

MAA103 Assessment 2: Balance Day Adjustments & Financial Statements

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Business Name: Mr Augustus Trading As 'LonelyWorld'

'LonelyWorld' is owned and operated by Mr Augustus. He has some basic bookkeeping knowledge and has been keeping a pretty good record of his business so far and has even managed to do some of the needed balance day adjustments already. There are a few balance day adjustment items remaining that he was unsure on and so he has enlisted your help and has provided you with his unadjusted trial balance for the month of January 2024. Your task is to record the adjusting entries in the 'Journal', post these entries to the 'Ledger', manually prepare the 'Adjusted Trial Balance' and finally help fill out the 'Income Statement' and 'Balance Sheet' based on the 'Adjusted Trial Balance' for the month of January 2024. You can assume all other balance day adjustments not listed have already been accounted for.

Relevant Information:

1. Adjusting Items:

Date	Description
31/01/2024	On January 1, 2024 the business paid \$23760 (including GST) for 15 months of business insurance. This was recorded at the time as Prepaid Insurance and GST Paid.
31/01/2024	The business obtained a bank loan for the amount of \$33600 on January 1, 2024. The bank charges interest of 7% per annum and interest payments are due quarterly. The interest on the \$33600 loan is yet to be recorded. The bank loan is due in January 2029.
31/01/2024	The motor vehicle is depreciated using the straight-line method. It has a useful life of 13 years and a zero residual value.
31/01/2024	Received \$11000 (including GST) from a client at the start of January 2024 for consultation services. The amount was initially recorded as unearned revenue and GST Collected. The business provided these consultation services by the end of January 2024.
31/01/2024	The business hires 20 sales staff. Each sales staff member's GROSS wage is \$968 per week [PAYG withheld of \$176]. At the end of the month, the business owed its employees 2 weeks of wages and that is yet to be recorded.
31/01/2024	The business hires 12 general office assistants. Each assistant is paid a NET wage of \$1848 per fortnight [PAYG withheld of \$296]. At the end of the month, the business owed its office assistants 1 week of wages that has not yet been recorded.
31/01/2024	The office furniture is depreciated using the straight-line method. It depreciates at 25% per annum and is assumed to have a zero residual value.
31/01/2024	On January 1, 2024 the business paid \$15730 (including GST) for 11 months of office rent. This was recorded at the time as Prepaid Rent and GST Paid.
31/01/2024	On January 11, 2024 the business purchased 12 toners worth \$1584 (including GST) and recorded the amounts as Office Supplies and GST Paid. Mr Augustus counted the toners at the end of January 2024 and found that 8 of these toners have been consumed but their consumption has not been recorded.

Unadjusted Trial Balance

"For Month Ending 31/1/2023"

Acc. No.	Account	Dr	Cr
101	Cash	382,734	
102	Accounts receivable	58,506	
103	Inventory	118,858	
104	Office Supplies	9,046	
111	GST Paid	11,848	
141	Prepaid Insurance	21,600	
142	Prepaid Rent	14,300	
143	Interest Receivable	5,103	
155	Office Furniture	41,184	
156	Accum. Depreciation - Office Furniture		10,296
158	Motor Vehicle	93,600	
159	Accum. Depreciation - Motor Vehicle		21,600
201	Accounts Payable		29,716
222	GST Collected		34,824
240	Interest Due		
241	Unearned Revenue		19,140
242	Wages Payable		2,910
243	Utilities Payable		3,880
244	Consulting Fees Payable		2,600
251	Bank Loan		33,600
261	PAYG Withheld		7,980
301	Capital		383,748
302	Drawings	14,990	
401	Sales Revenue		304,656
402	Service Revenue		43,582
403	Interest Revenue		5,103
501	Cost of Good Sold	60,931	
601	Computer Expense	1,752	
602	Office Supplies Expense		
603	Interest Expense		
604	Consulting Expense	5,200	
605	Insurance Expense		
606	Rent Expense		
607	Sales Commission Expense	15,233	
608	Utilities Expense	9,700	
609	Wage Expense	29,100	
610	Advertising Expense	9,950	
651	Depreciation Expense - Motor Vehicle		
655	Depreciation Expense - Office Furniture		
	TOTAL	903,635	903,635