Chapter 10 – Q4-9 solutions, ignoring additional information

Q.4

Furniture City

Income Statement

For the year ending 30 June 2024

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 134 910 |  |
| Less Sales Returns |  | 400 |  |
| Discount Allowed |  | 200 |  |
| Net Sales |  |  | 134 310 |
| Less Cost of Sales | 41 300 |  |  |
| Cartage Inwards | 1 510 |  |  |
| Customs Duty | 140 | 42 950 |  |
| Less Discount Received |  | 1 400 | 41 550 |
| Gross Profit |  |  | 92 670 |
| Add Other Income |  |  |  |
| Interest Income |  | 5 930 | 5 930 |
|  |  |  | 98 690 |
| Less expenses |  |  |  |
| Selling and Distribution Expenses |  |  |  |
| Cartage Outwards | 2 530 |  |  |
| Bad Debts | 3 610 |  |  |
| Sales Wages | 20 100 |  |  |
| Advertising | 11 900 | 38 140 |  |
| General and Administration Expenses |  |  |  |
| Telephone | 1 940 |  |  |
| Office wages | 28 300 | 30 240 |  |
| Financial Expenses |  |  |  |
| Bank Fees | 290 |  |  |
| Interest on Loan | 1 310 | 1 600 | 69 980 |
| Profit for the period |  |  | 28 710 |

Furniture City

Balance Sheet

30 June 2024

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 28 100 |
| Accounts Receivable | 34 300 |
| Prepaid Rent | 33 000 |
| Inventory | 17 000 |
| *Total Current Assets* | 112 400 |
| **Non-Current Assets** |  |
| Motor Vehicle | 41 500 |
| Office Furniture | 6 900 |
| *Total Non-Current Assets* | 48 400 |
| Total Assets | 160 800 |
| **Current Liabilities** |  |
| Accounts Payable | 37 290 |
| GST Payable | 14 110 |
| *Total Current Liabilities* | 51 400 |
| **Non-Current Liabilities** |  |
| Bank Loan | 37 000 |
| *Total Non-Current Liabilities* | 37 000 |
| Total Liabilities | 88 400 |
| *Net Assets* | 72 400 |
| Equity |  |
| Capital | 61 690 |
| Add Profit | 28 710 |
|  | 90 400 |
| Less Drawings | 18 000 |
| Total Equity | 72 400 |

Q.5

Challenger Traders

Income Statement

For the year ending 30 June 2026

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 259 480 |  |
| Less Sales Returns |  | 2 020 |  |
| Discount Allowed |  | 1 650 |  |
| Net Sales |  |  | 255 810 |
| Less Cost of Sales | 101 450 |  |  |
| Cartage Inwards | 1 880 |  |  |
| Customs Duty | 3 000 | 106 330 |  |
| Less Discount Received |  | 1 000 | 105 330 |
| Gross Profit |  |  | 150 480 |
| Add Other Income |  |  |  |
| Interest Income |  |  | 2 700 |
|  |  |  | 153 180 |
| Less expenses |  |  |  |
| Selling and Distribution Expenses |  |  |  |
| Freight Outwards | 5 400 |  |  |
| Bad Debts | 900 |  |  |
| Sales Wages | 24 300 |  |  |
| Advertising | 29 700 | 60 300 |  |
| General and Administration Expenses |  |  |  |
| Telephone | 4 300 |  |  |
| Office wages | 28 000 | 32 300 |  |
| Financial Expenses |  |  |  |
| Bank Fees | 4 600 |  |  |
| Interest on Loan | 800 | 5 400 | 98 000 |
| Profit for the period |  |  | 55 180 |

