

Question 1 continued
Bindoon Traders

Bindoon Traders
Income Statement (extract)
for the year ended 30 June 2019

Sales			72,100
Less Sales Returns			800
Less Discount Allowed			600
Net Sales			<u>70,700</u>
Less Cost of Sales	18,400		
Cartage Inwards	900		
Customs Duty	<u>300</u>	19,600	
Less Discount Received		<u>2,000</u>	17,600
Gross Profit			<u>53,100</u>
<i>Less Other Expenses</i>			
Selling and Distribution Expenses			
Depreciation of Delivery Vehicle	3,200		
	<u>19,700</u>		
Sales Wages (\$19,200 + \$500)			
	<u>600</u>	23,500	
General and Administration Expenses			
Depreciation of Office Furniture	300		
	<u>16,200</u>	16,500	
Financial Expenses			
Interest on Loan		<u>1,800</u>	41,800
Net Profit			<u>11,300</u>

Question 1 continued
Bindoon Traders

Calculation of Accumulated Depreciation of Delivery Vehicle

$$\$2,000 + \$3,200 = \$5,200$$

Calculation of Accumulated Depreciation of Office Furniture

$$\$700 + \$300 = \$1,000$$

Bindoon Traders
Balance Sheet (extract)
as at 30 June 2019

Current Assets		
Accounts Receivable	13,400	
Less Allowance for Doubtful Debts	400	13,000
Prepaid Rent		800
<i>Total Current Assets</i>		13,800
Non-Current Assets		
Delivery Vehicle	18,000	
Less Accumulated Depreciation	5,200	12,800
Office Furniture	3,000	
Less Accumulated Depreciation	1,000	2,000
<i>Total Non-Current Assets</i>		14,800
<i>Total Assets</i>		28,600
Current Liabilities		
Accrued Expenses		500
<i>Total Current Liabilities</i>		500

Question 2
Collie Traders

Allowance for Doubtful Debts

	Bad Debts	400		Balance b/d	510
	Balance c/d	370		Doubtful Debts	260
		770			770

Calculation of Depreciation of Delivery Vehicle

$(\$22,000 - \$8,000) \times 25\% = \$3,500$
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Calculation of Depreciation of Office Equipment

$\$5,000 \times 10\% = \500

Question 2 continued
Collie Traders

Collie Traders
Income Statement (extract)
for the year ended 30 June 2021

Sales			137,000
Less Sales Returns			1,300
Less Discount Allowed			1,700
Net Sales			<u>134,000</u>
Less Cost of Sales	52,800		
Cartage Inwards	2,600		
Customs Duty	<u>400</u>	55,800	
Less Discount Received		<u>800</u>	55,000
Gross Profit			<u>79,000</u>
<i>Less Other Expenses</i>			
Selling and Distribution Expenses			
Doubtful Debts	260		
Depreciation of Delivery Vehicle	3,500		
Sales Wages	<u>28,200</u>	<u>31,960</u>	
General and Administration Expenses			
Depreciation of Office Equipment	500		
Electricity (\$9,000 + \$700)	9,700		
Insurance (\$2,000 – \$400)	<u>1,600</u>	<u>11,800</u>	
Financial Expenses			
Interest on Loan	5,000		
Bank Fees	<u>1,000</u>	<u>6,000</u>	<u>49,760</u>
Net Profit			<u>29,240</u>

Question 2 continued
Collie Traders

Calculation of Accumulated Depreciation of Delivery Vehicle

$$\$8,000 + \$3,500 = \$11,500$$

Calculation of Accumulated Depreciation of Office Furniture

$$\$1,000 + \$500 = \$1,500$$

Collie Traders
Balance Sheet (extract)
as at 30 June 2021

Current Assets		
Accounts Receivable	10,970	
Less Allowance for Doubtful Debts	370	10,600
Prepaid Insurance		400
<i>Total Current Assets</i>		11,000
Non-Current Assets		
Delivery Vehicle	22,000	
Less Accumulated Depreciation	11,500	10,500
Office Equipment	5,000	
Less Accumulated Depreciation	1,500	3,500
<i>Total Non-Current Assets</i>		14,000
<i>Total Assets</i>		25,000
Current Liabilities		
Accrued Expenses		900
<i>Total Current Liabilities</i>		900

