Mr Waii has been trading for some years as a vine merchant. The following list of balances has been extracted from his ledger as at 30 April 2016, the end of his most recent financial year.

$

Capital 83887

Sales 259870

Trade payables 19840

Returns out 13407

Provision for bad debts 512

Discount allowed 2306

Discounts received 1750

Purchases 135680

Returns inwards 5624

Carriage outwards 4562

Drawings 18440

Carriage inwards 11830

Rent, rates and insurance 25973

Heating and lighting 11010

Postage, stationary and telephone 2410

Advertising 5980

Salaries and Wages 38521

Bad debts 2008

Cash in hand 534

Cash at bank 4440

Inventory at 1May 2015 15654

Trade receivables 24500

Fixture and fittings-at 120740

Provision for depreciation on fixtures and fittings –as at 30 April 2016 63020

Depreciation 12074

The following additional information as at 30 April 2016 is available:

a) Inventory at the close of business was valued at $ 17750

b) Insurance has been prepaid by $ 1120

c) Heating and lighting is accrued by $ 1360

d) Rates have been prepaid by $ 5435

e) The provision for bad debts is to be adjusted so that it is 3% of trade receivables

Required:

1. Prepare Mr Chai’s Income statement for the year ended 30 April 2016 and; {24)
2. A statement of financial position as at that date. (16)

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