

- 1 Tyle purchased the business of Saxon on 31 December 2003 for \$25 000. He took over all assets and liabilities at Balance Sheet values. The Balance Sheet of Saxon on 31 December 2003 was as follows.

Saxon
Balance Sheet as at 31 December 2003

	\$		\$		\$
Equipment			9 300	Capital	20 000
Stock	4 100				
Debtors	5 300				
Bank	<u>3 200</u>		<u>12 600</u>	Creditors	<u>1 900</u>
			<u>21 900</u>		<u>21 900</u>

(a) Calculate the goodwill paid by Tyle on the purchase of Saxon's business.

.....

.....

.....

.....

1. (a) Goodwill paid by Tyle

	\$	
Paid	25 000	(1)
Net assets/capital	<u>20 000</u>	(1)
Goodwill	<u>5 000</u>	(1)

[3]