

# 1. RTK BUDERIM MOWERS – BACKGROUND

## 1.1. Introduction

Ross Tiberius Kirk is the sole proprietor of *RTK Buderim Mowers* - a GST-registered independent Mower Sales and Service business. The business focuses solely on STNG mowers and equipment. It undertakes the promotion, sales and servicing of the mowers and equipment. Note that no small items that are required for the servicing of mowers or equipment are kept as inventory, this is because of the close proximity to a major auto parts shop and petrol station and most importantly the manufacturer STNG Manufacturing Ltd operates a same day delivery service for all parts. Such items are therefore purchased (on accounts payable or cash) as required and charged to the customer, this reduces costs and the need to hold inventory of small parts for servicing. The actual major items of equipment (mowers etc) are kept on the premises and are therefore inventory.

Ross prides himself on providing the highest quality mowers, ancillary equipment and service to his customers. Since its formation, the business has been relatively profitable. Ross now has a complement of staff looking after various aspects of the operations, and has three basic sections sales, servicing and administration. Currently, the business uses a manual accounting system managed by the accountant, Linda Datar. However, Ross has decided to use MS Excel spreadsheet software to maintain the accounting records for the transactions in the month of June 2016, which is the final month of the financial year.



STNG petrol mower X1-11



STNG Ride-on mower 5RD



STNG Zero Turn Z360



STNG Brushcutter B11A & B12A



STNG Chain saw C75 & C76



STNG Hedge trimmers T8

## 1.2. Accounting System

### Journals and Ledgers

The accountant/bookkeeper uses the following ledgers, and journals in maintaining all the accounting records:

- Sales Journal** - to record all credit sales of inventory.
- Purchases Journal** - to record all credit purchases of inventory.
- Cash Receipts Journal** - to record all cash received by the Business, including cash sales, cash receipts from debtors and other sundry receipts.
- Cash Payments Journal** - to record all cash payments and cheques issued by the business, including cash purchases, cash payments to creditors and other sundry payments.
- General Journal** - to record all other transactions that cannot be recorded in the special journals listed above.
- Subsidiary Ledgers** - maintained for accounts receivable, accounts payable, which are then reconciled against the relevant general ledger accounts.

### Schedule of Accounts Receivable as at 1 June 2016

Account No.	Account	Amount (\$)
AR001	Noosa Estate Pty Ltd	\$14,130
AR002	Buderim Property Services Pty Ltd	<u>\$40,480</u>
		<u>\$54,610</u>

There are no other amounts owed from before June 2016.

### Schedule of Accounts Payable as at 1 June 2016

Account No.	Account	Amount (\$)
AP001	STNG Manufacturing Ltd	\$29,830
AP002	MotoTwo Ltd	<u>\$15,200</u>
		<u>\$45,030</u>

There are no other amounts owing from before June 2016.

## Schedule of Inventory as at 1 June 2016

Item Number	Item Details	Units on Hand	Cost / unit (excluding GST)	On Hand \$
X1-11	STNG petrol mower X1-11	12	\$ 320.00	\$ 3,840.00
5RD	STNG Ride-on mower 5RD	8	\$ 2,400.00	\$ 19,200.00
Z360	STNG Zero Turn Z360	3	\$ 8,000.00	\$ 24,000.00
B11A	STNG Brushcutter B11A	10	\$ 176.00	\$ 1,760.00
B12A	STNG Brushcutter B12A	10	\$ 240.00	\$ 2,400.00
C75	STNG Chain saw C75	6	\$ 160.00	\$ 960.00
C76	STNG Chain saw C76	5	\$ 240.00	\$ 1,200.00
T8	STNG Hedge trimmers T8	8	\$ 200.00	\$ 1,600.00
<b>Total</b>		<b>62</b>	<b>\$ 11,736.00</b>	<b>\$ 54,960.00</b>

## Schedule of Inventory Selling Price and Cost

Selling price and cost are effective as at 1<sup>st</sup> June 2016.