Question 3
Oz Traders

Allowance for Doubtful Debts			
Bad Debts	45	Balance	39
Balance c/d	21	Doubtful Debts	27
	<u>66</u>		<u>66</u>

Calculation of Depreciation of Office Equipment

$$(\$60 - \$10) \times 30\% = \$15$$

Oz Traders Income Statement for the year ended 30 June 2019			
Sales			793
Less Discount Allowed			<u>10</u>
Net Sales			783
Less Cost of Sales	306		
Cartage Inwards	<u>20</u>	326	
Less Discount Received		<u>6</u>	<u>320</u>
Gross Profit			463
Add Other Income			
Interest (\$21 + \$17)			<u>38</u>
			501
<i>Less Other Expenses</i>			
Selling and Distribution Expenses			
Doubtful Debts	27		
Sales Salaries	94		
Cartage Outwards	47		
Advertising	<u>65</u>	233	
General and Administration Expenses			
Insurance	34		
Office Salaries (\$127 + \$16)	143		
Depreciation of Office Equipment	<u>15</u>	192	
Financial Expenses			
Interest on Loan		<u>33</u>	<u>458</u>
Net Profit			<u>\$43</u>

Question 3 continued
Oz Traders

Calculation of Accumulated Depreciation of Office Equipment

$$\$10 + \$15 = \$25$$

Oz Traders Balance Sheet as at 30 June 2019		
Current Assets		
Cash at Bank		81
GST Credits		14
Accounts Receivable	66	
Less Allowance for Doubtful Debts	21	45
Prepaid Insurance (\$52 – \$34)		18
Accrued Income		17
Inventory		53
Total Current Assets		228
Non-Current Assets		
Office Equipment	60	
Less Accumulated Depreciation	25	35
Total Non-Current Assets		35
Total Assets		263
Current Liabilities		
Accounts Payable		47
GST Payable		14
Accrued Expenses		16
Total Current Liabilities		77
Non-Current Liabilities		
Loan from Bank		72
Total Non-Current Liabilities		72
Total Liabilities		149
<i>Net Assets</i>		114
Equity		
Capital		92
Add Profit		43
		135
Less Drawings		21
<i>Total Equity</i>		114

Question 3 continued
Oz Traders

3

A good location would have to meet the definition of an asset in the balance sheet and the asset recognition criteria.

The good location should provide a future economic benefit to the restaurant, in that it should bring in more customers to the restaurant. The asset was acquired as a result of a past event, the restaurant was purchased or constructed on that site at some time in the past. The business has control over the location of the restaurant.

However, the location does not meet the reliable measurement asset recognition criteria. It is not possible to attach an accurate monetary value to having a good location.

4

c \$900

Question 4
Green and Gold Traders

Allowance for Doubtful Debts			
Bad Debts	61	Balance	30
Balance c/d	24	Doubtful Debts	55
	<u>85</u>		<u>85</u>

Calculation of Depreciation of Delivery Vehicle

$$\$70 \times 20\% = \$14$$

Green and Gold Traders Income Statement for the year ended 30 June 2027			
Sales			814
Less Discount Allowed			<u>21</u>
Net Sales			793
Less Cost of Sales	310		
Freight Inwards	<u>32</u>	342	
Less Discount Received		<u>14</u>	<u>328</u>
Gross Profit			465
Add Other Income			
Interest (\$22 + \$11)			<u>33</u>
			498
<i>Less Other Expenses</i>			
Selling and Distribution Expenses			
Doubtful Debts	55		
Sales Salaries (\$103 + \$22)	125		
Depreciation of Delivery Vehicle	<u>14</u>	194	
General and Administration Expenses			
Rent (\$122 – \$33)	89		
Office Salaries	115		
Loss on Sale of Office Equipment	<u>11</u>	215	
Financial Expenses			
Interest on Loan		<u>41</u>	<u>450</u>
Net Profit			\$48

