**LEXOUNDE LIMITED ADJUSTMENT JOURNALS AND ADJUSTED TRIAL BALANCE**

**Following Trial Balance has been extracted from the books of Lexounde Ltd. as on 31 December 2023:**

|  |  |  |
| --- | --- | --- |
| **ACCOUNTS** | **DEBIT****£** | **CREDIT****£** |
| Cash in hand  | 3,400 |  |
| Bank Balance | 18,660 |  |
| Stock 1st Jan 2022 | 46,000 |  |
| Purchase and purchase returns | 150,200 | 600 |
| Freehold premises | 38,600 |  |
| Incidental trade expenses | 840 |  |
| Insurance | 1,640 |  |
| Audit fees | 280 |  |
| Commission received  |  | 3,300 |
| Bank overdraft |  | 4,000 |
| Interest on Bank Overdraft | 200 |  |
| Trade Debtors | 36,000 |  |
| Trade Creditors |  | 34,670 |
| Wages | 25,000 |  |
| Salaries | 14,000 |  |
| Capital |  | 114,000 |
| Drawings | 5,000 |  |
| Income tax | 1,600 |  |
| Investments | 4,000 |  |
| Discount allowed and received  | 6,300 | 4,600 |
| Sales return and sales | 550 | 201,350 |
| Bills receivable | 3,200 |  |
| Office furniture | 3,050 |  |
| Rent | 4,000 |  |
|  | **362,520** | **362,520** |

Following month end adjustments need to be incorporated in the above trial balance:

1. Stock at 31 December 2023 is **£** 52,000
2. Write off 5% depreciation on freehold premises and 10% on office furniture
3. Unpaid wages are **£** 4,200
4. Insurance to the extent of **£** 200 relates to the year 2023 – 2024
5. Charge interest on capital @ 5% and 300 on drawings.
6. Rent is payable at the rate of **£** 400 per month.

**Required:**

1. **Prepare month end adjustment journals for the month of 31 December 2023**
2. **Prepared adjusted trial balance as on 31 December 2023**