Item Number	Item Details	Selling Price per unit (\$) including GST	Cost per unit (\$) excluding GST
X1-11	STNG petrol mower X1-11	\$ 440.00	\$ 320.00
5RD	STNG Ride-on mower 5RD	\$ 3,300.00	\$ 2,400.00
Z360	STNG Zero Turn Z360	\$ 11,000.00	\$ 8,000.00
B11A	STNG Brushcutter B11A	\$ 242.00	\$ 176.00
B12A	STNG Brushcutter B12A	\$ 330.00	\$ 240.00
C75	STNG Chain saw C75	\$ 220.00	\$ 160.00
C76	STNG Chain saw C76	\$ 330.00	\$ 240.00
T8	STNG Hedge trimmers T8	\$ 275.00	\$ 200.00

## Schedule of Employees

CardID	Name	Position	Salary		Banking Details	
			Weekly	Annual	BSB	Account No.
EMP001	L. Datar	Accountant	\$1,640.00	\$85,280.00	031-21 2	544576893
EMP002	J. Mann	Sales	\$1,440.00	\$74,880.00	050-02 1	123456870
EMP003	A. Dunbar	Mechanic	\$1,600.00	\$83,200.00	112-68 9	389786555
EMP005	F. Lewis	Apprentice	\$1,000.00	\$52,000.00	131-11 9	432198765

## Deductions

<i>Employee</i>	<i>Private Medical</i>	<i>Employee Super contribution</i>	<i>Employer Super contribution</i>
L. Datar	\$10.00 p/w	5%	7%
J. Mann	\$ 8.00 p/w	5%	7%
A. Dunbar	\$ 8.00 p/w	5%	7%
F. Lewis	\$ 6.00 p/w	5%	7%

The business contribution to superannuation is additional to the above annual salary and is 7% of the Gross amount of salary (wages) before any deductions.

*Note: The Employee schedule is used instead of having multiple General Ledger Accounts for each employee!*

*The business operates five (5) days a week from Tuesday to Saturday (inclusive). Staff are paid fortnightly on the Tuesday following the fortnight worked.*

The following rates for 2015–16 applied from 1 July 2015.

Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001 – \$180,000	\$17,547 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 plus 45c for each \$1 over \$180,000

The above rates **do not** include the:

- › Medicare levy of 2%
- › Temporary budget repair levy; this levy is payable at a rate of 2% for taxable incomes over \$180,000.

**Chart of Accounts**

*RTK Buderim Mowers* Chart of Accounts, with account balances as at 1 June 2016, are shown below:

Account Number	Account Name	Account Type	Usual Balance	DR	CR	Statement of Cash Flows
1000	Cash at Bank	Current Asset	Debit	\$ 305,840.76		
1001	Petty Cash	Current Asset	Debit	\$ -		
1005	Accounts Receivable	Current Asset	Debit	\$ 54,610.00		Operations
1010	Provision for Doubtful Debts	Contra - Current Asset	Credit		\$ 461.00	Operations
1015	Supplies	Current Asset	Debit	\$ 800.00		Operations
1020	Inventory	Current Asset	Debit	\$ 54,960.00		Operations
1025	Prepaid Insurance	Current Asset	Debit	\$ 2,000.00		Operations
1030	Prepaid Phone & Internet	Current Asset	Debit	\$ -		Operations
1035	Prepaid Advertising	Current Asset	Debit	\$ -		Operations
1040	Prepaid Rent	Current Asset	Debit	\$ -		Operations
1045	GST Paid	Current Asset	Debit	\$ 15,787.00		Operations
1050	Parts	Current Asset	Debit	\$ -		Operations
1500	Equipment at cost	Non Current Asset	Debit	\$ 56,527.00		Investments
1505	Accum Dep - Equipment	Contra - Non Current Asset	Credit		\$ 41,650.85	
1510	Motor Vehicles at cost	Non Current Asset	Debit	\$ 75,800.00		Investments
1515	Accum Dep - Motor Vehicles	Contra - Non Current Asset	Credit		\$ 27,120.00	
1520	Furniture at cost	Non Current Asset	Debit	\$ 15,000.00		Investments
1525	Accum Dep - Furniture	Contra - Non Current Asset	Credit		\$ 2,800.00	
2000	Accounts Payable	Current Liability	Credit		\$ 45,030.00	Operations
2002	Electricity Payable	Current Liability	Credit		\$ -	
2005	GST Collected	Current Liability	Credit		\$ 28,082.76	Operations
2010	PAYG Tax Payable	Current Liability	Credit		\$ -	Operations
2015	Staff Super Payable	Current Liability	Credit		\$ -	Operations
2020	Medical Fund Payable	Current Liability	Credit		\$ -	Operations
2025	Employer Super Payable	Current Liability	Credit		\$ -	Operations
2026	Wages Payable	Current Liability	Credit		\$ -	Operations
2028		Current Liability	Credit		\$ -	
2030		Current Liability	Credit		\$ -	
2500	Bank Loan	Non-Current Liability	Credit		\$ -	Financing
3000	RT Kirk, Capital	Equity	Credit		\$ 441,816.15	Financing
3005	RT Kirk, Drawings	Equity	Debit	\$ 82,500.00		Financing
4110	Sales Revenue - Mowers etc	Revenue	Credit		\$ 735,407.00	Operations
4210	Service Revenue - Services	Revenue	Credit		\$ 110,339.00	Operations
4300	Discount Received	Revenue	Credit		\$ 5,260.00	Operations
4400	Sales Returns & Allowances	Revenue	Debit	\$ 2,500.00		Operations
5000	Cost of Goods Sold	Cost of Goods Sold	Debit	\$ 447,785.00		Operations
5210	Cost of Services (Labour & Parts)	Cost of Goods Sold	Debit	\$ 49,735.00		Operations
6000	Accounting Fees Expense	Expenses	Debit	\$ 4,000.00		Operations
6002	Advertising Expense	Expenses	Debit	\$ 4,001.00		Operations
6005	Bad Debts expense	Expenses	Debit	\$ -		Operations
6010	Bank Fees Expense	Expenses	Debit	\$ 125.00		Operations
6015	Dep - Equipment	Expenses	Debit	\$ -		
6020	Dep - Motor Vehicles	Expenses	Debit	\$ -		
6025	Dep - Furniture	Expenses	Debit	\$ -		
6030	Discount Allowed Expense	Expenses	Debit	\$ 1,250.00		Operations
6035	Interest Expense	Expenses	Debit	\$ -		Operations
6040	Phone & Internet Expense	Expenses	Debit	\$ 5,896.00		Operations
6045	Postage Expense	Expenses	Debit	\$ 4,455.00		Operations
6050	Stationery Expense	Expenses	Debit	\$ 5,463.00		Operations
6055	Travel Expenses	Expenses	Debit	\$ 8,232.00		Operations
6060	Wages Expense	Expenses	Debit	\$ 194,480.00		Operations
6065	Electricity Expense	Expenses	Debit	\$ 13,220.00		Operations
6070	Supplies Expense	Expenses	Debit	\$ -		Operations
6075	Rent Expense	Expenses	Debit	\$ 11,000.00		Operations
6080	Insurance Expense	Expenses	Debit	\$ 22,000.00		Operations
7000	Profit and Loss Closing	Temporary only	N/A	\$ -		
				1,437,966.76	1,437,966.76	

# 2016

## MAY

Mon	Tue	Wed	Thu	Fri	Sat	Sun
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## JUNE

Mon	Tue	Wed	Thu	Fri	Sat	Sun
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

## JULY

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

### 1.3. Accounting Policies and Additional Information

- i. *RTK Buderim Mowers* uses the accrual accounting method.
- ii. *RTK Buderim Mowers* uses a perpetual inventory system using weighted average.
- iii. *RTK Buderim Mowers* prepares quarterly Business Activity Statement (BAS) and remits the net GST liability due to the ATO in the month following the end of each quarter (the last quarter was paid in April).
- iv. *RTK Buderim Mowers* has the following depreciation policies:
  - Equipment: depreciated at the rate of 48.70% per annum using the reducing balance method. (residual value \$2,000 and useful life 5 years)
  - Motor vehicles: depreciated over five years using the straight line method. The estimated residual value of motor vehicles is \$8,000.
  - Furniture: depreciated over ten years using the straight line method. The estimated residual value of furniture is \$1,000.
- v. The amount for the payroll of *RTK Buderim Mowers* is based on a five-day work-week. Employees are paid fortnightly by electronic transfers. The business operates five (5) days a week from Tuesday to Saturday (inclusive). Staff are paid fortnightly on the Tuesday following the fortnight worked. The previous payday was Tuesday 24 May 2016 the next pay day will be Tuesday 7 June 2016.
- vi. *RTK Buderim Mowers* receives monthly bills in arrears from its electricity supplier and telephone service provider.
- vii. *RTK Buderim Mowers* estimates provision for bad debts using the Ageing of the Accounts Receivable method to determine the expense to be recorded at the end of the financial year. The rates used are: current month (30 days) at 1%; previous month (60 days) at 5%; everything else (90 days and over) at 15%.
- viii. Show all amounts rounded to two (2) decimal places [rounded to the nearest cent (\$0.00)].
- ix. Against each transaction note the initials of journal (eg GJ; CRJ; CPJ; PJ; SJ etc) to be used and the accounts against which the amounts are to be recorded.
  - Using the transaction action details and notes as per item above record the details in the appropriate journals, petty cash book, inventory cards (subsidiary ledger inventory), accounts receivable (subsidiary ledger) accounts payable (subsidiary ledger). The transactions are in date order and you should follow this order to record transactions.
- x. Post all General Journal entries (from DR and CR) to the respective accounts in the General Ledger and Subsidiary Ledgers (where applicable) on a daily basis.
- xi. Post Total Amounts of Columns from the Special Journals to the respective General Ledger Accounts (Check General Ledger for one entry only) note the General Ledger account number should appear at the bottom of the column under the total amount of the special journal - this has been set up for you and will happen automatically, however:-

