

Chapter 15: Balance Day Adjustments

Chapter Review Solutions

2. General Journal

	Particulars	Debit	Credit
(a)	Wages	600	
	Accrued Expenses		600
	<i>Wages incurred but not yet paid</i>		
	Accrued Expenses	600	
	Wages		600
	<i>Reversal of Balance Day Adjustment</i>		
(b)	Prepaid Expenses	500	
	Insurance		500
	<i>Insurance paid in advance</i>		
	Insurance	500	
	Prepaid Expenses		500
	<i>Reversal of Balance Day Adjustment</i>		
(c)	Revenue Accrued	750	
	Interest Revenue		750
	<i>Revenue due but not received</i>		
	Interest Revenue	750	
	Revenue Accrued		750
	<i>Reversal of Balance Day Adjustment</i>		
(d)	Depreciation - Van	140	
	Accumulated Depreciation - Van		140
	<i>Depreciation charged for the year</i>		
(e)	Rent Revenue	300	
	Revenue Received in Advance		300
	<i>Revenue received in advance</i>		
	Revenue Received in Advance	300	
	Rent Revenue		300
	<i>Reversal of Balance Day Adjustment</i>		
(f)	Bad Debts	200	
	GST Collected	20	
	Accounts Receivable		220
	<i>Bad Debts written off</i>		
	Doubtful Debts	100	
	Allowance for Doubtful Debts		100
	<i>Allowance created for Doubtful Debts (4,220 - 220) x 2.5%</i>		

4.

General Journal			
	Particulars	Debit	Credit
(a)	Wages Accrued Expenses <i>Wages Incurred but not yet paid</i>	60	60
	Accrued Expenses Wages <i>Reversal of Balance Day Adjustment</i>	60	60
(b)	Prepaid Expenses Insurance <i>Insurance paid in advance</i>	50	50
	Insurance Prepaid Expenses <i>Reversal of Balance Day Adjustment</i>	50	50
(c)	Revenue Accrued Interest Revenue <i>Revenue due but not received</i>	75	75
	Interest Revenue Revenue Accrued <i>Reversal of Balance Day Adjustment</i>	75	75
(d)	Depreciation - Van Accumulated Depreciation - Van <i>Depreciation charged for the year</i>	1,400	1,400
(e)	Rent Revenue Revenue Received in Advance <i>Revenue Received in advance</i>	30	30
	Revenue Received in Advance Rent Revenue <i>Reversal of Balance Day Adjustment</i>	30	30
(f)	Long Service Leave Provision for Long Service Leave <i>Providing for Long Service Leave</i>	5,000	5,000
(g)	Provision for Long Service Leave Bank <i>Long Service Leave Taken</i>	2,000	2,000

6. **Rob and Roy** – General Journal

Date	Particulars	Debit	Credit
30/06	Insurance Prepaid Insurance <i>Transfer insurance for month of June (2,700/12)</i>	225	225
30/06	Accrued Revenue Interest Revenue <i>Interest on Government Bonds accrued for month of June (12,000×9%/12)</i>	90	90
30/06	Depreciation Accumulated Depreciation Motor Vehicle <i>Depreciation on motor vehicle for month of June</i>	500	500
30/06	Income in Advance Subscription Income <i>Subscription Revenue for month of June (10,000/12)</i>	833	833

8. General Journal

	Particulars	Debit	Credit
(a)	Wages Accrued Expenses <i>Wages Incurred but not yet paid</i>	40	40
	Accrued Expenses Wages <i>Reversal of Balance Day Adjustment</i>	40	40
(b)	Prepaid Expenses Insurance <i>Insurance paid in advance</i>	100	100
	Insurance Prepaid Expenses <i>Reversal of Balance Day Adjustment</i>	100	100
(c)	Revenue Accrued Interest Revenue <i>Revenue due but not yet received</i>	50	50
	Interest Revenue Revenue Accrued <i>Reversal of Balance Day Adjustment</i>	50	50
(d)	Depreciation - Truck Accumulated Depreciation - Truck <i>Depreciation charged for the year</i>	140	140
(e)	Rent Revenue Revenue Received in Advance <i>Revenue Received in advance</i>	90	90
	Revenue Received in Advance Rent Revenue <i>Reversal of Balance Day Adjustment</i>	90	90
(f)	Long Service Leave Provision for Long Service Leave <i>Providing for Long Service Leave</i>	500	500
(g)	Provision for Long Service Leave Bank <i>Long Service Leave Taken</i>	200	200

10. Sweet October

(a) General Journal
2019 – Reversal Entries

Date	Details	Debit	Credit
2019 01/07	Accrued Expenses Wages Reversal of Balance Day Adjustment	750	750
	Insurance Prepaid Expenses Reversal of Balance Day Adjustment	100	100
	Revenue Received in Advance Rent Revenue Reversal of Balance Day Adjustment	500	500
	Interest Revenue Accrued Revenue Reversal of Balance Day Adjustment	1,900	1,900

