

Debtors Control	25 200	
Provision for bad debts		1 250
Vehicles	450 000	
Accumulated depreciation on vehicles		120 000
Fixed deposit (12% interest per year)	100 000	
Loan (15% interest per year)		120 000
Rent-income		108 780
Insurance	22 250	
Interest on loan	12 000	
Interest on fixed deposit		7 800
Packing material	4 560	

- 1) Debtors Control + 300
Bad debts recovered + 300

$25\ 500 \times 5\% = 1\ 275 - 1\ 250 = +25$
Provision for bad debts adjustment +25 (dt)
Provision for bad debts + 25 (cr)

2)

80 000	X 12% x 6/12	4 800
20 000		
100 000	X 12% x 6/12	6 000
Total		10 800
TB		7 800
Outstanding	10 800 – 7 800	3 000

Accrued income + 3 000 (dt)
Interest on fixed deposit + 3 000 (cr)

IF INTEREST IS CAPITALISED – Dt Fixed deposit with R3 000
Cr Interest on fixed deposit with R3 000

3)

120 000	X 15% x 8/12	12 000
(20 000)		
100 000	X 15% x 4/12	5 000
Total		17 000
TB		12 000
Outstanding	17 000 – 12 000	5 000

Interest on loan + 5 000 (dt)
Accrued expense + 5 000 (cr)

IF INTEREST IS CAPITALISED - Dt Interest on loan with R5 000
Cr Loan with R5 000

- 4) Six month contract: $R7\ 200 \div 6 = R1\ 200$
Year ends on 30 June – paid until 31 August.
Two months in advance – $R1\ 200 \times 2 = R2\ 400$

Prepaid expenses + R2 400 (dt)
Insurance – R2 400 (cr)

5) Amount used in Income statement – therefor R4 200 in statement.

Consumable stores on hand (R4 560 – R4 200) + R360 (dt)
 Packing material – R360 (cr)

6)

$(330\,000 - 120\,000) \times 15\% \times 12//12$		31 500
$120\,000 \times 15\% \times 4/12$		6 000
450 000		
Total		37 500

Depreciation + 37 500 (dt)
 Accumulated depreciation on vehicles + 37 500 (cr)

7)

Number of months before change	7	$\times 100\% \times \mathcal{X}$	$= 7 \mathcal{X}$
Number of months after change	7	$\times 110\% \times \mathcal{X}$	$= 7,7 \mathcal{X}$
Number of months received	14		$14,7 \mathcal{X}$

$$14,7 \mathcal{X} = R108\,780$$

$$\mathcal{X} = 108\,780 \div 14,7$$

$$= 7\,400$$

$$\text{Therefor } 7400 \times 110\% = 8\,140 \times 2 = 16\,280$$

Rent income – 16 280 (dt) Income rec in advance + 16 280 (cr)
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