

Monyetla Project – Accounting Gr 12 (2022)

Lesson 3: Companies: Adjustments to the Financial Statements

ACTIVITY 1: KHUMALO FASHIONS LTD

POST-ADJUSTMENT TRIAL BALANCE OF KHUMALO FASHIONS LTD ON 28 FEBRUARY 2019

	Debit	Credit
Balance Sheet accounts		
Trading stock (108 200 – 7 800 – 3 200)	97 200	
Debtors control (17 400 + 7 200 – 800)	23 800	
Provision for bad debts (1 Mar 2018) (2 000 – 810)		1 190
Creditors control (28 200 + 7 200)		35 400
SARS (Income tax) (– 285 000 + 341 688)		56 688
SARS (PAYE) (23 300 + 3 840)		27 140
Pension Fund (17 800 + 1 698 + 2 547)		22 045
Unemployment Insurance Fund (UIF) (16 240 + 1 922 + 1 922)		20 084
Debtors for insurance (65% x 7 800)	5 070	
Consumable stores on hand	280	
Creditors for salaries		15 600
Deferred income (13 800 rent income + 640 commission)		14 440
Accrued expenses (insurance)		1 750
Nominal accounts		
Sales		1 225 700
Cost of sales (1 225 700 x 100/140)	875 500	
Rent income (86 700 – 13 800)		72 900
Commission income (19 200 – 640)		18 560
Salaries and wages (812 000 + 7 460 + 15 600)	835 060	
Pension contribution (10 680 + 2 547)	13 227	
UIF contribution (8 120 + 1 922)	10 042	
Insurance (21 000 + 1 750)	22 750	
Bad debts (5 600 + 800)	6 400	
Stationery (3 860 – 280)	3 580	
Provision for bad debts adjustment (2 000 – 1 190) income		810
Loss due to damage (35% x 7 800)	2 730	
Trading stock deficit	3 200	

**INCOME STATEMENT OF KHUMALO FASHIONS LTD FOR THE YEAR ENDED
28 FEBRUARY 2019**

Net profit before tax [100%] $(341\ 688 \times 100/30)$	1 138 960
Income tax [30%]	(341 688)
Net profit after tax [70%] $(3\ 41\ 688 \times 70/30)$	797 272

ACTIVITY 2: MONEY STAR LIMITED

POST-ADJUSTMENT TRIAL BALANCE OF MONEY STAR LIMITED ON 31 MAY 2016

	Debit	Credit
Nominal Accounts Section		
Director's fees $(120\ 000 + 24\ 000)$	144 000	
Rent income $(6\ 000 \times 4)$		24 000