**LCC 402**

**GROUP ASSIGNMENT**

**GROUP 1**

Munyah Ltd. is an expanding company and the following accounts relate to its operations for the years 2009 and 2010:

|  |  |  |
| --- | --- | --- |
| **Income statement for the year ended 30 June** | | |
|  | **2009** | **2010** |
|  | **Sh.** | **Sh.** |
| Sales | 3,000,000 | 4,800,000 |
| **Less:** cost of goods sold | 1,650,000 | 2,700,000 |
| Gross profit | 1,150,000 | 2,100,000 |
| **Less:** trading expenses | 675,000 | 825,000 |
| Trading profit | 675,000 | 1,275,000 |
| **Less:** Debenture interest | 37,500 | 37,500 |
| Net profit before taxation | 637,500 | 1,275,000 |
| **Less:** Corporation tax | 240,000 | 480,000 |
| Net profit after taxation | 397,500 | 757,500 |
| **Less:** Ordinary share dividend | 187,500 | 262,500 |
| Undistributed profit for the year | 210,000 | 495,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of Financial Position as at 30 June** | **2009** | | **2010** | |
|  | **Sh.** | **Sh.** | **Sh.** | **Sh.** |
| Fixed assets at cost | 1,500,000 |  | 2,100,000 |  |
| Less: Depreciation | 300,000 | 1,200,000 | 375,000 | 1,725,000 |
| Current assets: |  |  |  |  |
| Stock | 600,000 |  | 825,000 |  |
| Debtors | 375,000 |  | 525,000 |  |
| Cash | 120,000 |  | 1,350,000 |  |
| Less: current liabilities |  | 1,095,000 |  |  |
| Creditors | 217,500 |  | 300,000 |  |
| Taxation | 240,000 |  | 480,000 |  |
| Proposed dividend | 187,500 |  | 262,500 |  |
| Bank overdraft | \_\_\_\_\_\_\_ |  | 97,500 |  |
|  |  | (645,000) |  | (1,140,000) |
|  |  | 1,650,000 |  | 1,935,000 |
| Financed by: |  |  |  |  |
| Ordinary share capital  (Authorised and issued) |  | 750,000 |  | 750,000 |
| Undistributed profits |  | 525,000 |  | 1,020,000 |
| 10% debentures |  | 375,000 |  | 165,000 |
|  |  | 1,650,000 |  | 1,935,000 |

**Required:**

(i) Compute six accounting ratios for both 2009 and 2010 which you feel would be of particular value in assessing the Profitability and Liquidity of Munyah Ltd

(ii) Comment on the current position of the company with the aid of the accounting ratios computed in (i) above and any other information that you consider to be relevant.

**GROUP 2**

The following information has been extracted from the accounts of Madaraka Investments Ltd. shown.

**Income statement for the year ended 31 December**

|  |  |  |
| --- | --- | --- |
|  | **2011** | **2010** |
|  | **Sh. `000'** | **Sh'000'** |
| Sales | 115,200 | 72.000 |
| Cost of goods sold | 70 800 | 42,000 |
| Gross profit | 44,400 | 30,000 |
| Less: Trading expenses | 19 800 | 16,200 |
|  | 24,600 | 13,800 |
| Less: Debenture interest | 900 | 900 |
| Net profit before taxation | 23,700 | 12,900 |
| Less: Corporation tax | 11 520 | 5.760 |
| Net profit after taxation | 12, 180 | 7.140 |
| Less: Ordinary share dividend | 6.300 | 4,500 |
| Undistributed profit for the year | 5,880 | 2,640 |

