1. Horacio is the office manager of the small business Happy Hour, which sells watches and timepieces via mail order and over the internet. He has asked you to finalise his accounts for the last financial year.
2. Show workings for the following balance day adjustments:

* At stocktake, the business had an inventory loss of $300.
* All sales in advance have been picked up by customers.
* There is $200 of office supplies remaining in the business.
* $500 staff wages are still owing.
* Additional bad debts of $70 to be written off and the allowance for doubtful debts set at 2% of accounts receivable.
* Depreciation is as follows: Motor vehicle 20% reducing balance and office equipment 10% straight line.

1. Complete an income statement and balance sheet at 30 June 2029.

**Happy Hour**

Unadjusted Trial Balance at 30 June 2029

|  |  |  |
| --- | --- | --- |
| **Account Name** | **DEBIT $** | **CREDIT $** |
| Cost of Sales | 43,561 |  |
| Insurance expenses | 12,450 |  |
| Stock of office supplies | 4,200 |  |
| Rent expense - office | 24,000 |  |
| Wages - staff | 13,450 |  |
| Interest expense | 890 |  |
| Electricity expense - office | 5,790 |  |
| Allowance for doubtful debts |  | 180 |
| Bad debts | 130 |  |
| Commission paid to staff | 4,398 |  |
| Sales in advance (Unearned sales) |  | 105,094 |
| Dividends received |  | 4,390 |
| Discount received |  | 320 |
| Gain on sale of motor vehicle |  | 568 |
| Cash at bank | 3,960 |  |
| Land and Buildings | 32,000 |  |
| Motor vehicles | 43,000 |  |
| Accumulated depreciation on motor vehicles |  | 5,000 |
| Office equipment | 15,600 |  |
| Accumulated depreciation on office equipment |  | 7,800 |
| Stock | 34,980 |  |
| Accounts receivable | 3,800 |  |
| Accounts payable |  | 7,890 |
| Loan |  | 35,677 |
| Capital |  | 70,000 |
| GST payable |  | 5,600 |
| GST credits | 310 |  |
| **TOTAL** | **242,519** | **242,519** |

1. Emilo is the owner of a small business, which sells gym equipment. The Trial Balance below is for his business at 30 June 2025.
2. Show workings for the following balance day adjustments:

* All sales have been earned and all supplies consumed.
* Interest owed to the business $100 and interest unpaid by the business $300.
* Only $200 of advertising is yet to be consumed.
* $1,500 staff wages are still owing.
* Additional bad debts of $200 to be written off and the allowance for doubtful debts set at 3% of Accounts Receivable.
* Depreciation of lab equipment is to be 15% straight line.

1. Complete an income statement and balance sheet at 30 June 2025.

Emilo’s Gym Equipment

Unadjusted Trial Balance at 30 June 2025.

|  |  |  |
| --- | --- | --- |
| *Unearned sales* |  | *202,000* |
| *Interest income* |  | *3,900* |
| *Government grant* | *56,000* |  |
| *Cost of sales* | *65,000* |  |
| *Prepaid advertising* | *3,800* |  |
| *Capital* |  | *250,000* |
| *Drawings* | *67,000* |  |
| *GST Payable* |  | *7,900* |
| *Stock of supplies* | *5,600* |  |
| *Wages* | *65,000* |  |
| *Interest expense* | *560* |  |
| *Bad debts* | *3,400* |  |
| *Administration expense* | *32,700* |  |
| *Allowance for doubtful debts* |  | *4,000* |
| *Cash at Bank* | *3,560* |  |
| *Patent* | *43,000* |  |
| *Land and buildings* | *89,070* |  |
| *Laboratory equipment* | *67,600* |  |
| Accumulated depreciation of laboratory equipment |  | 45,093 |
| Stock | 65,333 |  |
| Accounts Receivable | 45,000 |  |
| Accounts Payable |  | 6,430 |
| Mortgage |  | 93,300 |
| **Total** | **612,623** | **612,623** |

Prepare an income statement and balance sheet for Shoes R Us from the following information:

|  |  |  |
| --- | --- | --- |
| **Trial Balance** | | |
| Shoes R Us | | |
| As at 30 June 2020 | | |
|  |  |  |
| **Account** | **Debit** | **Credit** |
| Sales |  | 43,486 |
| Advertising | 1,830 |  |
| Bank Fees | 21 |  |
| Bad debts | 155 |  |
| Cost of sales | 9,100 |  |
| Cleaning | 477 |  |
| Prepaid rent | 967 |  |
| Light, Power, Heating | 645 |  |
| Interest expense | 311 |  |
| Rates | 1,296 |  |
| Printing & Stationery | 161 |  |
| Rent | 3,000 |  |
| Drawings | 5,300 |  |
| Salaries | 20,100 |  |
| Telephone & Internet | 190 |  |
| Travel - National/Sales | 462 |  |
| Prepaid Insurance | 1,800 |  |
| Bank Account | 15,664 |  |
| Discount Allowed | 3,400 |  |
| Accounts Receivable | 7,540 |  |
| Office Equipment | 750 |  |
| Accumulated Depreciation on Office Equipment |  | 125 125 |
| Accounts Payable |  | 3,848 3,848 |
| Allowance for Doubtful Debts |  | 305 305 |
| GST payable |  | 1,372 1,372 |
| Discount Received |  | 4,521 4,521 |
| Interest Revenue |  | 1,000 1,000 |
| Capital |  | 18,513 18,513 |
| **Total** | **73,169** | **73,169** |

|  |
| --- |
| **Additional information:** |
| 1. Write off bad debts of $300. |
| 2. Adjust the allowance for doubtful debts to $1000. | |
| 3. Depreciation on office equipment is 20% reducing balance method. | | |
| 4. Unpaid salaries on balance date is $700. |
| 5. Prepaid rent on balance day is $167. |
| 6. Accrued interest revenue of $200 on balance day. | |
| 7. Accrued interest expense on balance day is $100. | |
| 8. A 12 month insurance policy was taken out on 1 February 2020. | | |