

Worksheet**Sub strand: BALANCE DAY ADJUSTMENT****MONDAY****7TH June**

Mereoni's Mini Mart provides the following information in relation to her business.

Balance Sheet (Extract) of Mereoni's Mini Mart as at 30th June 2015

Assets	\$	\$	Liabilities	\$
Inventory		3 500	Internet Expense Accrued	50
Accounts Receivable	4 200		Accounts Payable	2 100
Less Provision for Doubtful Debts	55	4 145		
Advertising Prepaid		180		

An analysis of the cash transactions for the year ended 30th June 2016 revealed the following:

	\$
Internet Expense	450
Advertising	2 700
Sales	38 000
Rent Income	1 280
Cost of Goods Sold	15 200

Additional Information as at 30th June 2016

1. Unexpired Advertising \$210.
2. Rent Income due \$120.
3. Internet Expenses due but not paid \$135.
4. Provision for Doubtful Debts to be adjusted to 2% p.a. of accounts receivable.

Required:

a). Prepare Adjusting General Journal Entries 1 to 4.

b). Calculate the amount that would appear in the Statement of Financial Performance for the year ended 30th June 2016 for the following items:

(i) Internet Expense

(ii) Rent Income

(iii) Doubtful Debts

(iv) Advertising Expense

c). State **one** importance of incorporating balance day adjustments in the year end final accounts

(9 marks)

TUESDAY

8TH JUNE

The Trial Balance of Timothy's Accounting Services Company as at 30th June 2018, includes among other items, the following account balances.

Ledger Account Balances	Dr (\$)	Cr (\$)
Building	250 000	
Accumulated Depreciation - Building		28 250
Professional Fees Revenue		185 000
Insurance	30 000	
Salaries Expenses	72 200	
Office Supplies on Hand	6 000	

Note: Financial year ends on June 30th every year.

Balance Day Adjustments on 30th June 2018

1. On 1st January 2018, an insurance contract of \$30 000 was signed and paid for one year. It was debited to insurance account.
2. The building has a salvage value of \$20 000. The estimated useful life of the building is 50 years. Depreciation to be charged on building using straight line method.
3. Part of the office supplies represented by the \$6 000 balance on hand have been consumed. An inventory count of the office supplies actually on hand at 30th June 2018 totaled \$3 245.
4. Professional Fees Revenue received in advance \$550.

Required

(a) Prepare General Journal entries to record the balance day adjustments on 30th June 2018.

Note: (Narrations are not required)

(4 marks)

B).). Calculate the amount that would appear in the Statement of Financial Performance for the year ended 30th June 2018 for the following items:

- a. Insurance
- b. Accumulated Depreciation on Building
- c. Office Supplies Used
- d. Professional Fees

(4 marks)

Wednesday 9TH JUNE

Given below is a Trial Balance (Extract) for Sailasa Enterprise for the year ended 30 June 2012.

	\$
Purchases	30 500
Insurance	1 800
Motor Vehicles	55 000
Accumulated Depreciation on Motor Vehicles	15 000
Repairs to Motor Vehicles	2 500
Sales	265 000
Advertising	5 500

Additional information:

1. The Insurance account was charged with \$300 which relates, in fact to advertising.
2. The Insurance account was paid on 30 September 2011 for a year.
3. A Motor Vehicle which has a cost of \$6 000 was sold on 30 April 2012 for \$2 000. The accumulated depreciation to date of disposal on this vehicle was \$3 500.
4. Depreciation of \$4 100 is to be provided on the Motor Vehicles for the year ended 30 June 2012.
5. Advertising expenses was paid in advance \$180.
6. On 30 June, the local garage repaired the Motor Vehicles costing \$393.

