

Question No. 01

Following is the unadjusted Trial Balance of XYZ Company Limited on 31 December, 2022.

XYZ Company Trial Balance December 31, 2022						
	Unadjusted TB		Adjustments		Adjusted TB	
Description	Debits	Credits	Debits	Credits	Debits	Credits
Supplies	7,000					
Prepaid Insurance	24,000					
Salaries Payable		8,000				
Unearned Revenue		8,000				
Supplies Expenses	19,000					
Rent Expenses	40,000					
Salary Expenses	18,000					
Service Revenue		90,000				
Furniture & Fixtures	45,000					
Account Receivable	35,000					
Owners' Capital		90,000				
Notes payable		47,000				
Notes Receivable	55,000					
	243,000	243,000	0	0	0	0

Following are the additional information about the accounts:

1. Insurance expired during the year Rs. 15000.
2. Interest Accrued on Notes receivable Rs. 6000
3. Maintain 5% reserve for doubtful debts on account receivable.
4. Depreciation on fixed assets is calculated @ 10% p.a.
5. Actual rent expense for the year is Rs. 30,000

Required:

1. Pass necessary adjusting entries as on 31.12.2022.
2. Prepare adjusted trial balance as on 31.12.2022.
3. Prepared Income statement and Balance sheet.
4. Pass closing entries to close expense and revenue accounts.
5. Prepare post-closing trial balance.

Requirement No. 01

ADJUSTING ENTRIES

Date	Particulars	Debit	Credit
31.12.22	(1) Insurance expense	15,000	
	Prepaid Insurance		15,000
	(To record the insurance expense)		
	(2) Interest Receivable	6,000	
	Interest Income		6,000
	(To record the interest income)		
	(3) Bad Debt Expense	1,750	
	Allowances for Bad Debt		1,750
	(To record the provision allowance for bad debt)		
	(4) Depreciation Expense	4,500	
	Allowance for Depreciation		4,500
	(To record the provision of depreciation expense)		
	(5) Prepaid Rent	10,000	
	Rent Expense		10,000
	(To record the prepaid rent expense)		

Requirement No. 2

ADJUSTED TRIAL BALANCE

XYZ Company
Trial Balance

December 31, 2022

Description	Unadjusted		Adjustments		Adjusted TB	
	Debits	Credits	Debits	Credits	Debits	Credits
Utility Bill Expenses	5,000				5,000	-
Prepaid Insurance	24,000			15,000	9,000	
Salaries Payable		8,000				8,000
Unearned Revenue		11,000				11,000
Office Supplies Expenses	15,000				15,000	
Rent Expenses	40,000			10,000	30,000	
Salary Expenses	18,000				18,000	
Service Revenue		90,000				90,000
Furniture & Fixtures	45,000				45,000	
Account Receivable	15,000				15,000	
Owners' Capital		61,000				61,000
Notes payable		47,000				47,000
Notes Receivable	55,000				55,000	
	217,000	217,000				
Adjustments						
Insurance Expense			15,000		15,000	
Interest Receivable			6,000		6,000	
Interest Income				6,000		6,000
Bad debt expense			1,750		1,750	
Allowances for Bad Debts				1,750		1,750
Depreciation Expense			4,500		4,500	
Allowances for Depreciation				4,500		4,500
Prepaid Rent			10,000		10,000	
			37,250	37,250	229,250	229,250

INCOME STATEMENT

XYZ Company
Income Statement

For the period ended on December 31, 2022

REVENUES

	<u>Rs.</u>
Service Revenue	90,000
Interest Income	6,000
Total Revenues	96000

EXPENSES

Utility Bill Expenses	5,000
Office Supplies Expenses	15,000
Rent Expenses	30,000
Salary Expenses	18,000
Insurance Expense	15,000
Bad debt expense	1,750
Depreciation Expense	4,500
Total Expenses	89,250
Net Profit	6,750

BALANCE SHEET

XYZ Company
Statement of Financial Position (Balance sheet)
As on December 31, 2022

<u>ASSETS</u>	<u>Rs.</u>	<u>Rs.</u>
Prepaid Insurance		9,000
Furniture & Fixtures	45,000	
Less: Allowances for Depreciation	(4,500)	40,500
Account Receivable	15,000	
Less: Allowances for Bad Debts	(1,750)	13,250
Notes Receivable		55,000
Interest Receivable		6,000
Prepaid Rent		10,000
Total Assets		133,750
<u>OWNERS' EQUITIES & LIABILITIES</u>		
Salaries Payable		8,000
Unearned Revenue		11,000
Notes payable		47,000
Total Liabilities		66,000
Owners' Capital	61,000	
Net Profit	6750	
Total Owners' Capital		67,750
Total Owners' Equities & Liabilities		133,750

XYZ Company
General Journal
(Closing Entries)

Date	Particulars	Debit	Credit
31.12.2022	Expense & Revenue Summary	89,250	
	Utility Bill Expenses		5,000
	Office Supplies Expenses		15,000
	Rent Expenses		30,000
	Salary Expenses		18,000
	Insurance Expense		15,000
	Bad debt expense		1,750
	Depreciation Expense		4,500
	(To close all expense accounts balances)		
31.12.2022	Service Revenue	90,000	
	Interest Income	6,000	
	Expense & Revenue Summary		96,000
	(To close all revenue accounts balances)		
31.12.2022	Expense & Revenue Summary	6,750	
	Owners' Capital		6,750
	(To record profit and to close expense and revenue summary account to capital)		

Requirement No. 05

POST-CLOSING TRAIL BALANCE

XYZ Company

Trial Balance

December 31, 2022

	Adjusted		Closing		Post-Closing	
Description	Debits	Credits	Debits	Credits	Debits	Credits
Utility Bill Expenses	5,000			5,000	-	
Prepaid Insurance	9,000				9,000	
Salaries Payable		8,000				8,000
Unearned Revenue		11,000				11,000
Office Supplies Expenses	15,000			15,000	-	
Rent Expenses	30,000			30,000	-	
Salary Expenses	18,000			18,000	-	
Service Revenue		90,000	90,000			-
Furniture & Fixtures	45,000				45,000	-
Account Receivable	15,000				15,000	
Owners' Capital		61,000		6,750		67,750
Notes payable		47,000				47,000
Notes Receivable	55,000				55,000	
Insurance Expense	15,000			15,000	-	
Interest Receivable	6,000				6,000	
Interest Income		6,000	6,000			-
Bad debt expense	1,750			1,750	-	
Allowances for Bad Debts		1,750				1,750
Depreciation Expense	4,500			4,500	-	
Allowances for Depreciation		4,500				4,500
Prepaid Rent	10,000				10,000	
Expense & revenue Summary			96,000	96,000	-	
	229,250	229,250	192,000	192,000	140,000	140,000

Requirement No. 05

POST CLOSING TRIAL BALANCE

XYZ Company
Trial Balance (Post-closing)
As on Jan 01, 2023

Description	Debits	Credits
Prepaid Insurance	9,000	
Salaries Payable		8,000
Unearned Revenue		11,000
Furniture & Fixtures	45,000	
Allowances for Depreciation		4,500
Account Receivable	15,000	
Allowances for Bad Debts		1,750
Owners' Capital		67,750
Notes payable		47,000
Notes Receivable	55,000	
Interest Receivable	6,000	
Prepaid Rent	10,000	
	140,000	140,000