

Mary Dunn runs a tea shop and café in a North Nottinghamshire town. In addition to normal passing trade she provides afternoon teas on contract to a coach company who organise day trips to the area.

At 30 September 2007 the balances from her accounting records show:

Capital	£37,500
Drawings	£19,500
Purchases	£105,750
Sales	£168,900
Stock (1.10.06)	£9,300
Debtors	£3,750
Creditors	£5,300
VAT Owed	£1,600
Wages	£31,500
Motor Vehicle Running Costs	£1,120
Rent and Rates	£8,750
Heat, Light and Power	£1,840
Telephone	£450
General Expenses	£1,750
Motor Vehicle (NBV)	£13,500
Fixtures and Fittings (NBV)	£4,000
Cash in Hand	£300
Cash in Bank	£11,790

Additional notes:

- Closing stock valuation 30.09.07 £13,100
- Rent is pre-paid by £550
- A further £250 is due owing, for motor vehicle expenses
- The motor vehicle is to be depreciated by a further £3,375 and fixtures and fittings by £1,000

Prepare Mary's trading, profit and loss account and the balance sheet for year ended 30 September 2007.

**Balance Sheet**

	£	£	£
Non-Current Assets	Cost	Acumm. Depre	Carry Amt.
Motor Vechicle (NBV)	13,500	3,375	10,125
Fixtures & Fittings	4,000	1,000	3,000
			<u>13,123</u>

**Current Assets**

Capital	37,500
Creditors	5,300
Cash	300
Bank	11,790
Prepayments	550

<b>Total Current Assets</b>	<u>55,440</u>
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<b>Total Assets</b>	<u>68,565</u>
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**Current Liabilities**

Drawings	19,500
Debtors	3,750
VAT	1,600

<b>Total Current Liabilities</b>	<u>(24,850)</u>
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<b>Net Assets</b>	<u><u>43,715</u></u>
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