The following trial balance was extracted from the books of Amir Sadiq as at 31 March 2003.

	$	$
Capital		33000
Drawings	2500	
Buildings at cost	20000	
Fixtures and equipment at valuation	3400	
Motor vehicles at cost	8000	
Provision for depreciation of motor vehicles		3250
Provision for doubtful debts		200
Debtors	7500	
Creditors		6700
Bank overdraft		2880
Motor vehicle expenses	1240	
General expenses	2030	
Wages	11940	
Insurance	1470	
Carriage inwards	700	
Discount received		250
Sales		92100
Purchases	68500	
Sales returns	1200	
Stock 1 April 2002	9900	
	138380	138380

Additional information

1. *At 31 March 2003:*
   Stock was valued at $10200.
   Wages outstanding amounted to $1080.
   Insurance prepaid amounted to $210.

2. During the year ended 31 March 2003 Amir took goods costing $300 for his own use. No entries had been made in the accounting records.

3. The provision for doubtful debts is to be maintained at 2% of the debtors.

4. Motor vehicles are to be depreciated at 20% per annum using the reducing balance method.

5. Fixtures and equipment were valued at $2800 on 31 March 2003. No fixtures and equipment were bought or sold during the year ended 31 March 2003.

For Examiner's Use

(a) Prepare the Trading and Profit and Loss Account of Amir Sadiq for the year ended 31 March 2003.

A Balance Sheet is **not** required.

Amir Sadiq

Trading and Profit and Loss Account for the year ended 31 March 2003

[17]

[Turn over

Scanned with CamScanner

3 Morgan is in business as a printer. He has prepared the following Trial Balance (afte calculating net profit) from his accounting records for the year ended 31 August 2006.

Morgan
Trial Balance at 31 August 2006

	$	$
Machinery at cost	7 000	
Office equipment at cost	2 500	
Provision for depreciation		
Machinery		1 400
Office equipment		1 000
Accrued expenses		300
Bank		2 200
Cash	200	
Creditors		1 800
Debtors	3 500	
Loan from Nicola repayable 2011		5 000
Prepayments	600	
Stock at 31 August 2006	3 900	
Capital		9 000
Drawings	21 000	
Profit for the year		18 000
	38 700	38 700

overdraft

REQUIRED

(a) State which accounting principle has been applied in the treatment of **each** of th following items:

(i) Profit for the year;

Realisation / Period / matching / Accrual

(ii) Stock.

Prudence / Consistency

[4

2 Morag MacDonald provides a range of business services for small retail organisations. Her financial year ends on 31 December.

She provided the following information for the year ended 31 December 2008.

	$
Fees from clients	75 050
Property tax paid	1 800
Repairs and maintenance	2 930
Rent received from tenant	2 750
Wages	45 000
Stationery and office supplies	1 790
Insurance	1 680

Additional information

1 On 31 December 2008:

	$
Fees due from clients (debtors)	9000
Wages owing	2000
Insurance prepaid	240
Stock of stationery and office supplies	35
Rent prepaid by tenant	150

2 Office equipment is depreciated using the reducing (diminishing) balance method at 50% per annum.

On 1 January 2008 the office equipment account had a balance of $10 800 and the provision for depreciation of office equipment account had a balance of $8100.

3 A provision for doubtful debts is maintained at 2½% of the fees due from clients (debtors) at the end of each financial year.

On 1 January 2008 the provision for doubtful debts amounted to $250.