

# Henried

## F3 CASE 7-MALRIGHT

You are presented with the following trial balance of Malright, a limited liability company, at 31 October 20X7.

	Dr \$'000	Cr \$'000
Buildings at cost	740	
Buildings, accumulated depreciation, 1 November 20X6		60
Plant at cost	220	
Plant, accumulated depreciation, 1 November 20X6		110
Land at cost	235	
Bank balance		50
Revenue		1,800
Purchases	1,105	
Discounts received		90
Returns inwards	35	
Wages	180	
Energy expenses	105	
Inventory at 1 November 20X6	160	
Trade payables		250
Trade receivables	320	
Administrative expenses	80	
Allowance for receivables, at 1 November 20X6		10
Directors' remuneration	70	
Retained earnings at 1 November 20X6		130
10% loan notes		50
Dividend paid	30	
\$1 ordinary shares		650
Share premium account		80
	<u>3,280</u>	<u>3,280</u>

Additional information as at 31 October 20X7

- (a) Closing inventory has been counted and is valued at \$75,000  
(b) The item listed below should be apportioned as indicated.

	Cost of sales %	Distribution costs %	Administrative expenses %
Discount received	-	-	100
Energy expenses	40	20	40
Wages	40	25	35
Directors' remuneration	-	-	100



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- (c) An invoice of \$15,000 for energy expenses for October 20X7 has not been received.
- (d) Loan note interest has not been paid for the year.
- (e) The allowance for receivables is to be increased to 5% of trade receivables. Any expenses connected with receivables should be charged to administrative expenses.
- (f) Plant is depreciated at 20% per annum using the reducing balance method. The entire charge is to be allocated to cost of sales.
- (g) Buildings are depreciated at 5% per annum on their original cost, allocated 30% to cost of sales, 30% to distribution costs and 40% to administrative expenses.
- (h) Income tax has been calculated as \$45,000 for the year.

## **Required**

- (a) Prepare the statement of profit or loss for Malright for the year ended 31 October 20X7.
- (b) Prepare the statement of financial position for Malright as at 31 October 20X7.
- (c) Prepare the statement of changes in equity for Malright for the year ended 31 October 20X7.