- Where an amount does not go into a specific named column but goes under "Other Accounts" such amounts will have to be posted on an individual basis and in order to maintain the balance of the General Ledger these need to be posted daily.
  - Where a transaction affects a subsidiary ledger the amount should be posted on the day to the subsidiary ledger account (eg accounts payable, accounts receivable, inventory).
- xii. **NOTE** - the Purchases Journal is used only for the purchase of inventory and service parts on credit and the Sales Journal is used only for the sale of inventory or provision of servicing on credit. The purchase or sales of equipment or supplies of a general nature do not go in the purchases or sales journals.
- xiii. **NOTE:** Wages Payable are only calculated at the end of the financial year, as such as such no amounts are expected to be in the account till the end of financial year. *As noted earlier the Employee schedule is used instead of having multiple General Ledger Accounts for each employee!*

## 2. BUSINESS TRANSACTIONS – JUNE 2016

The following information relates to the operations of *RTK Buderim Mowers* during **JUNE**. Cheques and invoices issued by *RTK Buderim Mowers* for June begin with numbers 100 and 951, respectively.

Before you begin recording the transactions, read the instructions and overview.

<b>Jnl</b>	<b>G/L</b>	<b>S/L</b>	<b>Date</b>	<b>Transaction details</b>
------------	------------	------------	-------------	----------------------------

### WEEK 1

- |        |  |  |  |  |
|--------|--|--|--|--|
| June 1 |  |  |  | Sold goods for cash (\$4,499.00) Items sold:<br><b>1 - X1-11 petrol mower: 2 - B11A Brushcutters</b><br><b>1 - 5RD ride-on mower: 1 - T8 Hedge trimmer</b>                         |
| 1.     |  |  |  | Paid TDK Realestate rent for June to August - \$6,600. Chq # 100   |
| 1      |  |  |  | Sold goods to Noosa Estate Pty Ltd on credit. Items sold:<br><b>2 - 5RD ride-on mowers: 1 - Z360 Zero turn mower</b><br><b>2 - T8 hedge trimmers: 2 - B12A Brushcutters</b>        |
| 2      |  |  |  | Paid STNG Manufacturing Ltd in full (less 1% discount) for inventory purchased in May. Chq # 101   |
| 3      |  |  |  | Sold goods to Herman Garden Services Pty Ltd on credit. Items sold:<br><b>2 - 5RD ride-on mowers: 2 - Z360 Zero turn mowers</b><br><b>2 - C75 Chain Saw: 2 - B12A Brushcutters</b> |
| 4      |  |  |  | Cash sales - \$440.00 - items sold:<br><b>1 - X1-11 petrol mower</b>   |

**WEEK 2**

- 7 Paid MotoTwo Ltd in full for purchase of parts in May. Chq # 102
- 7 Wages & Drawings.  
(note Ross draws \$2,000.00 fortnightly his bank details are 082-333 #321778213)
- 8 Received partial payment from Noosa Estate for goods sold in May - \$7,500.
- 8 Received and paid electricity invoice from Electron Ltd for May - \$3,260. Chq # 103
- 11 Purchased inventory on credit from STNG Manufacturing Ltd (invoice #4212). Items purchased (note the new cost per unit on some items) (these amounts do not include GST):
  - 7 - 5RD ride-on mowers \$2,500.00 /unit
  - 4 - Z360 zero turn mowers \$8,100.00 /unit
- 11 Servicing of mowers, brushcutters and chain saws:-

