**Question 1**

**Wizard Industries**

**Unadjusted Trial Balance as at June 30, 2020**

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Capital |  | 69,750 |
| Drawings | 12,000 |  |
| Loan from West Bank (repayable in 2022) |  | 19,000 |
| Accounts Payable |  | 8,000 |
| Accounts receivable | 9,000 |  |
| Bank |  | 6,000 |
| Long term investments (maturing in 2029) | 35,000 |  |
| Delivery vehicle | 70,000 |  |
| Accumulated depreciation of delivery vehicle |  | 18,000 |
| Inventory | 37,000 |  |
| Advertising expense | 18,000 |  |
| Bad debts | 1,000 |  |
| Allowance for doubtful debts |  | 2,000 |
| Freight Outwards | 3,000 |  |
| Discount allowed | 600 |  |
| Rates | 4,000 |  |
| Stationery asset | 1,000 |  |
| Interest expense | 900 |  |
| Cost of sales | 58,000 |  |
| Sales |  | 128,050 |
| Prepaid insurance | 10,800 |  |
| Discount received |  | 500 |
| Unearned rental income |  | 9,000 |
|  | **260,300** | **260,300** |

**Additional information at balance day:**

* Delivery vehicles are depreciated 20% per annum on cost
* Allowance for doubtful debts to be set at $1,800
* Stationery asset on hand $400
* 60% of the unearned rental income had been earned by balance day
* The prepaid insurance of $10,800 was paid on 1/4/2020 for 12 months
* Interest expense for the year should total $1,000

Prepare an income statement and balance sheet