

Unit 10

Term paper Assignment – Partnership

Bush, Home and Wilson share profits and losses in the ratios 4:1:3 respectively. Their trail balance as at April 30, 2004 was as follows:

	Dr £	Cr £
Sales		334,618
Returns inwards	10,200	
Purchases	196,239	
Carriage inwards	3,100	
Stock 30 April 20X3	68,127	
Discounts allowed	190	
Salaries and wages	54,117	
Bad debts	1,620	
Provision for doubtful debts 30 April 20X3		950
General expenses	1,017	
Business rates	2,900	
Postage	845	
Computers at cost	8,400	
Office equipment at cost	5,700	
Provisions for depreciation at 30 April 20X3:		
Computers		3,600
Office equipment		2,900
Creditors		36,480
Debtors	51,320	
Cash at bank	5,214	
Drawings: Bush	39,000	
Home	16,000	
Wilson	28,000	
Current accounts: Bush		5,940
Home	2,117	
Wilson		9,618
Capital accounts: Bush		60,000
Home		10,000
Wilson		30,000
	<u>494,106</u>	<u>494,106</u>

Draw up a set of financial statements for the year ended 30 April 20X4. The following notes are relevant at 30 April 20X4:

- (i) Stock 30 April 20X4, £74,223.
- (ii) Business rates in advance £200; Stock of postage stamps £68.
- (iii) Increase provision for doubtful debts to £1,400.
- (iv) Salaries: Home £18,000; Wilson £14,000. Not yet recorded.
- (v) Interest on Drawings: Bush £300; Home £200; Wilson £240.
- (vi) Interest on Capitals at 8 per cent.
- (vii) Depreciate Computers £2,800; Office equipment £1,100.

Company Accounts:

Below is the trail balance of Falta Ltd. As of April 30, 2005:

	Dr £	Cr £
Share capital: authorised and issued		200,000
Stock as at 30 April 20X4	102,994	
Debtors	227,219	
Creditors		54,818
8% debentures		40,000
Fixed assets replacement reserve		30,000
General reserve		15,000
Profit and loss account as at 30 April 20X4		12,411
Debture interest	1,600	
Equipment at cost	225,000	
Motor vehicles at cost	57,200	
Bank	4,973	
Cash	62	
Sales		880,426
Purchases	419,211	
Returns inwards	18,400	
Carriage inwards	1,452	
Wages and salaries	123,289	
Rent, business rates and insurance	16,240	
Discounts allowed	3,415	
Directors' remuneration	82,400	
Provision for depreciation at 30 April 20X4:		
Equipment		32,600
Motor vehicles		18,200
	<u>1,283,455</u>	<u>1,283,455</u>

Given the following information as at 30 April 20X5, draw up a profit and loss account and balance sheet for the year to that date:

- (i) Stock £111,317.
- (ii) The share capital consisted of 300,000 ordinary shares of 50p each and 50,000 12 per cent preference shares of £1 each. The dividend on the preference shares was proposed to be paid as well as a dividend of 18 per cent on the ordinary shares.
- (iii) Accrued: rent £802; Directors' remuneration £6,000.
- (iv) Debenture interest $\frac{1}{2}$ year's interest owing.
- (v) Depreciation on cost: Equipment 20 per cent; Motor vehicles 25 per cent.
- (vi) Transfers to reserves: General reserve £5,000; Fixed assets replacement reserve £10,000.

Sole Trader

The following trial balance has been extracted from the ledger of Mr. Yousef, a sole trader.

Trial Balance as at 31 May 20X6

	Dr £	Cr £
Sales		138,078
Purchases	82,350	
Carriage	5,144	
Drawings	7,800	
Rent, rates and insurance	6,622	
Postage and stationery	3,001	
Advertising	1,330	
Salaries and wages	26,420	
Bad debts	877	

Provision for doubtful debts		130
Debtors	12,120	
Creditors		6,471
Cash in hand	177	
Cash at bank	1,002	
Stock as at 1 June 20X5	11,927	
Equipment at cost	58,000	
accumulated depreciation		19,000
Capital		<u>53,091</u>
	<u>216,770</u>	<u>216,770</u>

The following additional information as at 31 May 20X6 is available:

- Rent is accrued by £210.
- Rates have been prepaid by £880.
- £2,211 of carriage represents carriage inwards on purchases.
- Equipment is to be depreciated at 15% per annum using the straight line method.
- The provision for doubtful debts to be increased by £40.
- Stock at the close of business has been valued at £13,551.

Required:

Prepare a trading and profit and loss account for the year ended 31 May 20X6 and a balance sheet as at that date.

Source: Business Accounts Volume 1