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Q23

a) DBC Bakery would depreciate the assets as they lose value ^{from their original costs} over time due to factors such as wear and tear as well as obsolescence. Hence, to give a more accurate representation of the assets true value and hence, the value of the business, depreciation is necessary.

~~This is crucial in managing the B as who really would value a selling price for the assets.~~

Balance Sheet of DBC Bakery
as at 30/06/2013

Particulars	\$	\$	\$
Current Assets Non-Current Assets			
Motor Accounts Receivable		20,500	
Less Accumulated Depreciation - Motor Vehicle			

b) and c) continued.

b) Classified Balance Sheet of ABC Bakery

As at 30/06/2013

Particulars	\$	\$	\$	\$
Current Assets				20,500
Accounts Receivable		<u>20,500</u>		
Non-Current Assets				4,000
Motor Vehicle		18,000		
Less Accumulated Depreciation - Motor Vehicle		<u>(14,000)</u>		
Total Assets				<u>24,500</u>
Non-Current Liabilities			17,100	
Accrued Expense for wages	1000			
Allowance for Doubtful Debts	100			
WVA - Long Services Leave	<u>16,000</u>			
Less Total Liabilities				<u>(17,100)</u>
Net Assets				<u>7,400</u>
Owner's Equity				<u>7,400</u>
Capital	5,000			
Net Profit	<u>2,400</u>			

c) In the management of ABC Bakery's financial accounts and in particular, its Accounts receivable and Accounts payable, subsidiary accounts are very important. In essence, the firm may have a lot of creditors as well as debtors which will be very difficult to manage each individual account on a whole (note there is Accounts payable and Accounts Receivable control accounts), thus, the business's notes

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Subsidiary accounts which are more specific to each transaction between the cheques. Effectively, this ensures the business is able to monitor the movements of transactions more effectively giving the business good ~~cost~~ organisation and clarity. In addition, these subsidiary accounts of ABC Bakery are a good cost measure that can be used to track how efficient ^{specific} ~~cheques~~ are at paying ^{their} ~~out~~ debts whereon, also being able to measure who SEC are at how much specifically. Hence, management at ABC Bakery in terms of its financial accounts become effective. In addition, financial reports present good value and purpose to the ~~stakeholders~~ (people who have an interest in the business) such as, management ^{of ABC Bakery} ~~and investors/lenders~~. Management at ABC would heavily rely on these reports as they are the at purpose it need to determine the overall performance and position of the business. For example, the income statements produced at the end of the ~~periods~~ ^{periods} give help the business identify its performance. Say if expenses were too high and affecting profits significantly, management would therefore, rely ~~less~~ ^{on} ~~and~~ ^{investments} other financial accounts i.e. creditors who are cheaper and can reduce the fixed and variable costs of the business. Furthermore, reports such as they ~~look~~ ^{that} balance sheet provides indication of

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~~Overall performance of~~

c) cont.

Overall performance. By analyzing and interpreting the reports that ABC Bakery can evaluate the effectiveness of its financial accounts and managed thus, helping improve the business. Overall, subsidiary ledgers and financial reports present great importance to the managers of financial accounts as they help organize and manage them effectively which in turn ensures business can maximize its performance in achieving objectives.