

Question

Abdul is a merchant operating in Mombasa. His trail balance for the year ended 31/12/03 is;

	Shs '000'	Shs '000'
Motor vehicle	4,000	
Furniture and fitting	3,000	
Stock [1/1/03]	2,000	
Sales		30,000
Purchases	20,000	
Returns	2,000	1,000
Discounts	3,000	1,000
Accounts receivables/accounts payable	8,000	4,000
Bad debts	1,000	
Provision for bad& doubtful debts		500
Motor vehicles expenses	1,000	
Rent	500	
Salaries and wages	1,000	
Electricity & water	1,500	
Telephone	300	
Carriage inwards	200	
Carriage outwards	300	
Drawings	3,000	
Capital		14,300
	<u>50,800</u>	<u>50,800</u>

Additional information

- i. Stock at 31/12//03 amounted to shs3, 000,000
- ii. Provision for bad and doubtful debts is set at 5% of accounts receivable
- iii. Motor vehicle expenses unpaid amounted to sh 300,000, rent paid in advance amounted to shs100,000 while salaries and wages prepaid was shs200,000
- iv. A quarter of telephone bills paid relate to the year 2004
- v. Unpaid electricity and water amounted to sh 100,000
- vi. Depreciation is provided on motor vehicles and fixtures at 20% and 10% respectively on cost

Required

- i. Abdul income statement for the year ended 31/12/03
- ii. Balance sheet as at 31/12/03