



LESSON NOTES - WORKSHEET 7

School: Ba Sangam College

Year: 1101

Name: _____

Subject: Accounting

Strand	4- Accounting Reports
Sub Strand	Final Accounts
Content Learning Outcome	Prepare Fully classified Statement of Financial Performance and Position from Trial Balance

STATEMENT OF FINANCIAL POSITION

Classification of Items:

Current Assets

Are those assets which are converted into cash within a financial year E.g. Cash at bank, inventory, accounts receivable, income accrued, prepaid expenses.

Non-Current Assets

These are assets other than current assets which cannot be quickly converted into cash.

There are three types of non-current assets:

1. Fixed Assets

Are those assets which are used in the business for more than one year to generate income. It is also known as Property, Plant and Equipment. These assets are recorded at their original cost or historical cost.

2. Intangible Assets

Are those assets which have no physical existence. That is; they cannot be seen or touched E.g. goodwill, copyright.

Goodwill is the amount paid on purchase of a business, over and above the value of equity (net assets). It is the amount the buyer is prepared to pay for a firm's brand recognition, reputation, customer loyalty and location.

3. Investments

Are money invested outside the business which generates income. E.g. term deposit, government bond, shares in a company.

Current Liabilities

Debts that must be paid within one accounting period. E.g. accounts payable, bank overdraft, expense due, income received in advance.

Non-Current Liabilities/ Long-Term Liabilities

Those debts that takes more than one accounting period to pay. E.g. mortgage, long-term loan.

Mortgage

Is a secured loan on property. The mortgager has full right to seize the property in case of non-payment of loan.

Proprietorship

Is the owner's investment in the business plus the net profit ascertained by the business, less drawings.

Statement of Financial Position (Activity 2)

(Refer to the example from activity 1 on Financial Position and answer the questions that follow.)

Use the information given below with your knowledge to answer the questions that follow.

Trial balance of Waisele Trading for the year ending 31st March 2021

<u>Ledger Balances</u>	<u>Debit</u>	<u>Credit</u>	
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	<u>(\$)</u>	<u>(\$)</u>	Additional Information at 31st March 2020: 1. Closing inventory \$17 000. 2. Prepaid advertising \$250. 3. Rent earned but not received \$200. 4. Provide for depreciation on furniture \$1 260. 5. Adjust provision for doubtful debts to \$720. 6. Net profit for the period \$10 190. (10 marks)
Accounts Receivables	12 000		
Drawings	3 000		
Cash at Bank	15 500		
Advertising	2 750		
Staff Salaries	910		
Interest on Loan	825		
Purchases	9 500		
General Expenses	475		
Land	30 000		
Furniture	15 750		
Inventory (01/04/2020)	28 000		
Goodwill	11 000		
Sales		35 000	
Provision for Depreciation on Furniture		2 800	
Provision for Doubtful Debts		680	
Loan (payable 7 years)		10 000	
Rent Received		1 500	
Accounts Payable		10 330	
Capital		69 400	
<u>Total Balance</u>	<u>129 710</u>	<u>129 710</u>	

Required

(a) Prepare a fully classified Statement of Financial Position for Waisele Trading as at 31st March 2020.

Statement of Financial Position for Waisele Trading as at 31st March 2020

	\$	\$	\$
<u>Current Assets</u>			
<u>Add Non-Current Assets</u>			
<u>Add Investments</u>			
<u>Add Intangible Assets</u>			
<u>Add Fixed Assets</u>			
Total Assets			
<u>Less Liabilities</u>			
<u>Current Liabilities</u>			
<u>Non-Current Liabilities</u>			
Net Assets			
<u>Proprietorship</u>			
<u>Closing Proprietorship</u>			