**Statement of Financial Position as at 31 December**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2011** |  | **2010** |  |
|  | **Sh.'000'** | **Sh.'000'** | **Sh.'000'** | **Sh.'000'** |
| Fixed assets at cost |  | 44.400 |  | 33.600 |
| Depreciation |  | 9000 |  | 7,200 |
|  |  | 35,400 |  | 26,400 |
| **Current assets:** |  |  |  |  |
| Stock | 19,800 |  | 14,400 |  |
| Debtors | 12,600 |  | 9.000 |  |
| Cash | - | 32 400 | 2,880 | 26,280 |
|  |  | 67.800 |  | 52.680 |
| Less: **Current liabilities** |  |  |  |  |
| Creditors | 7,200 |  | 5.220 |  |
| Taxation | 11,520 |  | 5,760 |  |
| Proposed dividends | 6,300 |  | 4,500 |  |
| Bank overdraft | 2,340 | 27,360 | - | 15.480 |
| Net assets |  | 40 440 |  | 3 7,.200 |
| **Financed by:** |  |  |  |  |
| Ordinary share capital |  |  |  |  |
| Authorised, issued and fully paid (Sh.25 per share) |  | 18,000 |  | 18,000 |
| Undistributed profits |  | 16 080 |  | 10,200 |
|  |  | 34,080 |  | 28.200 |
| 10% debentures (secured) |  | 6 360 |  | 9.000 |
|  |  | 40 440 |  | 37 200 |

**Required:**

1. Calculate six accounting ratios for both 2010 and 2011 that would help in assessing the profitability and liquidity positions of Madaraka Investments Ltd.
2. Comment on Madaraka Investment's liquidity position.
3. Comment on Madaraka Investment's profitability position.

**GROUP 3**

The following are the summarized financial statements of Deweto limited:

**Income Statement for the year ended 31 October.**

|  |  |  |
| --- | --- | --- |
|  | **2012** | **2013** |
|  | **Sh.’000** | **Sh.’000** |
| Sales | 93,500 | 11,350 |
| Cost of sales | (55,120) | (72,970) |
| Gross profit | 38,380 | 38,380 |
| Expenses | (26,230) | (23,960) |
| Net profit before interest and tax | 12,150 | 14,420 |
| Loan interest | \_(450) | \_\_(375) |
| Net profit before tax | 11,700 | 14,045 |
| Taxation | (3,510) | (5,413.5) |
| Net profit after tax | 8,190 | 8,631.5 |
| Dividend | (6,00) | (6,000) |
| Retained profit | 2,190 | 2,631.5 |

**Statement of Financial Position as at 31 October**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2012** | | **2013** | |
|  | **Sh.’000** | **Sh.’000** | **Sh.’000** | **Sh.’000** |
| **Fixed assets:** |  |  |  |  |
| Freehold premises | 10,500 |  | 10,500 |  |
| Plant and equipment | 7,200 |  | 9,500 |  |
| Motor vehicles | \_5,350 | 23,050 | \_7,300 | 27,300 |
| **Current assets:** |  |  |  |  |
| Stock | 12,500 |  | 11,800 |  |
| Debtors | 9,850 |  | 8,900 |  |
| Bank balance and cash in hand | \_5,950 | 28,300 | 5,864.5 | 26,564.5 |
| **Current liabilities:** |  |  |  |  |
| Creditors | 8,350 |  | 7,830 |  |
| Taxation | 3,510 |  | 5,413.5 |  |
| Dividend | 3,000 | (14,860) | 3,000 | (16,243.5) |
|  |  | 36,490 |  | 37,621 |
| Ordinary share capital |  | 30,000 |  | 30,000 |
| Reserves |  | \_3,490 |  | \_5,121 |
|  |  | 33,490 |  | 35,121 |
| 15% loan |  | \_3,000 |  | \_2,500 |
|  |  | 36,490 |  | 37,621 |

**Note:**

1. 80% of the sales are no credit
2. The stock as at 31 October 2011 was valued at Sh.13,000,000

**Required:**

1. Calculate two ratios for each classification identified below for the financial years ended 31 October 2012 and 2013:

(i) Profitability ratios

(ii) Liquidity ratios

(iii) Gearing ratios

(iv) Activity ratios

1. Comment on Deweto Ltd’s profitability and liquidity positions.

**GROUP 4**

The summarized financial statements of Baraka Enterprises Ltd. are as follows:

