

Solution:

(1)

Using balance sheet equation, we get

$$\text{Stockholders' Equity} = \text{Assets} - \text{Liabilities}$$

Thus, we get

$$\text{Stockholders' Equity (1 January)} = £110,000 - £50,000 = £60,000$$

$$\text{Stockholders' Equity (31 December)} = £126,000 - £55,000 = £71,000$$

(2)

The increase in retained earnings is given by:

$$\text{Increase in Retained Earnings} = £11,000$$

This increase is due to income and dividend. However, dividends paid are £5,000, which means that the income is given:

$$\text{Net Income} = £16,000$$

(3)

The expenses for the acquisition of goods are given by:

$$\text{Expenses} = \text{Sales} - \text{Income} = £(360,000 - 16,000) = £344,000$$

The non purchase expenses is £210,000. It follows that the cost of goods sold is:

$$\text{Cost of Goods Sold} = £344,000 - £210,000 = £134,000$$