Q. John Cosway is a trader. The following balances were extracted from his books on 31 December 2004.

|  |  |
| --- | --- |
| Purchases | $ 67600 |
| Revenue (sales) | 131300 |
| Wages and salaries | 23700 |
| Rent and rates paid | 7350 |
| Insurance | 1480 |
| Carriage on Purchases | 1260 |
| Discount received | 460 |
| Sundry expenses | 10760 |
| Rent received | 1750 |
| Trade receivables | 21250 |
| Trade payables | 7200 |
| Bank over draft | 1560 |
| Inventory at 1 September 2003 | 9650 |
| Capital at 1 September 2003 | 29000 |
| Fixtures and equipment | 10000 |
| Drawings | 18220 |

Additional Information:

1. Inventory at 31 August 2004 was valued at $ 11200
2. At 31 August 2004 rates prepaid were $ 150
3. Wages and salaries $ 2350 were accrued at 31 August 2004
4. Accountancy fees of $ 1500 for the year were accrued at 31 August 2004

Required:

a. Prepare the Income statement of John Cosway for the year ended 31 August.

b. Prepare the Statement of Financial position of John Cosway at 31 December 2004.