2020 – Balance Day Adjustments and Reversal Entries

30/06	Wages Accrued Expenses Wages incurred but not yet paid	800	800
30/06	Prepaid Expenses Insurance Insurance paid in advance	150	150
30/06	Rent Revenue Revenue Received in Advance Revenue received in Advance	550	550
30/06	Accrued Revenue Interest Revenue Revenue Receivable	2,000	2,000
30/06	Depreciation - Plant Accumulated Depreciation - Plant Depreciation charged for the year	4,500	4,500
30/06	Doubtful Debts Allowance for Doubtful Debts Adjustment to Allowance Doubtful Debts	2,000	2,000
30/06	Annual Leave Provision for Annual Leave Providing for Annual Leave {11,000 – (12,500 – 10,000)}	8,500	8,500
30/06	Long Service Leave Provision for Long Service Leave Providing for Long Service Leave {5,000 – (4,500 – 4,700)}	5,200	5,200
01/07	Accrued Expenses Wages Reversal of Balance Day Adjustment	800	800
01/07	Insurance Prepaid Expenses Reversal of Balance Day Adjustment	150	150

01/07	Interest Revenue Accrued Revenue Reversal of Balance Day Adjustment	2,000	2,000
01/07	Revenue Received In Advance Rent Revenue Reversal of Balance Day Adjustment	550	550

(b) General Ledger

Wages

Date	Details	Debit	Date	Details	Credit
30/06	Bank	32,300	01/07	Accrued Expenses Rev	750
30/06	Accrued Wages	800	30/06	Profit and Loss A/c	32,350
		<u>33,100</u>			<u>33,100</u>

Accrued Expenses

01/07	Wages (Reversal)	750	01/07	Balance b/d	750
30/06	Balance c/d	800	30/06	Wages	800
		<u>1,550</u>			<u>1,550</u>
01/07	Wages (Reversal)	800	01/07	Balance b/d	800

Insurance

01/07	Prepaid Expenses Rev	100	30/06	Prepaid Insurance	150
30/06	Bank	5,000	30/06	Profit and Loss	4,950
		<u>5,100</u>			<u>5,100</u>

Prepaid Insurance

01/07	Balance b/d	100	01/07	Insurance (Reversal)	100
30/06	Insurance	150	30/06	Balance c/d	150
		<u>250</u>			<u>250</u>
01/07	Balance b/d	150	01/07	Insurance (Reversal)	150

Depreciation

30/06	Acc Deprn - Plant	4,500	30/06	Profit and Loss	4,500
		<u>4,500</u>			<u>4,500</u>

Accumulated Depreciation - Plant

30/06	Balance c/d	15,200	01/07	Balance b/d	10,700
		<u>15,200</u>	30/06	Deprn - Plant	4,500
					<u>15,200</u>

Accounts Receivable

Date	Details	Debit	Date	Details	Credit
01/07	Balance b/d	59,000	30/06	Bad Debts	16,500
30/06	Sales	185,900		Bank	156,200
		<u>244,900</u>		Balance c/d	72,200
					<u>244,900</u>

01/07	Balance b/d	72,200
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Bad Debts

30/06	Accounts Receivable	15,000	30/06	Profit and Loss	15,000
		15,000			15,000

Doubtful Debts

30/06	Allowance for D Debts	2,000	30/06	Profit and Loss	2,000
		2,000			2,000

Allowance for Doubtful Debts

30/06	Balance c/d	16,000	01/07	Balance b/d	14,000
		16,000	30/06	Doubtful Debts	2,000
					16,000
			01/07	Balance b/d	16,000

Rent Revenue

30/06	Rent in Advance	550	01/07	Rent in Advance Rev	500
30/06	Profit and Loss	5,950	30/06	Bank	6,000
		6,500			6,500
			01/07	Rent in Advance Rev	550

Rent Received in Advance

01/07	Rent Revenue (Reversal)	500	01/07	Balance b/d	500
30/06	Balance c/d	550	30/06	Rent Revenue	550
		1,050			1,050
01/07	Rent Revenue (Reversal)	550	01/07	Balance b/d	550

Interest Revenue

01/07	Accrued Revenue Rev	1,900	30/06	Accrued Revenue	2,000
30/06	Profit and Loss	4,100	30/06	Bank	4,000
		6,000			6,000

Interest Accrued

01/07	Balance b/d	1,900	01/07	Accrued Revenue Rev	1,900
30/06	Interest Revenue	2,000	30/06	Balance c/d	2,000
		3,900			3,900
01/07	Balance b/d	2,000	01/07	Accrued Revenue Rev	2,000

Annual Leave

Date	Details	Debit	Date	Details	Credit
30/06	Provision for An Leave	8,500	30/06	Profit and Loss	8,500
		8,500			8,500

Provision for Annual Leave

30/06	Bank	10,000	01/07	Balance b/d	12,500
30/06	Balance c/d	11,000	30/06	Annual Leave	8,500
		21,000			21,000
			01/07	Balance b/d	11,000

Long Service Leave

30/06	Prov for L S Leave	5,200	30/06	Profit and Loss	5,200
		5,200			5,200

Provision for Long Service Leave

30/06	Bank	4,700	01/07	Balance b/d	4,500
30/06	Balance c/d	5,000	30/06	Long Service Leave	5,200
		9,700			9,700
			01/07	Balance b/d	5,000