

- 1 Eleni owns a business selling computers. She does not maintain full accounting records.

The following information is available.

	At 30 June 2021 \$	At 1 July 2020 \$
Equipment at valuation	3250	3460
Inventory	1940	2210
Trade receivables	5650	7200
Provision for doubtful debts	?	360
Other receivables: rent prepaid	1080	500
Trade payables	2120	1440
Other payables: wages	110	190
Bank	1420 Credit	860 Credit
Cash in hand	–	150
Bank loan	–	1350

A summary of receipts and payments made through the bank for the year ended 30 June 2021 was as follows:

Receipts	\$
Receipts from credit customers	58 960
Cash sales banked	3 980
Sale of equipment	180

Payments	\$
Payments to credit suppliers	39 750
Purchase of equipment	610
General expenses	940
Rent	6 860
Bank loan repayments	1 390
Bank charges	50
Cash withdrawn	14 080

All cash sales are banked.

REQUIRED

(a) Calculate **total** revenue for the year ended 30 June 2021.

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Additional information

Of the cash withdrawn from the bank, Eleni took \$450 each month for drawings and paid total wages of \$7620 for the year. The remaining cash from the cash till was used to pay for general expenses.

REQUIRED

(b) Prepare the cash account to calculate the amount paid in cash for general expenses.

Cash account

	\$		\$

[3]

Additional information

The following information is also available.

- 1 Eleni wishes to write off an irrecoverable debt of \$50 at 30 June 2021. She wishes to maintain the provision for doubtful debts at the same percentage as the previous year.
- 2 Equipment sold during the year had a valuation of \$140.

REQUIRED

- (c)** Prepare the income statement for the year ended 30 June 2021.

Eleni
Income statement for the year ended 30 June 2021

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[12]

- (d)** Prepare an extract from the statement of financial position at 30 June 2021 to show the capital and liabilities section only.

Eleni
Statement of financial position at 30 June 2021

Capital and liabilities

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[5]

Additional information

Eleni is concerned that she is not earning enough profit. She is considering increasing her prices by 5%.

REQUIRED

- (e) Advise Eleni whether or not she should increase her prices by 5%. Justify your answer.

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- (f) State **three** factors that a business should consider when making a provision for doubtful debts.

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[3]