|  |  |  |
| --- | --- | --- |
| **Income statement for the year ended 30 September** | | |
|  | **2013** | **2014** |
|  | **Sh.’000** | **Sh.’000** |
| Sales | 20,000 | 28,000 |
| Cost of sales | (15,000) | (21,000) |
| Gross profit | 5,000 | 7,000 |
| Administrative expenses | (3,800) | (4,600) |
| Debenture interest |  | \_(400) |
| Net profit | 1,200 | 2,000 |

|  |  |  |
| --- | --- | --- |
| **Statement of Financial Position as at 30 September** | | |
|  | **2013** | **2014** |
|  | **Sh.’000** | **Sh.’000** |
| **Assets:** |  |  |
| Non-current assets (net book value) | 11,000 | 14,000 |
| **Current assets:** |  |  |
| Inventories | 2,000 | 3,000 |
| Trade and other receivables | 2,500 | 2,800 |
| Balance at bank | \_\_\_- | \_500 |
|  | 4,500 | 6,300 |
| Total assets | 15,500 | 20,300 |
| **Equity and liabilities:** |  |  |
| **Capital and reserves:** |  |  |
| Issued and fully paid |  |  |
| 1,000,000 ordinary shares of Sh.10 each | 10,000 | 10,000 |
| Revenue reserves | \_3,000 | \_4,100 |
|  | 13,000 | 14,100 |
| **Non-current liabilities** |  |  |
| 8% debentures | \_\_\_\_- | 5,000 |
| **Current liabilities** |  |  |
| Trade and other payables | 1,500 | 1,200 |
| Bank overdraft | \_1,000 | \_\_\_\_- |
|  | \_2,500 | \_1,200 |
| **Total equity and liabilities** | 15,500 | 20,300 |

Stock as at 1 October 2012 was Sh.5, 000,000

**Required:**

1. For each year, calculate the following:
2. Gross profit margin
3. Inventory turnover
4. Return on equity
5. Return on assets
6. Acid test ratio
7. Current ratio
8. Financial leverage
9. Comment on the liquidity position of the company giving possible reasons for the change.

**GROUP 5**

M and O are in partnership sharing profits and losses in the ratio of 6:4 respectively after crediting themselves with a 5% interest on capital and a salary of Kshs 20,000 and Kshs 30,000 per month respectively. Their trial balance for the year ending 31/12/2013 was as follows;

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Debits** | **Credits** |
|  | **Kshs 000** | **Kshs 000** |
| Plant and machinery | 5,000 |  |
| Motor vehicles | 4,000 |  |
| Furniture and Fittings | 3,000 |  |
| Sales |  | 11,000 |
| Stock (1/1/2013) | 1,000 |  |
| Purchases | 5,000 |  |
| Discount | 500 | 1,000 |
| Provision for bad debts (1/1/2013) |  | 500 |
| Debtors | 3,000 |  |
| Creditors |  | 2,000 |
| Cash and bank | 2,000 |  |
| Rent and rates | 500 |  |
| Electricity and water | 400 |  |
| Provision for Depreciation (1/1/2013):  Motor vehicles  Plant and machinery  Furniture and fittings |  | 1,000  2,000  1,000 |
| Bad debts | 400 |  |
| Returns | 500 | 1,000 |
| Salaries and wages | 1,000 |  |
| Drawings:  M  O | 1,000  500 |  |
| General Expenses | 1,000 |  |
| Capital Accounts:  M  O |  | 5,400  3,000 |
| Current Accounts:  M  O |  | 500  400 |
|  | **28,800** | **28,800** |

**Additional Information**

1. Stock as at 31/12/2013 amounted to Kshs 1,500,000
2. Salaries and wages in arrears amount to Kshs 200,000 while rent and rates paid in advance amount to Kshs 100,000
3. General expenses paid in advance amount to Kshs 300,000 while electricity and water in arrears amount to Kshs 200,000
4. Depreciation is charged as follows;

Plant and Machinery- 10% on cost

Motor vehicles- 20% reducing balance basis

Furniture and fittings- 15% on cost

1. Provision for bad and doubtful debts is to be maintained at 10% of debtors

**Required**

1. Income and Appropriation Account for the year ending 31/12/2013
2. Statement of financial Position as at 31/12/2013

**GROUP 6 & 7**

Kimaru and Majiwa are life tenants of a trust set up by their uncle. The trustees have investment powers restricted to those contained in the Trustee Act (Chapter 167 of the Laws of Kenya) except they could hold at their absolute discretion 300,000 shares of Sh.10 each in Kilimanjaro Enterprises Limited, a horticultural exporting company run by the uncle..

