**Question 30**

**Techno Traders Limited**

1

**Workings**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Allowance for Doubtful Debts** | | | | | |
| 2028 |  |  | 2027 |  |  |
| Jun 30 | Bad Debts | 2,900 | Jul 1 | Balance b/d | 3,400 |
|  | Balance c/d | 4,700 | 2028 |  |  |
|  |  |  | Jun 30 | Doubtful Debts | 4,200 |
|  |  | 7,600 |  |  | 7,600 |
|  |  |  |  |  |  |

**Depreciation of Office Equipment**

($14,100 – $6,100) x 25% = $2,000

**Calculation of Finance Expenses**

|  |  |
| --- | --- |
| Interest on Loan | 5,100 |
| **Total Finance Expenses** | **5,100** |

**Question 30 continued**

**Techno Traders Limited**

**Calculation of Total Other Expenses**

|  |  |
| --- | --- |
| Loss on sale of delivery vehicle | 1,000 |
| Freight outwards | 5,410 |
| Advertising ($10,000 – $2,100) | 7,900 |
| Depreciation of office equipment | 2,000 |
| Electricity ($2,861 + $1,300) | 4,161 |
| Wages | 88,380 |
| Doubtful debts | 4,200 |
| **Total Other Expenses** | **113,051** |

|  |  |  |
| --- | --- | --- |
| **Techno Traders Limited**  **Statement of Comprehensive Income**  **for the year ended 30 June 2028** | | |
| Sales Net ($247,100 sales – $900 sales returns) | | 246,200 |
| *Less Cost of Sales* | | (117,800) |
| Gross Profit | | 128,400 |
| Add Other Income ($1,995 + $1,840 + $416) | | 4,251 |
| Less Finance Expenses | | (5,100) |
| Less Other Expenses | | (113,051) |
| **Profit before Tax** | | **14,500** |
| *Less Income Tax Expense* | | (4,350) |
| **Profit** | | **$10,150** |
| *Add Other Comprehensive Income* | |  |
| Gain on asset revaluation, net of income tax | | 5,000 |
| **Total Comprehensive Income for the Period** | | **$15,150** |

**Question 30 continued**

**Techno Traders Limited**

2

**Techno Traders Limited**

**Notes to the Statement of Financial Position**

**as at 30 June 2028**

|  |  |
| --- | --- |
| **Note: Property, Plant and Equipment** | |
| Land (revalued) | 110,000 |
| Office equipment | 14,100 |
| Accumulated depreciation | (8,100) |
|  | 6,000 |
| Total property, plant and equipment at net book value | $116,000 |
|  |  |
| **Note: Share Capital** |  |
| 122,000 ordinary shares fully paid | $120,594 |
|  |  |
| **Note: Reserves** |  |
| Asset revaluation | 17,690 |
| General (18,000 – 7,000) | 11,000 |
|  | $28,690 |
| **Note: Dividends**  **Interim Dividend**  Interim dividend for 122,000 ordinary shares of 7 cents per share was paid in March, totaling $8,540  **Final Dividend** |  |
| The directors have recommended the payment of a 5 cents per share final dividend on 122,000 ordinary shares, totaling $6,100. | |

**Calculation of Retained Earnings on 30 June 2028**

|  |  |
| --- | --- |
| Retained earnings (beginning) | 24,190 |
| Add profit after tax for the year | 10,150 |
| Add Transfer from general reserve | 7,000 |
|  | 41,340 |
| Less Dividend paid during the year | (8,540) |
| **Retained earnings on 30 June 2028** | **$32,800** |

**Question 30 continued**

**Techno Traders Limited**

**Techno Traders Limited**

**Statement of Financial Position**

**as at 30 June 2028**

|  |  |  |
| --- | --- | --- |
| **Current Assets** |  |  |
| Cash and cash equivalent |  | 89,510 |
| Trade and other receivables  *(79,011 – 4,700 + 1,840)* |  | 76,151 |
| Inventories |  | 66,029 |
| Prepaid Expense |  | 2,100 |
| Total Current Assets |  | 233,790 |
| **Non Current Assets** |  |  |
| Property, Plant and Equipment |  | 116,000 |
| Total Non Current Assets |  | 116,000 |
| Total Assets |  | 349,790 |
| **Current Liabilities** |  |  |
| Bank Overdraft |  | 9,205 |
| Trade and other payables |  | 42,541 |
| Accrued Expenses |  | 1,300 |
| Income Tax Payable |  | 4,350 |
| Total Current Liabilities |  | 57,396 |
| **Non Current Liabilities** |  |  |
| Debentures |  | 110,310 |
| Total Non Current Liabilities |  | 110,310 |
| Total Liabilities |  | 167,706 |
| *Net Assets* |  | $182,084 |
| **Equity** |  |  |
| Share Capital |  | 120,594 |
| Reserves |  | 28,690 |
| Retained Earnings |  | 32,800 |
| *Total Equity* |  | $182,084 |

**Question 30 continued**

**Techno Traders Limited**

4

Directors of a company have the following duties.

|  |  |
| --- | --- |
| 1 | A director must carry out his or her duties with the skill and care that a reasonable person would exercise in the position of director i.e. the business judgment rule. |
|  |  |
| 2 | A director must inform the other directors of any conflict between their personal interest and the interest of the company. |
|  |  |
| 3 | A director must act in good faith in the best interest of the company. |
|  |  |
| 4 | A director must not make improper use of their position for person gain. |