

Worksheet 10: Use of formats for ledger accounts and financial statements

Identify the correct answer by creating and completing the required formats

- 1 A business has a financial year end of 31 December. It purchased a motor vehicle on 1 January 2017 for \$24 000. The estimated useful life of the motor vehicle was four years. The estimated residual value at the end of four years was \$8000. The business depreciates motor vehicles at 25% per year using the reducing balance method. No depreciation is charged in the year of disposal.

The motor vehicle was sold on 31 July 2020 for \$12 000.

What was the profit on the sale of the motor vehicle?

- A \$1875 B \$4000 C \$5250 D \$8000

- 2 A company received interest of \$8800 during the financial year. Interest of \$700 was due to be received at the beginning of the year and \$850 at the end of the year.

Which entry appeared in the interest received account to make the transfer to the statement of profit or loss?

- A \$8650 credit B \$8650 debit C \$8950 credit D \$8950 debit

- 3 Katrina started a business on 1 January 2020. For the year ended 31 December 2020, the following information is available:

- drawings \$53 500
- profit for the year \$62 700
- revenue \$1 500 000
- expenses \$875 000

What was the cost of sales for the year?

- A \$562 300 B \$571 500 C \$678 000 D \$687 700

- 4 The following information is given in the financial statements of a limited company:

- ordinary shares \$1 200 000
- general reserve \$120 000
- retained earnings \$710 000
- 8% debentures \$400 000

What is the value of total equity?

- A \$1 910 000 B \$2 030 000 C \$2 310 000 D \$2 430 000