

- 2 After completion of the Trading, Profit and Loss and Appropriation Account for the year ended 31 May 2005, the following balances were extracted from the books of James Defirst Ltd.

	\$
Motor vehicles at cost	60 000
Equipment at cost	30 000
Goodwill	15 000
Stock	45 750
Debtors	78 000
Bank	13 125 (Dr)
General reserve	15 000
Creditors	30 075
Retained profit	?

Additional information:

- 1 Authorised share capital of the company is 100 000 ordinary shares of \$1 each, of which 75 000 were issued and fully paid at \$1.15 per share.
- 2 All fixed assets were bought on 1 June 2002, the date the company was incorporated. Depreciation is applied as follows.
 - (i) Motor vehicles – 40% reducing balance.
 - (ii) Equipment – 20% straight line, after taking into account a 10% residual balance.
- 3 A dividend of \$0.12 per share has been proposed for the year ended 31 May 2005.
- 4 A provision for doubtful debts of 5% of debtors at 31 May 2005 is to be created.
- 5 Stock costing \$2500 had been sent to a customer on a sale or return basis on 25 May 2005. It had been neither returned nor sold by the year end, and no entries regarding it had been made in the accounts.

REQUIRED

(a) James Defirst Ltd's balance sheet at 31 May 2005 in vertical format.

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

(b) Calculate the following for the year ended 31 May 2005 to **two decimal** places. Show your working in the boxes.

[4]

(c) Explain the function of an Appropriation Account in:

(i) a Partnership

(ii) a Limited Company

(i) a Partnership

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(ii) a Limited Company

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