

(Q1)

# Income Statement for the year ended 31 December 1994

	\$	\$	\$
Sales			26,200
<u>Less Cost of Sales</u>			
Opening Inventory		4200	
<u>Add Net Purchases</u>			
Purchases	12,000		
<u>Add Carriage Inwards</u>	1800	13,800	
<u>Less Closing Inventory</u>		<u>(6000)</u>	<u>(12,000)</u>
Gross Profit			14,200
<u>Add Other Income</u>			
Commission Income (350 + 50 (Accrued))			400
<u>Less Expenses</u>			
Depreciation	300		
Decrease in Provision for Doubtful Debts	900		
Postage & Telephone Expenses	600		
Salaries (3000 + 1500 (Accrued))	4500		
Insurance (1500 - 300 (prepaid))	1200		
Rent	5000		
Advertising (800 - 200 (prepaid))	600		
Utilities (250 + 50 (Accrued))	300		
Sales Discount	200		
Purchase Discount	3000		<u>(16,600)</u>
<u>Loss for the year</u>			<u>(2000)</u>

# Statement of Financial Position as at 31<sup>st</sup> December 1994

	Cost \$	Dep. \$	NB \$
<u>Non-Current Assets</u>			
Office Equipment	4500	(300)	4200
<u>Current Assets</u>			
Inventory	6000		
Cash	1000		
Receivables ( 9000 - 900 (Provision for Bad debts) )	8100		
Prepaid Insurance	300		
Accrued Commission Income	50		
Prepaid Advertising	200		<u>15,650</u>
Total Assets			<u>19,850</u>
<u>Liabilities and Capital</u>			
<u>Current Liabilities</u>			
Payables	6000		
Accrued Salaries	1500		
Accrued Rent	500		
Accrued Utilities	50		
Total Liabilities			8050
Opening Capital	15,000		
Less Loss for the year	<u>(2000)</u>	13,000	
Less Drawings	<u>(1200)</u>		
Closing Capital	11,800		
Total Liabilities & Capital	<u>19,850</u>		

(Q2)

$$1) \text{ Closing Inventory} = \$6000$$

$$2) \text{ Provision for Depreciation (Equip.)} = \$1300 \text{ (Dep. Exp.)}$$

$$3) \text{ Provision for Doubtful Debts} = \$1900 \text{ (Inv. in PBD)}$$

$$4) \text{ Salaries} = \$13,000 + \$1500 \text{ (Accrued)} [\text{CL}] \\ = \$14,500$$

$$5) \text{ Insurance} = \$11,500 - \$1300 \text{ (Prepaid)} [\text{CA}] \\ = \$10,200$$

$$6) \text{ Commission Income} = \$3500 + \$500 \text{ (Accrued)} [\text{CA}] \\ = \$4000$$

$$7) \text{ Rent} = \$15,000 - \$500 \text{ (Accrued)} [\text{CL}]$$

$$8) \text{ Utility Expense} = \$1300 - \$1200 \text{ (Prepaid)} [\text{CA}]$$

$$9) \text{ Advertising Expense} = \$5600 - \$2400 \text{ (Prepaid)} [\text{CA}]$$

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Income Statement for the year ended 31<sup>st</sup> December 1994

	\$	\$	\$
Sales			126,200
Less Cost of Sales			
Opening Inventory			41,200
Add Net Purchases			
Purchases	112,000		
Add Carriage Inwards	11,800	123,800	
Less Closing Inventory		(6000)	<u>(159,000)</u>
Gross Loss			(32,800)
Add Other Income			
Commission Income			4000
Less Expenses			
Depreciation	1300		
Increase in Provision for Doubtful Debts		1900	
Salaries	14,500		
Insurance		10,200	
Rent	15,000		
Utility Expenses		1300	
Advertising Expense	5600		
Postage & Telephone Expenses		11,600	
Sales Discount		1200	
Purchases Discount		31,000	<u>(93,600)</u>
Less for the year			<u>(122,400)</u>

AshamStatement of Financial Position as at 31<sup>st</sup> December 1994Non-Current Assets

Office Equipment

	Cost	Dep.	NBV
Office Equipment	45,100	(1300)	43,800

Current Assets

Inventory

Receivable (19,000 - 1900)

6000

17,100

Cash

15,000

Prepaid Insurance

1300

Accrued Commission Income

500

Utility Prepaid

1200

Prepaid Advertising

2400

43,500

Total Assets

87,300

- Q3) a) Salaries 7500  
Salaries Payable 7500
- b) Electric Bill 650  
Electric Bill Payable 650
- c) Income Statement (Exp. - Exp.) 3500  
Provision for Depreciation 3500
- Income Statement (Exp. - Exp.) 6750  
Provision for Depreciation 6750
- d) Income Statement 340  
Provision for Doubtful Debts 340
- e) Interest 150  
Interest Payable 150
- f) Insurance Receivable 3800  
Insurance Exp. 3800
- g) Prepaid Rent 22,500  
Bank 22,500
- h) Prepaid Advertising 29,800  
Bank 29,800
- i) Office Expenses Prepaid 800  
Office Expenses 800
- j) Services Revenue Receivable 13,550 (Accrued Income)  
Services Revenue 13,550

04) i) Income Statement 11,000

Prepaid Insurance 11,000

ii) Commission Exp. (I/S) 3500

Accrued Commission 3500

iii) Accrued Interest Income 270

Interest Income 270 (I/S)

iv) Rent 4500

Accrued Rent 4500

v) Electric Expenses 2850

Accrued Electric Expenses 2850

vi) Cash 24,200

Prepaid Rent Income 11,000

Rent Income 13,200

vii) Accrued Subscription 6500

Subscription 6500

viii) Inventory (Chiray) 2300

Income Statement 2300

ix) Prepaid Advertising 5050

Advertising Exp. 5050

x) Accrued Rent Revenue 7200

Rent Revenue 7200

xi) Interest Expenses 55

Accrued Interest Expenses 55

Q5) a) Wages 2650

Accrued Wages 2650

b) Salaries 12,900

Accrued Salaries 12,900

c) Income Statement 750

Provision for Doubtful Debts 750

d) Income Statement 2000

Provision for Depreciation (Building) 2000

Income Statement 1700

Provision for Depreciation (Equipment) 1700

e) Accrued Interest Income 260

Interest Income 260

f) Prepaid Insurance 3250

Insurance 3250

g) Office Supplies Prepaid 1050

Office Supplies 1050

h) Accrued Services Revenue 12,750

Services Revenue 12,750

i) Accrued Commission Income 21,760

Commission Income 21,760

(Q6) i)

Office Rent 7000	Electric Bill 1200
Accrued Office Rent 7000	Accrued Electric Bill 1200
ii) Prepaid Insurance 12,800	iii) Prepaid Advertising 14,000
Bank 12,800	Bank 14,000
iv) Prepaid Shop Rent 25,500	v) Interest Expense 1750
Bank 25,500	Accrued Interest Expense 1750
vi) Income Statement 700	vii) Salaries 21,500
Provision for Depreciation 700	Accrued Salaries 21,500
viii) Accrued Services Income 22,750	
Services Income 22,750	
ix) Income Statement 6800	
Provision for Depreciation (Office Furniture) 6800	
Income Statement 12,125	
Provision for Doubtful Debts (Office Equipment) 12,125	