

x350

ATD

1. The following trial balance was extracted from the books of T Bone as at 31 December 2009

	Sh'000	sh'000
Capital account		46,500
Purchases and sales	20,500	60,900
Repairs	848	
Motor car (cost)	950	
Car expenses	318	
Free hold land and buildings	10,000	
Bank balance	540	
Furniture and fittings (cost)	1,460	
Wages and salaries	8,606	
Discounts allowed	1,061	
Discounts received		814
Drawings	2,400	
Rates and insurances	248	
Bad debts	359	
Provision for bad debts, 1 Jan 2009		140
Trade debtors	5,213	
Trade creditors		4,035
General expenses	1,586	
Stock, 1 Jan 2009	6,300	
	86,389	86,389

The following matters are to be taken into account:-

- Stock at 31 December 2009 was 8,800,000
- Wages and salaries outstanding at 31 December 2009 were 318,000.
- Rates and insurances paid in advance at 31 December 2009 amounted to 45,000.
- During the year, Bone took goods ex-stock valued at 200,000 for his own use. No entry has been made in the books in this respect.
- Depreciation is to be provided at the rate of 20 per cent on the motor and at 10 per cent on furniture and fittings.
- The provision for bad debts is to be reduced to 100,000.

Required:

Prepare a profit and loss account for the year ended 31 December 2009, and a balance sheet as at that date.

2. Otieno Kamau is a Kenyan wholesaler. A trial balance extracted from his books on 31 December 2008 revealed the following balances:-

	Sh'000	sh'000
Capital account		112,000
Purchases	92,400	
Sales		157,240
Premises at cost	64,000	
Motor vehicles at cost	30,000	
Accumulated depreciation of motors		8,200
Fixtures and fittings at cost	6,500	
Accumulated depreciation – fixtures and fittings		1,100
Motor expenses	7,300	
Rates	2,300	
Balance at bank	4,200	
Drawings	9,600	
Insurance	9,600	
Trade debtors	2,000	
Provision for doubtful debts		560
Sondry expenses	16,200	
Long-term loan		20,000
Stock at 1 Jan 2008	19,250	
Cash in hand	350	
	<u>314,100</u>	<u>314,100</u>

The following information was available at 31 December 2008.

- Stock at 31 December was 22,400,000.
- There were wages and salaries of 1,200,000 owing.
- There was a payment of 1,200,000 on 30 September to cover 12 month's insurance.
- On reviewing debtors, it was discovered that a debt of 800,000 would not be recovered and that a further 1,200,000 was doubtful.
- Depreciating is 25 per cent reducing-balance on motors on 10 per cent straight-line on fixtures and fittings.
- Loan interest at 10 per cent has not been allowed for.

Required.

Prepare a profit and loss account and balance sheet for Matt Spode to cover the period in question.