On 31 March 2014, the balance sheet of the trust was as follows:

|  |  |  |
| --- | --- | --- |
|  | **Sh.’000’** | **Sh.’000’** |
| **Fixed interest investments**  Sh.2 million 10% Kenya stock 2016 (cost)  Sh.2 million 9% Kenya stock 2015 (cost)  Cash at bank  **Wider range investments** | 2,000  1,800  200 | 4,000 |
| 40,000 shares of Sh.100 in E.A. Breweries Ltd (cost)  **Special range investments**  300,000 shares in Kilimanjaro Enterprises Ltd. (cost) |  | 4,000    3,000  11,000 |
| **Trust capital**  Fixed interest fund  Wider range fund  Special range fund |  | 4,000  4,000  3,000  11,000 |

In the year to 31 March 2015, the following occurred:

|  |  |
| --- | --- |
| 2014 |  |
| 30 June | Interest for the year ended 30 June 2014 was received on 10% Kenya stock. School fees for Kimaru and Majiwa were paid immediately using the whole amount received. |
| 30 September | A final dividend of 75% for the year ended 30 June 2014 was received from E.A. Breweries Ltd. (payout rate 10%). |
| 30 November | The E.A. Breweries Ltd. shares were sold at Sh.110 each. At the same time, a satisfactory buyer was found for the 300,000 shares in Kilimanjaro Enterprises Limited – these shares were sold for Sh.15 each. Some high yielding 12%Kenya stock 2022 was available at par on this date. It was decided to use all the wide range cash available to purchase this stock and designate it as a wider range investment. |
| 31 December | Interest was received for the year on the 9% Kenya stock and Sh.42, 000 interest was received on the fixed interest cash at bank. |
| 2015 |  |
| 28 February | 61,250 Sh.10 ordinary shares in ICDI Limited were purchased for Sh.40 per share using the fixed interest cash and a suitable switch was made to ensure adherence to the requirements of the Trustee Act. The market value of the 12% Kenya stock 2022on this date was still par. |
| 31 March | All remaining income cash was paid across to the life tenants, after trust administration expenses of Sh.120, 000 were paid for the year. |

(a) Write up the trust cash account, the income account (showing payments to beneficiaries in this account) and the trust capital account for the year ended 31 March 2015.

(b) Prepare the trust Statement of Financial Position as at 31 March 2015.

**GROUP 8**

Mr. Jaribu is a director of Ruiru Limited. During the year 2013, the company allowed him to purchase 40,000 shares based on his enormous contribution to the company. The company’s share capital is 300,000 shares. During the year of income 2015, Mr. Jaribu had the following income:

1. Employment income

Salary per annum Sh.805, 000 (PAYE sh.185, 000)

Bonus from current employment Sh.265, 000 (PAYE Sh.45, 000)

Pension contribution paid by employer to:

A registered scheme Sh.48, 000

an Unapproved scheme Sh.55, 000

Life insurance premium paid by the employer Sh.68, 000.

He was provided with a cook during the year. The salary of the cook per month was sh.2, 000. The employer had provided him with a car which was bought for Sh.2, 500,000. Its capacity was 1750cc. At the beginning of January 2015, the employer rented for him a house at a monthly rent of Sh.20, 000. He is charged 5% of his monthly salary as part of rent contribution.

