

Start here.

a) ABC Bakery would depreciate ^{non-current} assets because they are required to do it and ~~non~~ fixed assets ~~only~~ have ~~an~~ an economic life for which they are used

2013 HSC - Financial Services

Band 5/6

Sample 1 Question 23

b)

Balance sheet of ABC Bakery

as at 30 June 2013

	\$	\$	\$
<u>Current Assets</u>			
Debtors (Accounts receivable)	20 500	20 500	
less Allowance for doubtful debts	<u>100</u>	<u>20 400</u>	20 400
<u>Non-current Assets</u>			
Motor vehicle	18 000		
less accumulate depreciation	<u>14 000</u>	<u>4 000</u>	
Total Assets			24 400 20 800
<u>Current liabilities</u>			
Accrued expense for wages		1000	
<u>Non-current liabilities</u>			
Long service leave		<u>16 000</u>	
Total liabilities			<u>17 000</u>
Net Assets			7 400 3 800
<u>Owners Equity</u>			
Capital		5000	
Add Net profit		<u>2400</u>	
Total Owners Equity			<u>7400</u>

c) Subsidiary ledgers and financial reports are important in the management of ~~my business and~~ ABC Bakery.

Subsidiary ledgers are ledgers used to for accounts payable and accounts receivable. They are used to calculate separately what the business is ~~owed~~ ^{owed} and owes. ~~and the~~ ~~the~~ The processing of accounts payable and receivable through the subsidiary ledgers is important. It is important for accounts payable so the business knows ~~how to~~ how much and who its creditors are. If creditors aren't paid they ~~may~~ may stop supplying to ABC Bakery on credit forcing ABC Bakery to make purchases in the less desirable cash ~~per~~ method. Accounts receivable are important because otherwise the business can't find out the money it needs to collect and from whom. With this ABC Bakery would not be able to pay bills or suppliers, and could not run a profitable operation.

Financial reports for the end of period accounting period are ~~important in being able~~ ^{used} to determine the financial performance and position of the business. The financial performance is given by the Income statement and the financial position is given by the balance sheet. ➔

~~Both~~ ~~an~~ subsidiary ledgers and financial reports are important to serve ABC Bakery's bookkeeping.

~~Both are used by management to assist in running~~ ~~ABC Bakery.~~

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The income statement consists of revenue and Expenses to give net profit, and the balance sheet gives assets, liabilities and owners equity. Both are used in the management decisions of ABC Bakery.



Tick this box if you have continued this answer in another writing booklet.