **Total liabilities** | **55,200** |  |
| **Net Assets** | **40,150** | \*1 |
|  |  |  |
| **Equity** |  |  |
| Capital | 53,705 | 1 |
| Less: Loss | 8,055 | 1 |
|  | 45,650 | 1 |
| Drawings | 5,500 | 1 |
| **Total equity** | **40,150** | 1 |