<b>Service Work Cards:</b>			
<b>Date:</b>	<b>11/6</b>		
<b>Employee</b>	<b>Hours</b>	<b>Hourly rate</b>	<b>Labour cost</b>
A. Dunbar	20	\$ 40.00	\$ 800.00
F. Lewis	25	\$ 25.00	\$ 625.00
<b>Total Labour</b>			<b>\$ 1,425.00</b>
<b>Parts costs</b>			<b>\$ 700.00</b>
<b>Total Costs:</b>			<b>\$ 2,125.00</b>
<b>Mark up plus GST</b>			<b>\$ 2,688.13</b>

*Received total cash from customers:*  
\$2,688.13 banked

*Received Invoices for parts from:*  
MotoTwo Invoice # 16-21001 \$220.00 (includes GST) n/10  
STNG Manufacturing Ltd Invoice #SP-3-8009 \$550.00 (includes GST) n/30

- 12 Sold goods on credit to Buderim Property Services P/L Items sold:
  - 1 - X1-11 mower    1 - 5RD ride-on mower    1 - B12A brushcutter
- 12 Received payment from Buderim Property Services P/L for goods sold in May - less 1% discount.
- 13 Paid BP Buderim for petrol and oil purchased - \$220.00 (GST inclusive) Chq #104.



### WEEK 3

- 14 Paid LS Insurance Co. Ltd renewal insurance premium of \$39,600 for the period 15 June 2016 to 15 June 2017. Chq # 105
- 14 Paid Hardly Normal Ltd \$6,600 to purchase a home theatre system for Ross's personal use. Chq # 106.
- 15 Received and paid invoice from Sun Radio for advertising for the months of June and July- \$11,000 (GST inclusive). Chq # 107
- 16 Servicing of mowers, brushcutters and chain saws :-

<b>Service Work Cards:</b>			
<b>Date:</b>	<b>16/6</b>		
<b>Employee</b>	<b>Hours</b>	<b>Hourly rate</b>	<b>Labour cost</b>
A. Dunbar	26	\$ 40.00	\$ 1,040.00
F. Lewis	20	\$ 25.00	\$ 500.00
<b>Total Labour</b>			<b>\$ 1,540.00</b>
<b>Parts costs</b>			<b>\$ 900.00</b>
<b>Total Costs:</b>			<b>\$ 2,440.00</b>
<b>Mark up plus GST</b>			<b>\$ 3,086.60</b>

*Received total cash from customers:*  
\$3,086.60 banked

*Received Invoices for parts from:*  
MotoTwo Invoice # 16-21081 \$330.00 (includes GST) n/10  
STNG Manufacturing Ltd Invoice #SP-3-8039 \$660.00 (includes GST) n/30

- 18 Sold the following on credit to Yandina Mowing Services.
  - 1 - C76 chain saw                      1 - T8 hedge trimmer
  - 1 - Z360 zero turn mower
- 18 Received payment from Herman Garden Services P/L for goods sold on the 3<sup>rd</sup> less 1% discount.

**WEEK 4**

21 Wages and Drawings. (note Ross draws \$2,000.00 fortnightly)

21 Sold goods for cash. Items sold:

- 5 - X1-11 mowers                      3 - 5RD ride-on mowers
- 5 - B11A brush cutters                4 - C75 chain saws

22 Purchased inventory on credit from STNG Manufacturing Ltd (invoice #4283). Items purchased (note new cost per unit) (these amounts do not include GST):

- 5 - C75 chain saws    \$180.00/unit    3 - B11A brush cutters                \$160.00/  
unit
- 5 - X1-11 mowers    \$300.00/unit    2 - T8 hedge trimmers                \$230.00/  
unit

23 Servicing of mowers, brushcutters and chain saws :-

<b>Service Work Cards:</b>			
<b>Date:</b>	<b>23/6</b>		
<b>Employee</b>	<b>Hours</b>	<b>Hourly rate</b>	<b>Labour cost</b>
A. Dunbar	20	\$ 40.00	\$ 800.00
F. Lewis	28	\$ 25.00	\$ 700.00
<b>Total Labour</b>			<b>\$ 1,500.00</b>
<b>Parts costs</b>			<b>\$ 800.00</b>
<b>Total Costs:</b>			<b>\$ 2,300.00</b>
<b>Mark up plus GST</b>			<b>\$ 2,909.50</b>

