

- 1 The following is a summary of Harry's balance sheet at 30 April 2008.

	\$000	\$000
Assets		
Fixed assets		
Furniture and equipment at net book value		208
Current assets		
Stock	1500	
Debtors	610	
Cash	<u>6</u>	<u>2116</u>
Total assets		<u>2324</u>
Equity and liabilities		
Equity		
Owner's capital		1096
Current liabilities		
Creditors for supplies	920	
Creditors for expenses	98	
Bank overdraft	<u>210</u>	<u>1228</u>
		<u>2324</u>

The following information is available for the year ended 30 April 2009:

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|---|-------|
| | \$000 |
| 1 Amount paid into bank | 2950 |
| (This included \$50 000 from the sale of furniture and equipment which had a net book value of \$48 000.) | |
| 2 Cash from Harry's sales was used to pay for the following: | |
| Expenses | 152 |
| Drawings | 70 |
| 3 Amounts paid from the bank: | |
| Purchases | 1750 |
| Interest on overdraft | 30 |
| Expenses | 810 |
| 4 Balances at 30 April 2009: | |
| Creditors for supplies | 510 |
| Creditors for expenses | 90 |
| Debtors | 400 |
| Stock | 720 |
| Cash | 5 |
| 5 During the year, Harry brought into the business a motor vehicle. | 12 |
| 6 A provision for doubtful debts of 4% of debtors is to be made. | |
| 7 Depreciation on all fixed assets was to be provided for at 25% using the reducing (diminishing) balance method. Full depreciation would be provided for in the year in which an asset was introduced but none would be applied in the year of disposal. | |

REQUIRED

(a) Explain, **briefly**, the difference between a liability and a provision.

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(b) Calculate, showing **all** workings, the total sales for the year ended 30 April 2009.

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(c) Calculate, showing **all** workings, Harry's bank balance at 30 April 2009.

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[12]

- (e)** Prepare Harry's balance sheet at 30 April 2009. a layout similar to the balance sheet at the beginning of the question.