

Chapter 2: Fundamentals of Accounting and GST
Chapter Review Solutions

2. Revenue = Profit \$1,000 + Expenses \$2,150 = **(c)** \$3,150

4.

| | Assets | Liabilities | Owners' Equity |
|-----|------------------|--------------------|-----------------------|
| (a) | \$ 25,000 | \$ 12,000 | \$ 13,000 |
| (b) | \$ 22,000 | \$ 5,000 | \$ 17,000 |
| (c) | \$ 22,000 | \$ 3,500 | \$ 18,500 |
| (d) | \$ 39,000 | \$ 10,000 | \$ 29,000 |
| (e) | \$ 45,000 | \$ 12,000 | \$ 33,000 |
| (f) | \$ 20,000 | \$ 5,000 | \$ 15,000 |
| (g) | \$200,000 | \$120,000 | \$ 80,000 |

6. **(b)** Payments by the owner from the business bank account for his daughter's school fees would not increase owner's equity.

8.

| | |
|-----|---|
| (a) | Assets total \$330,000 Liabilities total \$258,000 Owner's Equity = 330,000 – 258,000 = \$72,000 |
| (b) | Owner's Equity = 5,200 + 2,000 + 14,200 + 7,300 – 6,000 = \$22,700 |
| (c) | Owner's Equity = – 3,500 + 8,200 + 14,000 + 180,000 + 11,200 – 7,000 – 123,000 = \$79,900 |

10.

| Balance Sheet of Regal Racquets as at 28 February..... | | |
|---|----------------|-----------------------|
| Current Assets | | |
| Accounts Receivable | 10,900 | \$10,900 |
| Non-Current Assets | | |
| Plant | 25,100 | |
| Buildings | 160,000 | |
| Land | <u>90,000</u> | 275,100 |
| Total Assets | | <u>286,000</u> |
| Current Liabilities | | |
| Accounts Payable | 12,900 | |
| Bank Overdraft | <u>20,400</u> | 33,300 |
| Non-Current Liabilities | | |
| Mortgage | <u>100,000</u> | 100,000 |
| Total Liabilities | | <u>133,300</u> |
| Net Assets | | <u>152,700</u> |
| Owner's Equity | | |
| Capital | | <u>152,700</u> |

12.

| | Amounts excluding GST | GST | Amount including GST |
|----------|------------------------------|--------------|-----------------------------|
| A | 100.00 | 10.00 | 110.00 |
| B | 50.00 | 5.00 | 55.00 |
| C | 0.20 | 0.02 | 0.22 |
| D | 10.00 | 1.00 | 11.00 |
| E | 55.00 | 5.50 | 60.50 |
| F | 160.00 | 16.00 | 176.00 |
| G | 450.00 | 45.00 | 495.00 |
| H | 74.00 | 7.40 | 81.40 |
| I | 13.20 | 1.32 | 14.52 |
| J | 4,567.00 | 456.70 | 5,023.70 |