2 Paula Bridgewater, a retailer, supplied the following information on purchases and sales for the month of February 2009.

At 1 February 2009 Paula Bridgewater had an opening inventory (stock) of 500 units valued at $14 each.

Date	Purchase of goods for resale (purchases)		Revenue (sales)	
	Quantity (units)	Cost price per unit ($)	Quantity (units)	Selling price per unit ($)
February 2	2 000	15		
3			2 300	30
10	1 500	18		
14			1 300	32
18	2 000	20		
19			2 100	34

REQUIRED

(a) Calculate the closing inventory (stock) valuation at 28 February 2009 using the FIFO method of inventory (stock) valuation (perpetual).

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(b) Prepare the income statement (trading account) for the month of February 2009 using the FIFO method of inventory (stock) valuation (perpetual).

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(c) Advise Paula Bridgewater how the inventory (stock) should be valued in the final accounts. Give reasons for your advice.

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Paula Bridgewater continued trading throughout the remainder of 2009.

On 31 December 2009 her entire inventory (stock) together with all of her non-current (fixed) assets were destroyed by fire.

Some of her business records had also been destroyed but the following information is available.

1 When stocktaking last took place on 31 October 2009 the balance of inventory (stock) was $11 700.

Ordinary goods purchased (purchases) between 1 November 2009 and 31 December 2009 amounted to $22 600.

Revenue (sales) made for cash and on credit during this period amounted to $36 200.

All revenue (sales) was made at a uniform profit margin of 25% and all purchases were on credit.

2 Information available from Paula Bridgewater's Balance Sheet at 31 October 2009 included:

	Cost	Depreciation	Net Book Value
Non-current (fixed) assets	$	$	$
Fixtures and Fittings	6 000	2 160	3 840
Current assets			
Inventory (stock)	11 700		
Trade receivables (debtors)	2 400		

3 Paula Bridgewater depreciates her fixtures and fittings at 20% per annum using the straight line method assuming a residual value of $600.

4 Also at that date the bank statement showed cash at the bank of $620.

5 Paula Bridgewater's cash book showed receipts from trade receivables (debtors) for the two month period to be $4 300.

Her invoices to customers supplied on credit over the same period totalled $6 500.

6 One of the trade receivables (debtors) who owed $600 had gone bankrupt in the last week of December and Paula had decided to write off this amount.

7 Paula does not offer any discount to her customers for prompt payment.

REQUIRED

(d) Calculate the cost of the inventory (stock) destroyed by the fire.

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(e) Calculate the net book value of the fixtures and fittings at 31 December 2009 (immediately prior to the fire) assuming depreciation is charged equally throughout the year.

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(f) Calculate the trade receivables (debtors) total to be included in the balance sheet at 31 December 2009.

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[Total 30]