

Question 1

The Chairman of Hawsker and District Allotment Holders' Society and he asks you to prepare their annual accounts for year ended 31 December 2007. You issue a letter of engagement in which you agree a fee of £125.

The Society's treasurer supplies you with the following information:

Assets and Liabilities at 1 January 2007

Security Fence	19500
Tractor	4500
Storage Shed	6200
Deposit Account (Bank)	3200
Current Account (Bank)	750
Cash in Hand	50
Creditor (repair to tractor)	110
Accruals:	
Council rent	750
Water charges (NE Water)	450
Prepayments:	
Insurance	20

The Receipts and Payments (Cash Book) summary for the year showed:

Cash:	
Balance 1/1/07	50.00
Locker Keys	<u>31.00</u>
Balance 31/12/07	<u>19.00</u>

Bank:	
Deposit a/c 1/1/07	3200.00
Current Account	<u>750.00</u>
	<u>3950.00</u>

Receipts:	
Allotment holders' rent and water	8520.00
Bank Interest	<u>125.00</u>
	<u>8645.00</u>

Payments:	
Wages and remuneration	950.00
Water charges	3150.00
Council rent	3700.00
Repairs and renewals	720.00
JCB hire	310.00
Stationery post and telephone	75.00
Purchase of a second-hand trailer	900.00
Allotment prize	100.00
Insurance	300.00
Chrysanthemum show prize	<u>75.00</u>
	<u>10280.00</u>

Deposit a/c 31/12/07	<u>£2000.00</u>
Current Account	<u>£315.00</u>

At 31 December 2007 amounts outstanding from allotment holders for rent and water was £650.

Accruals for Council rent and water charges were £950 and £400 and Insurance pre-paid £30.

All fixed assets are depreciated at a rate of 10% reducing balance.

Task 1

Prepare the society's Income and Expenditure Account for year ended 31 December 2007.

Task 2

Prepare the society's Balance Sheet as at 31 December 2007.

Question 2

Jessup and Bows is a partnership run by Malcolm Jessup and Richard Bows. They develop and sell specialised 'IT' software for use in the Agricultural Sector of business.

You are currently working on their accounts for year ended 31 December 2007.

The Trial Balance at that date showed:

	DR	CR
Motor Vehicles at Cost	44500	
Office Equipment at Cost	31000	
Depreciation provisions:		
Motor Vehicles		15000
Office Equipment		9500
Sales		751000
Carriage Inwards	5300	
Stock 1/1/07	78000	
Returns Inward	13500	
Bad debts	4500	
Bad debt provision		2750
General expenses	3400	
Rent and Rates	9200	
Postage, stationery and telephone	7300	
Motor vehicle expenses	14500	
Wages and salaries (employees)	66100	
Purchases	495100	
Drawings : J	54100	
: B	39200	
Current Accounts : J 1/1/07		9700
: B 1/1/07		8750
Capital Accounts : J 1/1/07		58750
: B 1/1/07		58000
Purchase Ledger Control		87500
Sales Ledger Control	132500	
Bank	2750	
	<u>£1000950</u>	<u>£1000950</u>

The following additional information is also available:

- Stocks at 31 December 2007 £94500
- Rent and Rates are paid in advance by £920
- The provision for bad debts is to be revised to 4% of debtors
- Depreciation for the year needs to be provided as:
Motor Vehicles 25% on cost and office equipment 20% reducing balance
- The partnership agreement includes:
Salaries : J £35000
 : B £32000

Interest on Capital (both partners)
8% on capital at start of year

Interest on Drawings (both partners)
5%

Profit and losses are shared equally

Task 1

- Prepare the Trading and Profit and Loss Account for the year ended 31 December 2007.

Task 2

Prepare the partnership appropriation account.

Task 3

Prepare the Balance Sheet as at 31 December 2007

Task 4

Prepare schedules to show in detail the partners':

- Current accounts
- Capital accounts
As at 31 December 2007

This is the end of the assignment