

3 Lionel started trading on 1 July 2022. He paid \$15 000 of his own personal money into the business bank account. He did not keep full accounting records but has supplied the following information at 30 June 2023.

1. Cash sales of \$90 000 were made and paid into the bank. No other money was received. Lionel marks up his goods by 50%.

2. Payments from the bank:

	\$
Purchase of motor vehicle (van)	8 000
Payments to credit suppliers	55 000
Wages	8 060
General expenses	1 140
Rent and insurance	5 585
Motor expenses	4 992
Cash drawn from bank	14 600

3. Purchases returns amounted to \$3000.

4. Inventory at 30 June 2023 was valued at \$4175.

5. One third of the motor expenses paid were for Lionel's private car.

6. A full year's depreciation at 25% is to be charged on the van using the reducing balance method.

7. Lionel withdrew \$1000 each month from the business cash, for personal use. The remaining cash drawn from the bank was used to pay wages.

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3(c)	Full details are available about the assets, liabilities, revenues and expenses of the business (1) The preparation of financial statements is relatively straightforward (1) The profit or loss for the year is more likely to be reliable and accurate / the financial statements are more likely to be reliable and accurate (1) More informed decision-making is possible (1) A greater degree of control over business activities can be exercised (1) The possibility of fraud is reduced (1) Comparisons with the results of previous years and with other businesses are possible (1) Detailed records are available for reference purposes (1) Information required by a bank or other lender is readily available (1)	1
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