ACC110 Additional Assessment 2

The below information has been prepared for ACC110 202275 students for the completion of the Additional Assessment for the ‘Accounting Cycle Assignment’ (Assessment 2).

All information required for the Assignment is included in this document.

Assessment conditions: This is an **individual**assessment task (not a group assessment task).

**QUESTION 1**

From information below, you need to prepare

1. Unadjusted trial balance for transactions up to 31 May 2022 **(35 marks)**
2. The General Journal to record the June 2022 transactions. Narrations are essential for all journal entries.**(35 marks)**

At 1 July 2021, Alex set up a communications business in Bathurst, New South Wales called ‘AA MAxx Communications’.  For the first 11 months, through to 31 May 2022, Alex has maintained a spreadsheet recording the businesses financial information for the year.  As the business has grown, Alex has insufficient time to maintain the business records for AA Maxx Communications. It is now the end of June 2022 and you have been employed as a part time bookkeeper for the business.

Today is your first day and Alex has provided you with the unadjusted trial balance from 1 July 2021 to 31 May 2022 and a list of events which have taken place in June 2022.

These are available below

In completing this assessment task, please note that **GST is not required** for this assignment.

## AA MAxx Communications

## Unadjusted Trial Balance as at 31 May 2022

|  |  |  |
| --- | --- | --- |
| Account Name | Account No. | Opening Balance |
| Cash at Bank | 1-100 | 289,070 |
| Cash on Hand | 1-200 | 504 |
| Accounts Receivable | 1-300 | 34,100 |
| **Prepaid Insurance** | **1-400** | 45,000 |
| Plant and Equipment | 1-500 | 102,000 |
| Supplies (Asset) | 1-600 | 34,100 |
| Sales Revenue Received in Advance | 2-100 | 80,900 |
| Accounts Payable | 2-200 | 46,550 |
| Bank Loan (Interest only) | 2-300 | 57,000 |
| Share Capital | 3-100 | 96,000 |
| Retained Earnings | 3-200 | 12,000 |
| Service Revenue | 4-100 | 561,664 |
| Accounting and Consulting Fees | 6-050 |  |
| Electricity Expense | 6-100 | 91,000 |
| Insurance Expense | 6-200 | 8,100 |
| Interest Expense | 6-300 | 1,940 |
| Office Supplies Expense | 6-400 | 31,200 |
| Rent Expense | 6-500 | 89,200 |
| Salaries Expense | 6-600 | 96,000 |
| Supplies Expense | 6-700 | 31,900 |

## Events for June 2022

| Date | Description |
| --- | --- |
| 1 June | Obtained a new interest only loan of $234,000 for the purchase of new office space from USC Bank. The interest rate is 4% p.a, paid from the cash at bank account on the last day of each month. This is consistent with all of AA MAxx’s loans. The loan proceeds are immediately deposited into the bank. |
| 3 June | Raised $75,000 from investors in the share market. |
| 4 June | Provided tech installation service to the Good Blokes worth $28,000. Invoice No. 212 |
| 7 June | Received $31,000 owing from live-stream conference services provided in May. Issued Receipt No. 350. |
| 8 June | Cash purchase of office supplies from Office Sports $13,000. EFT Payment No. 202. |
| 9 June | Received $35,000 from Good Blokes being payment for services rendered on June 4. Receipt No. 351. |
| 11 June | Provided network services for cash $11,000. Receipt No. 352. |
| 14 June | Credit Purchase of Office Supplies from OffMore $11,300. EFT Payment No. 203. |
| 15 June | Announced a brand-new deal with COS Music to develop new music streaming service. Work is to commence as soon as possible. |
| 18 June | COS Music paid an advance of $9,000 for services to be provided in October 2022. Receipt No. 353. |
| 21 June | Received advance deposit of $5,500 from Tartus for NBN maintenance service. Receipt No. 354. |
| 22 June | Provided teleconferencing services to TED Conferences worth $17,700. TED Conferences paid for this service in full back in April 2022. |
| 23 June | Signed 10-year contract with COS Music to finalise deal. Estimated revenue for 2023 financial year is $190,000. |
| 24 June | Provided telephone installation service to CSU worth $33,000. CSU paid an advance of $10,000 in January 2022.Invoice No. 213 |
| 25 June | Paid $3,800 for accounting and consulting services to Barron Accountants for ongoing advice and services. EFT Payment No. 204 |
| 28 June | Paid monthly electricity account to Electric Man $9,400. EFT No. 205. |
| 29 June | Provided partial NBN maintenance services to Tartus worth $4,200. |
| 29 June | Received the remainder of the amount owed from CSU Wagga in relation to the telephone installation service on June 24. Receipt No. 355 |
| 30 June | Paid sales consultant’s salaries for the month $15,950. EFT No. 206 - 209 |
| 30 June | Paid monthly rent to Landlord $5,660. EFT Payment No. 210. |

**QUESTION 2**

This assessment tasks builds on **Question 1** where you will completing the accounting cycle for AA MAxx Communications.

Alex has reviewed your journals and has noted the following errors, omissions and adjustments relating to the year ended 30 June 2022 which have not yet been recorded;

* Services totalling $3,560 on credit had been provided but not yet invoiced at the end of the year;
* $13,550 of pre-paid insurance has been used as at 30 June 2022;
* $27,035 of office supplies were consumed prior to 30 June 2022;
* $8,300 relating to rent has been incorrectly recorded as electricity expense; and
* $9,200 of services currently recorded as 'sales revenue received in advance' were provided in June 2022.

Based on this, you are required to;

1. Enter the above adjusting entries into the General Journal **(5 marks)**;
2. Prepare the General Ledger accounts (T-Accounts) for the year ended 30 June 2022.  To complete this, you need to;  **(30 marks)**
   * enter the opening balance for every account at 31 May 2022;
   * post the corrected General Journal entries from Part 1 for the month of June 2022;
   * enter the posting references for all transactions; and
   * balance off every general ledger account at 30 June 2022.
3. Prepare the Trial Balance for AA MAxx Communications as at 30 June 2022. **(5 marks)**

Alex has reviewed the trial balance you prepared for the year ended 30 June 2022 and sent it to the accountant to allow for preparation of the financial statements and tax returns (*note, you do not need to complete this*).  In order to start a new financial year, Alex has asked you to:

1. Prepare the post closing trial balance as at 30 June 2022.  In order to complete this, you need to:
2. prepare closing entries in the General Journal. **(5 marks)**
3. complete the necessary closing entries in the General Ledger. Use a P&L Summary Account to close off the relevant accounts. **(5 marks)**
4. prepare the Post-Closing Trial Balance as at 30 June 2022. **(5 marks)**

**PLEASE NOTE**

**Submission:** This assessment must be completed using Microsoft Excel, which must be submitted via EASTS

**Due date:** The due date for this assessment task is Thursday, 22nd December 2022.