**Bob’s Boating Equipment**

**TRIAL BALANCE AS AT 30 JUNE 2017**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| Cash at Bank | 4,500 |  |
| Mortgage on Building |  | 102,000 |
| Interest on Mortgage | 3,500 |  |
| Inventory | 21,800 |  |
| Delivery Vehicle | 25,000 |  |
| Delivery Vehicle Expenses | 5,000 |  |
| Office Equipment | 20,000 |  |
| Prepaid rent | 20,000 |  |
| Accounts Receivable | 29,000 |  |
| Accounts Payable |  | 28,800 |
| Capital: J. Lennon |  | 110,000 |
| Drawings: J. Lennon | 17,100 |  |
| Sales |  | 190,000 |
| Cost of Sales | 80,000 |  |
| Stationery Supplies | 2,500 |  |
| Stationery Expenses | 3,300 |  |
| Land and Building | 140,000 |  |
| Discount Allowed | 1,500 |  |
| Sales Returns | 4,500 |  |
| GST Collections |  | 16,500 |
| Electricity | 2,200 |  |
| Rental Income |  | 12,000 |
| GST Outlay | 10,000 |  |
| Rental expense | 10,000 |  |
| Telephone Expenses | 4,000 |  |
| Discount Received |  | 1,000 |
| Salaries: Sales Staff | 20,000 |  |
| Salaries & Wages | 26,000 |  |
| Water Expense | 4,000 |  |
| Advertising | 4,100 |  |
| Bad Debts | 2,300 |  |
|  |  |  |
|  | **460,300** | **460,300** |
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Information:

1. Depreciate the delivery vehicle at 30% per annum using the straight line method.
2. The June telephone bill came in 20 July, it is for $400.
3. Write off additional bad debts of $300.
4. Sales staff wages owing at the end of June is $2,000.
5. The rent expense for the year is $24,000.

Workings:

Task: Prepare a fully classified Balance Sheet as at 30 June 2017.

**Bob’s Boating Equipment**

**Balance Sheet**

**as at 30 June 2017**

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**SOLUTION: Bob’s Boating Equipment**

**Workings:**

1. Depreciation expense 25,000 x 30% = 7,500

Accumulated depreciation 7,500

1. Telephone expense (4,000 + 400) = 4,400

Accrued expenses, 400

1. Bad debts (2,300 + 300) = 2,600

Accounts receivable (29,000-300) = 28,700

1. Salaries: Sales staff (20,000 + 2,000) = 22,000

Accrued expenses (2,000)

1. Rent expense, (10,000+14,000) = 24,000

Prepaid rent (20,000 – 14,000) = 6,000

Profit or Loss

Income:

190,000 + 1,000 + 12,000 = 203,000

Expenses:

4,500 + 1,500 + 80,000 + 4,100 + 2,600 + 22,000 + 7,500 + 5,000 + 2,200 + 26,000 + 24,000 + 3,300 + 4,400 + 4,000 + 3,500

= 194,600

Profit = Income less expenses = 203,000 – 194,600 = 8,400

**Bob’s Boating Equipment**

**Balance Sheet**

**as at 30 June 2017**

|  |  |  |
| --- | --- | --- |
| CURRENT ASSETS |  |  |
| Accounts Receivable | 28,700 |  |
| Cash at Bank | 4,500 |  |
| GST Credits | 10,000 |  |
| Stationery Supplies | 2,500 |  |
| Prepaid rent | 6,000 |  |
| Inventory | 21,800 |  |
| *Total Current Assets* |  | 73,500 |
| NON-CURRENT ASSETS |  |  |
| Land and Building | 140,000 |  |
| Delivery Vehicle | 25,000 |  |
| Accumulated depreciation | 7,500 |  |
|  | 17,500 |  |
| Office equipment | 20,000 |  |
| *Total Non-Current Assets* |  | 177,500 |
| *Total Assets* |  | 251,000 |
| CURRENT LIABILITIES |  |  |
| Accrued expenses | 2,400 |  |
| Accounts Payable | 28,800 |  |
| GST Payable | 16,500 |  |
| *Total Current Liabilities* |  | 47,700 |
| NON-CURRENT LIABILITIES |  |  |
| Mortgage on Building | 102,000 |  |
| *Total Non-Current Liabilities* |  | 102,000 |
| *Total Liabilities* |  | 149,700 |
| **NET ASSETS** |  | **101,300** |
|  |  |  |
| **EQUITY** |  |  |
| Capital |  | 110,000 |
| Add Profit |  | 8,400 |
|  |  | 118,400 |
| Less Drawings |  | 17,100 |
| Total Equity |  | **101,300** |