Question 4 continued
Green and Gold Traders

Calculation of Accumulated Depreciation of Delivery Vehicle

$$\$25 + \$14 = \$39$$

Green and Gold Traders
Balance Sheet
as at 30 June 2027

Current Assets		
Cash at Bank		70
GST Credits		15
Accounts Receivable	88	
Less Allowance for Doubtful Debts	24	64
Prepaid Rent		33
Accrued Income		11
Inventory		54
Total Current Assets		247
Non-Current Assets		
Delivery Vehicle	70	
Less Accumulated Depreciation	39	31
Total Non-Current Assets		31
Total Assets		278
Current Liabilities		
Accounts Payable		59
GST Payable		28
Accrued Expenses		22
Total Current Liabilities		109
Non-Current Liabilities		
Loan from Bank		33
Total Non-Current Liabilities		33
Total Liabilities		142
<i>Net Assets</i>		136
Equity		
Capital		101
Add Profit		48
		149
Less Drawings		13
<i>Total Equity</i>		136

Question 5

Perth Traders

1

Workings

Depreciation of Delivery Vehicles

$$(\$34,000 - \$14,000) \times 15\% = \$3,000$$

Depreciation of Office Equipment

$$\$7,000 \times 10\% = \$700$$

Stationery expense

Trial balance amount	\$1,000
Less Stationery on hand	200
Stationery expense	\$800

Telephone expense

$$\text{Balance } \$3,700 + \$900 \text{ accrued} = \$4,600$$

Doubtful debt adjustment

Allowance for Doubtful Debts			
Bad Debts	1,400	Balance	2,000
Balance c/d	1,600	Doubtful Debts	1,000
	<u>3,000</u>		<u>3,000</u>
		Balance b/d	1,600

Question 5 continued
Perth Traders

1

Perth Traders
Income Statement
for the year ended 30 June 2018

Sales			192,400
Less Sales Returns			2,000
Less Discount Allowed			400
Net Sales			<u>190,000</u>
Less Cost of Sales	48,000		
Freight Inwards	<u>200</u>	48,200	
Less Discount Received		<u>300</u>	47,900
Gross Profit			<u>142,100</u>
Add Other Income			
Gain on Sale of Investments			<u>600</u>
			<u>142,700</u>
<i>Less Other Expenses</i>			
Selling and Distribution Expenses			
Doubtful Debts	1,000		
Advertising	20,700		
Sales Salaries	41,300		
Depreciation of Delivery Vehicle	<u>3,000</u>	66,000	
General and Administration Expenses			
Stationery (\$1,000 – \$200)	800		
Telephone (\$3,700 + \$900)	4,600		
Insurance	6,300		
Office Salaries	46,500		
Depreciation of Office Equipment	<u>700</u>	58,900	
Financial Expenses			
Interest Expense		<u>4,100</u>	129,000
Net Profit			<u>\$13,700</u>

Question 5 continued
Perth Traders

2

Perth Traders
Balance Sheet
as at 30 June 2018

Current Assets		
Cash at Bank		10,300
Accounts Receivable	29,000	
Less Allowance for Doubtful Debts	<u>1,600</u>	27,400
GST Credits		6,800
Stationery Asset		200
Inventory		79,000
Prepaid Insurance (\$6,700 – \$6,300)		<u>400</u>
Total Current Assets		<u>124,100</u>
Non-Current Assets		
Delivery Vehicle	34,000	
Less Accumulated Depreciation	<u>17,000</u>	17,000
Office Equipment	7,000	
Less Accumulated Depreciation	<u>2,100</u>	4,900
Total Non-Current Assets		<u>21,900</u>
Total Assets		<u>146,000</u>
Current Liabilities		
Accounts Payable		27,100
GST Payable		6,000
Accrued Expenses		<u>900</u>
Total Current Liabilities		<u>34,000</u>
Non-Current Liabilities		
Loan from Bank		<u>18,000</u>
Total Non-Current Liabilities		<u>18,000</u>
Total Liabilities		<u>52,000</u>
Net Assets		<u>\$94,000</u>
Equity		
Capital		91,000
Add Profit		<u>13,700</u>
		104,700
Less Drawings		<u>10,700</u>
Total Equity		<u>\$94,000</u>

3

(d) Both a and b are added to the purchase price of the photocopier.