

- 1 The following trial balance was extracted from the Mighty Wholesale Company's books at 30 April 2010.

	Dr \$000	Cr \$000
Revenue (Sales)		1600
Ordinary goods purchased (Purchases)	946	
Property (Buildings) at cost	1490	
Warehouse fittings at cost	348	
Inventory (Stock) at 1 May 2009	124	
Capital		1400
12% loan repayable 2015		100
Wages	160	
Provisions for depreciation at 1 May 2009:		
Property (Buildings)		320
Warehouse fittings		197
Trade receivables (Debtors)	360	
Trade payables (Creditors)		92
Cash and cash equivalents (Bank)	48	
Distribution expenses	43	
Business rates	50	
Insurance	30	
Advertising	79	
Drawings	25	
Loan interest	6	
	<u>3709</u>	<u>3709</u>

Additional information:

- Inventory (stock) at 30 April 2010 cost \$230 000. This includes inventory (stock) costing \$20 000 which has a net realisable value of \$9000.
- Warehouse fittings were sold during the year. The proceeds of \$10 000 were debited to the bank account and credited to the property (buildings) at cost account. No other entry has been made regarding this transaction. The fittings sold had cost \$52 000 and the total depreciation charged to them by 1 May 2009 amounted to \$41 000. No depreciation is charged in the year of disposal.
- Depreciation is to be provided for as follows:

Property (buildings)	2% on cost
Warehouse fittings	25% reducing (diminishing) balance
- Other payables (accruals) at 30 April 2010 are:

Wages	\$12 000
Distribution expenses	\$5 000
Loan interest	? (The loan was taken out in 2005)
- Other receivable (prepayment) at 30 April 2010 is:

Insurance	\$2000
-----------	--------

REQUIRED

- (a)** Prepare the income statement (trading and profit and loss account) for the year ended 30 April 2010.

[19]

..... [11]