

Incomplete Records 2000

6. Incomplete Records

On 1/1/1999 R. Roberts purchased a business for £210,000 consisting of the following tangible assets and liabilities: Premises £180,000, Stock £16,400, Debtors £14,000, 3 months Premises Insurance prepaid £900, Trade Creditors £20,400 and Wages due £2,400.

During 1999 Roberts did not keep a full set of accounts but was able to supply the following information on 31/12/1999.

Cash payments: Lodgements £104,000, General Expenses £32,300 Purchases £86,200.

Bank Payments: Delivery vans £33,200, Creditors £42,200, Light and Heat £6,400, Interest £2,475, Annual Premises Insurance premium £4,800, Covenant for Charitable Organisation £2,000, Furniture £16,000.

Bank Lodgements: Debtors £35,000, Cash £104,000, Dividends £4,500.

Robert's took from stock goods to the value of £90 and cash £100 per week for household use during the year. Roberts borrowed £90,000 on 1/9/1999 part of which was used to purchase an adjoining premises costing £75,000. It was agreed that Roberts would pay interest on the last day of each month at the rate of 11% per annum. The capital sum was to be repaid in a lump sum in the year 2009 and to provide for this the bank was to transfer £600 on the last day of each month from Robert's bank account into an investment fund. Roberts estimated that 25% of furniture and light and heat used as well as 20% of interest payable for the year should be attributed to the private section of the premises.

Included in the assets and liabilities of the firm on 31/12/1999 were Stock £18,300, Debtors £22,500, Trade Creditors £34,800, Cash £600, Electricity due £560, and £66 interest earned by the fund to date.

You are required to show, with workings, the:

(a) Trading Profit and Loss Account for the year ended 31/12/1999. (60)

(b) Balance Sheet as at 31/12/1999. (40)

(100 marks)

