

- 1 The following is the summarised Balance Sheet of Bracket & Racket Ltd, a limited company wholly owned by its two shareholders, Bracket and Racket.

Balance Sheet as at 31 March 2002

	\$000	\$000	\$000
<u>Fixed Assets at Net Book Value</u>			
Buildings			250
Fixtures and fittings			<u>100</u>
			350
<u>Current Assets</u>			
Stock	1540		
Debtors	820		
Cash	<u>3</u>	2363	
<u>Current Liabilities</u>			
Creditors for supplies	1210		
Accruals	192		
Bank	<u>203</u>	<u>1605</u>	<u>758</u>
			<u>1108</u>
Share capital – Ordinary shares			25
Retained profits			910
Loan accounts – Bracket		104	
Racket		<u>69</u>	<u>173</u>
			<u>1108</u>

The company accountant resigned at the beginning of April 2002 and proper records were not kept for the six-month period 1 April to 30 September 2002.

The following information is available for that six-month period.

	\$000
Payments by cheque for purchases	1996
Payments by cheque for expenses	823
Interest charged on overdraft	20
Cash and cheques banked	2784

Included in the amount banked was \$53 000 for the sale of an unused building, book value \$70 000.

Prior to banking the takings,

- (i) \$205 000 was used to pay wages for the six months;
- (ii) Bracket and Racket each reduced their loans to the firm by \$45 000.

Depreciation on all fixed assets which remain in the company's books at the end of an accounting period is calculated at 25% per annum on the net book value.

	\$000
Creditors for supplies	510
Accruals	103
Debtors	420
Stock	704
Cash	8
Bank overdraft	195
Unpresented cheques	63

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