2. Dividend income

- Kenya Commercial Bank Kshs.485, 000 (net)

- Home based Co-operative society involved in weaving Kshs. 45,000 (net)

3. Interest

- Post office savings bank Kshs. 850,000

- Housing Finance company Kshs.1, 300,000

- Barclays Bank of Kenya Ltd Kshs. 24,000

4. Pension receipt from previous employer Kshs. 360,000

5. Lottery and sweepstake Kshs. 15,000

6. Mr. Jaribu’s wife was paid Kshs.360, 000 as salary (PAYE Kshs.85, 000) and Kshs.48, 000 as sick leave pay in the year 2015. Mrs Jaribu owns 28% of the shares in Alico Ltd. where she is in employment. Due to her being sick, her colleagues contributed Kshs.800, 000 at the end of 2015 which she used to cover medical expenses. The employer contributed Kshs.250, 000 as part of medical expenses. Only directors have a medical scheme in Alico Ltd. Before Mrs. Jaribu got married on 1 January 2015, she used to operate a retail shop where she had an accumulated loss of Kshs.48, 000. In 2015, the retail shop made an additional loss amounting to Kshs.22, 000.

**Required:**

(a) Determine Mr. Jaribu’s taxable income and tax liability for 2015.

(b) Comment on any information not used in answering part (a) above.

**GROUP 9**

Mr. Kilonzo has approached you with a view to obtaining help in determining his taxable income for the year 2015. He has supplied the following information:

1. Business Income

He runs a small garage that generated taxable income of Sh.60, 000. In 2014, he had a tax loss of Sh.40, 000 from this business.

1. Wife’s Income

His wife was employed by Nyakinyua Ltd. as the Finance Director. Her salary was sh.52, 000 p.m. Additional benefits include: Company car 1800 cc., House at New Muthaiga (market value of rent Sh.20, 000 per month) and Staff gifts of oil products worth Sh.1000 per month.

1. Capital Gains

In the course of the year, the Kilonzos sold one plot they owned in Nairobi for Sh.1, 200,000. This represented a gain of Sh.600, 000 which they used to take a holiday to Dubai.

1. Investment Income

|  |  |  |
| --- | --- | --- |
|  | Withholding Tax  **Sh.** | Net  **Sh.** |
| Dividends:  EABL  KCB Ltd.  Kakuzi Ltd.  Interest:  NIC Savings Account  HFCK – Housing Development Bond  Post Office Savings Bank  15% 2015 Treasury Bonds. | 2,000  1,000  4,000  2,000  7,000  -  1,500 | 18,000  9,000  36,000  18,000  63,000  20,000  13,500 |

1. Employment Income – Mr. Kilonzo

He was employed by Kasarani Limited as the General Manager – Sales. His salary was Sh.40, 000 per month and a bonus of 2% on total sales revenue. He had a car of 2000cc which he used to visit customers otherwise his wife would pick and drop him at the place of work each day using her official car.

1. Kasarani Limited insures all its sales against default from customers. The cost of the insurance was Sh.10, 000 which represents 0.001 percent of sales. The company also paid sh.20, 000 to cover the life of Kilonzo and his household items.
2. PAYE of Sh.130, 000 was deducted from Kilonzo’s pay but due to an oversight in the part of the Chief Accountant the tax was not paid to the Collector of Income tax. His wife’s PAYE was Sh.180, 000 in the year.

**Required:**

1. Compute total income chargeable to tax and show the tax payable thereon.
2. Comment on any information not used for computing taxable income above.
3. Is Kilonzo to blame for failure of the company to pay his PAYE? Explain

**GROUP 10**

Mrs. Nyongesa works with Panga Ltd. and has provided you with the following information for the year ended 31 December 2015.

1. Pension from previous employment Sh.20, 000 per month.
2. Salary sh.120,000 per month (P.A.Y.E Sh.42,000 per month)
3. Mrs. Nyongesa and her husband own a company whose taxable income was agreed at Sh.500,000 after charging husband’s salary of sh.250,000 per month (P.A.Y.E sh.60,000 per month).
4. Panga Ltd. provided a company house to Mrs. Nyongesa in South B where rent of similar houses was Sh.20, 000 per month.
5. Mrs. Nyongesa works over-time and her over-time income averages Sh.10, 000 per month.
6. Mrs. Nyongesa enjoyed medical benefit of Sh.160, 000 during the year. She is a senior manager and the company has medical cover for all its employees.
7. She obtained free consumables from the company as a Christmas gift worth Sh.30, 000 during the year.
8. Mrs. Nyongesa owns rental property at Komarock Estate and receives Sh.50, 000 as rental income per month. During the year, she incurred Sh.60, 000 in renovations, repairs and painting before letting the property. She had obtained a mortgage loan from Housing Finance Company amounting to sh.3, 000,000. She paid sh.900, 000 during the year of which sh.500, 000 was principal.
9. Mrs. Nyongesa owns 20% of the shares of Panga Ltd.

