
Practice Questions

Asim has an advertising agency. His financial year ends on 31 January.

He provided the following information on 31 January 2018.

	\$
Capital at 1 February 2017	120 000
Drawings	8 500
Office equipment at valuation at 1 February 2017	6 180
Motor vehicle at cost	15 000
Provision for depreciation of motor vehicle	5 400
Fees received from clients	28 350
Wages of assistant	19 000
General expenses	1 358
Motor expenses	970
Rates and insurance	2 280
Rent received from tenant	5 600

Additional information

- 1 At 31 January 2018
\$2400 was outstanding from clients for fees.
Motor expenses outstanding amounted to \$110.
A provision for doubtful debts of 2% of the amount owed by clients should be created.
- 2 The rates and insurance paid were for a period of 15 months from 1 February 2017.
- 3 Part of the premises were let to a tenant on 1 February 2017 at an annual rent of \$4800.
- 4 One quarter of the motor expenses are for Asim's personal use of the motor vehicle.
- 5 The motor vehicle is to be depreciated at 20% per annum using the reducing (diminishing) balance method.
- 6 The office equipment was valued at \$5500 on 31 January 2018.
No office equipment was purchased or sold during the year.

Extended Practice Question

Fatima is a sole trader. She prepares her financial statements to the end of March each year.

At 31 March 2022, Fatima's ledger account balances included the following.

	\$
Revenue	79 400
Sales returns	3 970
Purchases	36 500
Rent and rates	9 000
Wages	10 100
General expenses	1 287
Insurance	1 800
Discount received	1 095
Inventory at 1 April 2021	3 000
Fixtures and equipment at cost	80 000
Fixtures and equipment – provision for depreciation	39 040
Trade receivables	6 400
Trade payables	4 995
Provision for doubtful debts	156
Cash drawings	8 580
Capital at 1 April 2021	59 000

The following information is also available.

- 1 Inventory at 31 March 2022 was \$3120.
- 2 Fatima took goods for her own use from the business during the year ended 31 March 2022. These goods cost \$1300.
- 3 Depreciation on fixtures and equipment is to be charged at 20% per annum using the reducing balance method.
- 4 Accrued wages at 31 March 2022 were \$800.
- 5 Rent includes a payment of \$1500 for the 3 months from 1 March 2022 to 31 May 2022.
- 6 An irrecoverable trade receivable of \$200 is to be written off.
- 7 The provision for doubtful debts is to be set at 3% of trade receivables.

Term: II
Session 2023 - 24



Name: _____
Date: _____
