ANSWERS TO EXAMPLES

Chapter 1

No examples

Chapter 2

Example 1

Increase in net assets = capital introduced + profit – drawings
32,000 – 25,000 = 10,000 + Profit – 7,000
7,000 = Profit + 3,000
Profit = $4,000

Example 2

Increase in net assets = capital introduced + profit – drawings
150,000 – 118,000 = 0 + 54,000 – drawings
32,000 = 54,000 – drawings
Drawings = 54,000 – 32,000 = $22,000

Chapter 3

Example 1 and 2

Cash a/c

Capital	5,000	Car	1,000
Sales	800	Purchases	500
Receivables	500	Rent	200
		Payables	400
		Withdrawals	100
		Balance	4,100
	6,300		6,300
Balance	4,100		

Capital a/c

		Cash	5,000

Car a/c

Cash	1,000		

Purchases a/c

Cash	500		
Payables	600		
		Balance	1,100
	1,100		1,100
Balance	1,100		

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