

Lessa Ltd. - Adjustments

W1 / Depreciation

Buildings

$$120,000 \times 4\% = 4,800$$

Fixtures and Fittings

$$50,000 \times 20\% = 10,000$$

Equipment

$$25,000 \times \cancel{20\%} - 5,000 = 20,000$$

$$20,000 \times 30\% = 6,000$$

Motor Vehicles

$$12,000 - 6,000 = 6,000$$

$$6,000 \times 30\% = 1,800$$

W4 / Allowance

$$\begin{array}{r} 40,315 \\ \text{IRRECOVERABLE } (1,000) \\ \hline 39,315 \times 7\% = \\ = 2,752 \end{array}$$

$$\begin{array}{r} \text{new allowance} \quad 2,752 \\ \text{old allowance} \quad (245) \\ \hline \text{Increase in allowance} \quad 2,507 \end{array}$$

W5 / Interest

$$\begin{array}{r} 35,000 \times 4\% = 1,400 \\ \text{paid} \quad 400 \\ \hline \text{accrual} \quad 1,000 \end{array}$$

W2 / Admin. expenses

$$\begin{array}{r} \text{Rent + Rates} \\ \text{(pre-pay.)} \quad 56,130 \\ (2,700) \\ \hline \text{Heating Bill} \\ \text{(accrual)} \quad 1,000 \\ \hline 54,430 \end{array}$$

W3 / Salaries + wages

$$\begin{array}{r} 49,850 \\ 1,200 \\ \hline 51,050 \end{array}$$

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Odesa Ltd. Income Statement for year ended 30/11/2013

Sales

sales Returns

462,500
(4,625)

Less: cost of sales:

Opening inventory

17,210

purchases

154,200

Less: purchases Returns

(1,560)

closing inventory

(11,200)

Gross profit

(158,650)

299,225

Less: Expenses

Salaries and Wages

51,050

Administrative Expenses

54,100

Distribution cost

19,000

Depreciation:

Buildings

4,800

Fixtures + Fittings

10,000

Equipment

6,000

Motor Vehicles

1,800

Irrecoverable debt written off

1,000

Increase in allowance

2,507

(151,087)

Profit before interest

148,138

Interest

(1,400)

Profit before tax

146,738

Tax

(29,200)

117,538

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Earlth Ltd Statement of Changes in Equity

for year end 30/04/2013

	OSC	SP	QR	RE	Total
Bal b/f	110,00	10,000	10,000	17,500	147,500
Profit/loss for year				55,435	55,435
Dividend paid				(17,500)	(17,500)
Transfer			2,000	(2,000)	0
Bonus issue	13,750			(13,750)	0
	<u>123,750</u>	<u>10,000</u>	<u>12,000</u>	<u>39,685</u>	<u>185,435</u>

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