

Practice Questions

Rani is a sole trader. On 31 December 2013 her statement of financial position was as follows.

Rani
Statement of Financial Position at 31 December 2013

	\$	\$
Non-current assets		
Fixtures and fittings (at book value)		<u>12 000</u>
Current assets		
Inventory		6 380
Trade receivables	1 200	
Provision for doubtful debts	<u>(36)</u>	
Bank		<u>1 164</u>
		<u>110</u>
		<u>7 654</u>
Total assets		<u>19 654</u>
Capital		<u>18 454</u>
Current liabilities		
Trade payables		910
Other payables		<u>290</u>
		<u>1 200</u>
Total liabilities		<u>19 654</u>

At the end of December 2014 the book-keeper ran away and it was found that no detailed records had been kept. The following information, however, was available for the year ended 31 December 2014.

- 1 Fixtures and fittings are depreciated at 20% per annum on the net book value. No fixtures or fittings had been bought during the year.
- 2 A delivery van costing \$15 000 had been bought during the year. It was to be depreciated at the rate of 40% a year on the reducing (diminishing) balance basis. A full year's depreciation is to be provided in the year of purchase.
- 3 The provision for doubtful debts is to stay at the same percentage.
- 4 Other assets and liabilities at 31 December 2014 were as follows.

	\$
Inventory	8340
Trade receivables (before provision)	1600
Bank	90 debit
Trade payables	1100
Accrued electricity	190
Accrued wages	230

- 5 Drawings amounted to \$11 600.



REQUIRED

(a) Calculate the net assets of the business at 31 December 2014.

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(b) (i) Calculate the change in net assets between 31 December 2013 and 31 December 2014.

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Extended Practice Question

Nzita is a sole trader. His statement of financial position at 31 January 2014 included the following balances.

	\$	
Trade receivables	700	
Trade payables	400	
Inventory	1 100	
Equipment at cost	15 700	
Provision for depreciation of equipment	4 100	
Prepaid rent	250	
Bank	2 100	debit

REQUIRED

(a) Calculate Nzita's capital at 31 January 2014.

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A summary of Nzita's bank statements showed the following for the year ended 31 January 2015.

	\$
Receipts from customers	28 900
Payments to suppliers	12 600
Wages	5 200
Rent	3 100
Purchase of new equipment	1 100
Sundry expenses	2 650
Drawings	6 600

Further information is as follows.

- 1 Nzita depreciates his non-current assets at the rate of 10% per annum on the straight line basis. A full year's depreciation is provided in the year of purchase.
- 2 No non-current assets were disposed of during the year.
- 3 Proper books of account were not kept during the year but Nzita provided the following information at 31 January 2015.

	\$
Trade receivables	900
Trade payables	650
Inventory	1400
Prepaid rent	150

- 4 All sales and purchases were made on credit.

REQUIRED

- (b) Prepare the following accounts for the year ended 31 January 2015 to determine the sales and purchases for the year.

Nzita
 Total trade receivables account

Date	Details	\$	Date	Details	\$
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(d) Prepare an extract from Nzita's statement of financial position at 31 January 2015 showing the capital section.

Nzita
Statement of Financial Position (extract) at 31 January 2015

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