1 Khalid owns a wholesale business selling electrical goods. He does not keep proper books of account, but is able to provide the following information.

Balances at 1 January 2014

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Motor vehicle at cost	38 400
Motor vehicle provision for depreciation	12 600
Fixtures and fittings at cost	41 940
Fixtures and fittings provision for depreciation	22 680
Trade receivables	26 610
Trade payables	19 920
Inventory	33 500
Prepayment of two months' property rental	3 750
General expenses accrued	410
Cash in hand	360

Summary of bank account for the year ended 31 December 2014

	Dr $		Cr $
Balance at 1 January 2014	4110	Payments to credit suppliers	134 750
Receipts from credit customers	200 270	Drawings	22 185
Cash sales banked	9 675	Property rental	20 625
Balance at 31 December 2014	11 295	General expenses	6 650
		Purchase of motor vehicle	10 100
		Wages and salaries	26 150
		Motor expenses	4 890
	225 350		225 350

REQUIRED

(a) Calculate Khalid's opening capital at 1 January 2014.

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Additional information

1 the year ended 31 December 2014:
Credit sales $193 400
Cash sales $15 180

2 Trade payables at 31 December 2014 were $21 590.

3 All sales are made at 30% gross profit margin.

REQUIRED

(b) Calculate the following for the year ended 31 December 2014.

(i) Sales revenue

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(ii) Purchases

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(c) Calculate the value of closing inventory at 31 December 2014.

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Additional information

Before banking his receipts from cash sales, Khalid took $400 per month for his personal drawings. The only other cash payments during the year were for motor expenses.

Cash in hand at 31 December 2014 was $460.

REQUIRED

(d) Prepare the cash account for the year ended 31 December 2014 to identify the cash payment made for motor expenses.

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Additional information

1 Khalid allowed a total of $914 discount to credit customers.

2 Motor vehicles are depreciated at 25% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase, but none in the year of sale.

3 During the year, a motor vehicle that had cost $16 000 on 1 July 2012 was traded in for $8200. The balance of the purchase price for the new vehicle was paid by cheque.

4 Fixtures and fittings are depreciated at 15% per annum using the reducing balance method. There were no additions or sales of fixtures and fittings during the year.

5 There was no accrual for general expenses at 31 December 2014.

6 Prepaid rent at 31 December 2014 was $1875.

REQUIRED

(e) Prepare Khalid's income statement for the year ended 31 December 2014.

[16]