Challenger Traders

Balance Sheet

30 June 2026

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 11 300 |
| Accounts Receivable | 19 400 |
| Prepaid Rent | 33 000 |
| Inventory | 30 100 |
| *Total Current Assets* | 93 800 |
| **Non-Current Assets** |  |
| Motor Vehicle | 47 000 |
| *Total Non-Current Assets* | 47 000 |
| Total Assets | 140 800 |
| **Current Liabilities** |  |
| Accounts Payable | 22 700 |
| GST Payable | 5 800 |
| *Total Current Liabilities* | 28 500 |
| **Non-Current Liabilities** |  |
| Bank Loan | 30 900 |
| *Total Non-Current Liabilities* | 30 900 |
| Total Liabilities | 59 400 |
| *Net Assets* | 81 400 |
| Equity |  |
| Capital | 54 220 |
| Add Profit | 55 180 |
|  | 109 400 |
| Less Drawings | 28 000 |
| Total Equity | 81 400 |

Q.6

Kalgoorlie Traders

Income Statement

For the year ending 30 June 2021

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 677 136 |  |
| Less Sales Returns |  | 1 995 |  |
| Discount Allowed |  | 1 730 |  |
| Net Sales |  |  | 673 411 |
| Less Cost of Sales | 337 470 |  |  |
| Cartage Inwards | 1 740 |  |  |
| Customs Duty | 2 600 | 341 810 |  |
| Less Discount Received |  | 3 510 | 338 300 |
| Gross Profit |  |  | 335 111 |
| Add Other Income |  |  |  |
| Interest Income |  |  | 5 300 |
|  |  |  | 340 411 |
| Less expenses |  |  |  |
| Selling and Distribution Expenses |  |  |  |
| Bad Debts | 5 100 |  |  |
| Freight Outwards | 32 500 |  |  |
| Sales Wages | 88 300 |  |  |
| Advertising | 55 800 | 181 700 |  |
| General and Administration Expenses |  |  |  |
| Telephone | 11 000 |  |  |
| Office wages | 93 800 | 104 800 |  |
| Financial Expenses |  |  |  |
| Bank Fees | 8 300 |  |  |
| Interest on Loan | 1 000 | 9 300 | 295 800 |
| Profit for the period |  |  | 44 611 |

Kalgoorlie Traders

Balance Sheet

30 June 2021

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 19 800 |
| Prepaid Rent | 46 200 |
| Inventory | 21 000 |
| *Total Current Assets* | 87 000 |
| **Non-Current Assets** |  |
| Office Equipment | 15 400 |
| *Total Non-Current Assets* | 15 400 |
| Total Assets | 102 400 |
| **Current Liabilities** |  |
| Bank Overdraft | 1 609 |
| Accounts Payable | 11 800 |
| GST Payable | 3 700 |
| *Total Current Liabilities* | 17 109 |
| **Non-Current Liabilities** |  |
| Bank Loan | 27 000 |
| *Total Non-Current Liabilities* | 27 000 |
| Total Liabilities | 44 109 |
| *Net Assets* | 58 291 |
| Equity |  |
| Capital | 22 880 |
| Add Profit | 44 611 |
|  | 67 491 |
| Less Drawings | 9 200 |
| Total Equity | 58 291 |

Q.7

Perth Traders

Income Statement

For the year ending 30 June 2022

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 321 |  |
| Less Sales Returns |  | 55 |  |
| Discount Allowed |  | 21 | 245 |
| Net Sales |  |  |  |
| Less Cost of Sales | 83 |  |  |
| Cartage Inwards | 5 |  |  |
| Customs Duty | 4 | 92 |  |
| Less Discount Received |  | 11 | 81 |
| Gross Profit |  |  | 164 |
| Add Other Income |  |  |  |
| Interest Income |  | 4 | 4 |
|  |  |  | 168 |
| Less expenses |  |  |  |
| Selling and Distribution Expenses |  |  |  |
| Bad Debts | 3 |  |  |
| Sales Wages | 35 |  |  |
| Advertising | 17 | 55 |  |
| General and Administration Expenses |  |  |  |
| Telephone | 5 |  |  |
| Office wages | 45 |  |  |
| Electricity | 11 | 61 |  |
| Financial Expenses |  |  |  |
| Bank Fees | 1 |  |  |
| Interest on Loan | 1 | 2 | 118 |
| Profit for the period |  |  | 50 |