*Received total cash from customers:*  
\$2,909.50 banked

*Received Invoices for parts from:*  
MotoTwo Invoice # 16-21505 \$330.00(includes GST) n/10  
STNG Manufacturing Ltd Invoice #SP-3-8192 \$550.00 (includes GST) n/30

23 Sold goods for cash. Items sold:

- 1 - X1-11 mower                                      1 - 5RD ride-on mower
- 2 - B11A brush cutters                            1 - C75 chain saw

## WEEK 5

- 25 Made a partial payment to STNG Manufacturing Ltd - \$3,850 (GST not relevant). Chq # 108.
- 25 Sales on credit to Harry's Mower Services Ltd:
- 3 - X1-11 petrol mowers:      3 - B11A Brushcutters**
  - 3 - 5RD ride-on mowers: 3 - T8 Hedge trimmers**
  - 3 - C75 chain saws**
- 27 Paid \$550.00 to MotoTwo Ltd for inventory purchased on June 11 and 16. Chq # 109
- 28 Paid OfficeWorks for Supplies (printer ink, pens, photocopy paper etc) - \$880.00. Chq # 110
- 28 Received Phone & Internet Account from NoTel Ltd
- Phone & Internet usage \$235.00 plus GST \$23.50
  - Line rental for next month (July) \$50 plus GST \$5.00
- Paid - \$313.50. Chq # 111
- 28 Cash sales- Items sold:
- 4 - X1-11 petrol mowers:      5 - B12A Brushcutters**

## Note:

A physical Stock-take of inventory reveals the following items in stock:

1 - X1-11 petrol mower: 2 - 5RD ride-on mowers 3 - Z360 zero turn mower

1 - B11A Brushcutter                      0 - B12A Brushcutter                      1 - C75 chain saw

4 - C76 chain saws                      3 - T8 Hedge trimmers

## Adjustments (Adjustments never involve cash or GST):

- a. Physical Stock-take of office supplies revealed supplies used for June - \$620.00.
- b. Calculate and record the adjusting entry for the Wages Payable for the month of June that have not as yet been paid.
- c. Insurance - the \$2,000.00 (previously paid) is now fully used (expired) and 15 days coverage from the recent insurance policy paid also needs to be expensed. For the recently paid amount simply divide by 12 months and then by 2.
- d. Calculate and record the adjusting entry for rent for the month of June.
- e. Sun Radio advertising for the entire month of June was carried out and the amount for one month should now be expensed.
- f. Calculate the amount for Provision of Doubtful Debts and make the necessary journal entry.
- g. Calculate the amounts for the depreciation of the non-current assets and make the necessary journal entries - there are 3 depreciation expense accounts so do a separate journal entry for depreciation of each asset.
- h. Adjust for the prepaid Phone & Internet rental paid on the 28<sup>th</sup> (exclude GST).
- i. Based on the average use of electricity for the year and the seasonal usage an amount of \$1,498 is estimated for June.

### 3. PART A - ACCOUNTING REQUIREMENTS - FOR JUNE

1. Record all the necessary entries in the relevant journals and ledgers, excluding balance day adjustments, to maintain proper accounting records for June. Please note that you may need to create new accounts using subsequent account numbers where necessary.
2. Prepare an Unadjusted Trial Balance on the worksheet provided.
3. Record all the necessary balance day adjustments for June in the General Journal and post to the General Ledger accounts.
4. Prepare an Adjusted Trial Balance on the Worksheet provided and complete the worksheet.
5. Record all closing entries in the General Journal, however, **do not** post them to the relevant general ledger accounts **until** you have checked that the Trial Balance is correct.
6. Prepare the Income Statement (using the *Functional* format) for the year ending 30 June 2016.
7. Prepare the Statement of Changes in Equity for the year ending 30 June 2016.
8. Prepare the classified Balance Sheet as at 30 June 2016.
9. Prepare the Cash Flows (Simplified Statement) for the month ending 30 June 2016.
  - a. *Note: without the balances as at the 1<sup>st</sup> July 2015 (or alternatively the Cash Receipts and Cash Payments Journals for the entire year) it is not possible to calculate the proper Statement of Cash Flows!*
  - b. *A simplified approach has been provided in the Excel template!*

#### **4. PART B - CRITICAL ANALYSES**

You are required to complete the questions that are in the special Test of Knowledge section on Blackboard for the proportion of marks from the major assignment. The questions are pertinent to your completion of the learning from the major assignment and from the application of basic accounting knowledge as well as critical thinking skills.