

Name: _____ **Date:** _____

Chapter 22: Base knowledge worksheet

Full sentence answers are **not** required: SL/HL 60 marks, 60 minutes

- 1** Name **three** stakeholders and give a (different) reason why each would use business accounts. (6)

-
-
-

- 2** Construct an income statement for a firm with the financial information given below. Indicate which parts are the appropriation account, the trading account and the profit and loss account. (18)

- dividends \$60,000
- cost of sales \$250,000
- overheads \$100,000
- sales \$500,000

- 3** Define 'current assets' and give **two** examples. (3)
- 4** Define 'fixed assets'. (3)
- 5** Construct an equation to define shareholders' equity. (2)
- 6** Why can retained profits not be regarded as a source of finance? (2)
- 7** **a** Give **two** examples of possible intangible assets. (2)
- -
- b** Why are intangibles included on the balance sheet and what is the accounting rule about them? (2)
- 8** Construct an equation for calculation of an annual straight-line depreciation charge. (2)

9 State **three** problems with the straight-line depreciation method. **(3)**

-
-
-

10 Calculate the value over five years of an asset purchased for \$10,000, using the diminishing balance depreciation method with an annual depreciation charge of 30%. Show all calculations for book value in years 1, 2, 3, 4, 5 and set them out in a table. **(6)**

11 A market trader decided to sell paddling pools in the summer. He had three deliveries:

- 1 40 at \$30 each
- 2 100 at \$35 each
- 3 60 at \$40 each

He sold 150 pools over the summer.

a Calculate the value of his remaining stock. **(8)**

LIFO:

FIFO:



- b** Calculate his profit if his selling price was \$50 per pool, using LIFO and FIFO methods.

(3)