Q.8

West Coast Traders

Income Statement

For the year ending 30 June 2019

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 381 |  |
| Less Sales Returns |  | 14 |  |
| Discount Allowed |  | 9 | 358 |
| Net Sales |  |  |  |
| Less Cost of Sales | 110 |  |  |
| Cartage Inwards | 2 |  |  |
| Customs Duty | 7 | 119 |  |
| Less Discount Received |  | 3 | 116 |
| Gross Profit |  |  | 242 |
| Add Other Income |  |  |  |
| Interest Income |  | 1 | 1 |
|  |  |  | 243 |
| Less expenses |  |  |  |
| Selling and Distribution Expenses |  |  |  |
| Bad Debts | 8 |  |  |
| Sales Wages | 70 |  |  |
| Advertising | 11 | 89 |  |
| General and Administration Expenses |  |  |  |
| Telephone | 4 |  |  |
| Office wages | 71 | 75 |  |
| Financial Expenses |  |  |  |
| Bank Fees | 1 |  |  |
| Interest on Loan | 5 | 6 | 170 |
| Profit for the period |  |  | 73 |

West Coast Traders

Balance Sheet

30 June 2019

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 37 |
| Accounts Receivable | 46 |
| Prepaid Rent | 20 |
| Inventory | 15 |
| *Total Current Assets* | 118 |
| **Non-Current Assets** |  |
| Motor Vehicles | 60 |
| Office Equipment | 30 |
| *Total Non-Current Assets* | 90 |
| Total Assets | 208 |
| **Current Liabilities** |  |
| Accounts Payable | 11 |
| GST Payable | 5 |
| *Total Current Liabilities* | 16 |
| **Non-Current Liabilities** |  |
| Bank Loan | 38 |
| *Total Non-Current Liabilities* | 38 |
| Total Liabilities | 54 |
| *Net Assets* | 154 |
| Equity |  |
| Capital | 130 |
| Add Profit | 73 |
|  | 203 |
| Less Drawings | 49 |
| Total Equity | 154 |

Q.9

Esperance Traders

Income Statement

For the year ending 30 June 2025

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 538 |  |
| Less Sales Returns |  | 60 |  |
| Discount Allowed |  | 27 | 451 |
| Net Sales |  |  |  |
| Less Cost of Sales | 165 |  |  |
| Cartage Inwards | 5 |  |  |
| Customs Duty | 9 | 179 |  |
| Less Discount Received |  | 6 | 173 |
| Gross Profit |  |  | 278 |
| Add Other Income |  |  |  |
| Interest Income |  | 3 | 3 |
|  |  |  | 281 |
| Less expenses |  |  |  |
| Selling and Distribution Expenses |  |  |  |
| Bad Debts | 6 |  |  |
| Cartage Outwards | 11 |  |  |
| Sales Wages | 76 |  |  |
| Advertising | 24 | 117 |  |
| General and Administration Expenses |  |  |  |
| Telephone | 9 |  |  |
| Office wages | 84 | 93 |  |
| Financial Expenses |  |  |  |
| Bank Fees | 1 |  |  |
| Interest on Loan | 8 | 9 | 219 |
| Profit for the period |  |  | 62 |

Esperance Traders

Balance Sheet

30 June 2025

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 11 |
| Accounts Receivable | 9 |
| Prepaid Rent | 17 |
| Inventory | 26 |
| *Total Current Assets* | 63 |
| **Non-Current Assets** |  |
| Motor Vehicles | 13 |
| Office Equipment | 61 |
| *Total Non-Current Assets* | 74 |
| Total Assets | 137 |
| **Current Liabilities** |  |
| Accounts Payable | 15 |
| GST Payable | 8 |
| *Total Current Liabilities* | 19 |
| **Non-Current Liabilities** |  |
| Bank Loan | 45 |
| *Total Non-Current Liabilities* | 45 |
| Total Liabilities | 64 |
| *Net Assets* | 73 |
| Equity |  |
| Capital | 40 |
| Add Profit | 62 |
|  | 102 |
| Less Drawings | 29 |
| Total Equity | 73 |