Required:

Calculate the correct amount that needs to be recorded in the financial statement for the following:

- (a) Insurance
- (b) Motor Vehicles
- (c) Accumulated Depreciation on Motor Vehicles
- (d) Repairs to Motor Vehicles
- (e) Advertising

(5 marks)

THURSDAY 10TH JUNE

Part A

Angel King sets up a business as an interior decorator under the name of 'Suva Consultants Interior Services' on 1st January 2013. At the end of the first year of operation, the following unadjusted trial balance was prepared.

Unadjusted Trial Balance of Suva Consultants Interior Services as at 31 December 2013

Trial Balance	DR (\$)	CR (\$)
Cash at Bank	1 750	
Accounts Receivable	5 100	
Office Supplies Inventory	350	
Capital – Angel King		9 800
Drawings – Angel King	23 800	
Fees Revenue		55 080
Rent Expenses	8 400	
Insurance Expenses	1 050	
Office Salaries Expenses	21 700	
Advertising Expenses	2 100	
Sundry Expenses	630	
	64 880	64 880

An examination of her records revealed the following information:

1. Rent per month is \$680.
2. Unrecorded and Unpaid Newspaper Advertisement amounted to \$130.
3. Fees earned but not yet recorded amounted to \$420.
4. An advisory service for a client, Timoci Inc. was 60% completed. The contracted amount was \$5 000 and this has already been recorded as part of Fees Revenue.

Required:

- (a) Prepare **General Journal Entries** for Balance Day Adjustments. **(4 marks)**
- (b) Calculate the amount of fees earned for the period ending 31 December 2013. **(1 mark)**

THURSDAY 10TH JUNE
Part B

The following balances are from the books of B. Singh. His financial year ended on 31/12/16.

	\$
Cost of Goods Sold	3 840
Sales	5 406
Drawings	149
Interest Received	650
Accounts Receivables	1 850
Provision for doubtful debts	200
Stationeries	188
Creditors	442
Bad Debts	200
Capital	2 760
Inventory – 31/12/16	176
Prepaid Insurance	655
Machinery	3 800
Provision for Depreciation	600

Additional Information

- (a) Stationeries due but not paid \$150.
- (b) Additional bad debts written off \$100.
- (c) Increase provision for doubtful debts to \$368.
- (d) Depreciate machinery at 10% per annum on Straight Line method.
- (e) Interest received in advance \$50.

Required

Prepare the general journal entries for the balance day adjustments (a – e) in the space provided in the **Answer Booklet**.

(5 marks)

FRIDAY **11TH JUNE****Statement of Financial Performance****(13 marks)**

- (a) Use the information given below with your knowledge to answer the questions that follow.

Trial Balance of JJ Enterprise as at 30/06/17

	Debit (\$)	Credit (\$)
Cash on Hand	540	
Cash at Bank	2 630	
Purchases	40 675	
Return Inwards	680	
Wages	8 480	
Fuel & Power	4 730	
Cartage Outward	3 200	
Cartage Inward	2 040	
Inventory (1 st July, 2016)	5 760	
Building	30 000	
Freehold Land	10 000	
Machinery	30 000	
Salaries	15 000	
General Expenses	3 000	
Insurance	600	
Interest on Loan	200	
Advertisement	1 000	
Discount Allowed	150	
Repairs and Maintenance	300	
Drawings	5 245	
Accounts Receivables	14 000	
Sales		98 780
Return Outwards		500
Capital		43 650
Accounts Payable		6 300
Loan		20 000
Rent		9 000
	\$ 178 230	\$ 178 230

The following adjustments are needed:

1. Inventory on hand on 30th June, 2017 is \$6,800.
2. Machinery to be depreciated at the rate of 10% and Building at the rate of 20% p.a on cost using the Straight Line method.
3. Salaries for the month of June, 2017 amounting to \$1,500 were unpaid.
4. Insurance unexpired \$100.
5. Bad debts to be written off are \$725
6. Rent received in advance \$650
7. Fuel and Power expenses due but unpaid on balance day \$50

Required

After taking into account the above adjustments prepare the Statement of Financial Performance of JJ Enterprise for the year ended on 30/06/17.