

The business decided to trade-in its forklift on a new one on 31/3/20. At the time of the transaction, evidenced by the following documents, the old forklift had a carrying-value of \$2800. The historical cost of the old forklift was \$30000.

High Forklifts Invoice #L98	
Date:	31/3/20
To:	Slipper Baths
For:	Forklift \$50000 + \$5000 GST. Less trade-in allow. (\$6000) Less deposit paid (\$5000)
\$:	\$44000.00
Terms 30 days	

Bendigo Bank	
Date:	31/3/20
To:	High Forklifts
For:	Deposit on new forklift
\$:	5000.00
Cheque # 009876	

1.5 Calculate any profit or loss on the disposal of the forklift.

2 marks

1.6 Explain the reason for the profit or loss on disposal of the old forklift.

3 marks

1.7 Complete the following two ledger accounts. **Balance/close**. Post at end of month.

6 marks

Disposal of Forklift					
Date	Cross-Reference	\$	Date	Cross-Reference	\$

Sundry Creditor: High Forklifts					
Date	Cross-Reference	\$	Date	Cross-Reference	\$

1.8 Explain how cheque # 009876 would be reported in the Cash Flow Statement for March 2020.

2 marks

1.9 Distinguish between a sundry creditor and a trade creditor.

2 marks

1.10 Explain how the disposal and purchase of the forklifts would impact on assets.

3 marks