**Required:**

1. The taxable income for Mr and Mrs Nyongesa for the year of income 2015.
2. Tax payable on the income computed above.

**GROUPS 11 & 13**

The following information related to the proposed budget for Karatina Ltd for the six months ending 31 December 2014.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Material** | |  | **Production** | **Administration** |
| **Month** | **Sales** | **Purchases** | **Wages** | | **Overheads** | **Overheads** |
|  | **Sh. ‘000’** | **Sh. ‘000’** | **Sh. ‘000’** | | **Sh. ‘000’** | **Sh. ‘000’** |
| July | 72000 | 250000 | 10000 | | 6000 | 55000 |
| August | 97000 | 31000 | 12100 | | 6300 | 6700 |
| September | 86000 | 25500 | 10600 | | 6000 | 7500 |
| October | 88600 | 30600 | 25000 | | 6500 | 8900 |
| November | 102500 | 37000 | 22000 | | 8000 | 11000 |
| December | 108700 | 38800 | 23000 | | 18200 | 11500 |

**Additional Information**

1. Depreciation expenses are expected to be 0.5%of sales.
2. Material purchases are paid in the month following the purchase
3. Wages are paid for in the month of incurrence
4. Overheads are paid for in the month following that of incurrence
5. Expected cash balance in hand on 1 July 2014 is Sh. 72,500,000
6. 50% of total sales are cash sales
7. Assets are to be acquired in the months of August and October at Shs. 8,000,000 and Shs. 25,000,000 respectively
8. An application has been made to the bank for the grant of a loan of Shs. 30,000,000 and it is hoped that it will be received in the month of November
9. It is anticipated that a dividend of Shs. 35,000,000 will be paid in November
10. Debtors are allowed one month’s credit
11. Sales commission at 3% on sales is paid to the salesmen each month

**Required**

A cash budget for the six months ending 31 December 2014

**GROUPS 12& 14**

Juma and Company Advocates is a law firm operating in an upcountry town. Provided below is the statement of Financial Position of the firm as at 30 June 2013.

|  |  |  |
| --- | --- | --- |
| **Juma and Company Advocates**  **Statement of Financial Position as at June 2013** | | |
|  | Sh. ‘000’ | Sh. ‘000’ |
| **Assets**  Non current assets  Equipment  Furniture  Library books  **Current assets**  Work-in-progress  Stationary  Debtors for fee and disbursements  Cash at bank:  Office  Client  Capital  **Non-current liabilities**  Loan  **Current liabilities**  Creditors  Clients- for money held on their behalf | 800  350  280  210  140  330  300  250  110  250 | 1,430  1,230  2,660  1,800  500  360  2,660 |

The following transactions were carried out by Juma and Company Advocates in the year ended 30 June 2014.

1. Received Sh. 850,000 on behalf of their clients.
2. Spent the amounts shown below on behalf of clients who had sufficient cash held by the firm:

|  |  |
| --- | --- |
|  | **Sh. ‘000’** |
| Purchase of equipment  Payment of rent  Payment of repair costs | 260  130  80 |

1. Purchased new equipment for office use for Sh. 400,000 and paid Sh. 100,000 cash, the balance remaining as a loan.
2. Spent Sh. 350,000 on the purchase of land on behalf of a client who had a credit balance of Sh. 120,000 with the firm.
3. Charged clients Sh. 1,050,000 for services rendered in the year ended 30 June 2014.
4. Received Sh. 680,000 from clients settlement of amounts due for services rendered. The firm received authority from clients to transfer Sh. 240,000 from the clients account to the office account in the settlement of amounts due to the firm.
5. The following expenses were incurred by the firm in the year ended 30 June 2014, all were settled in cash:

|  |  |
| --- | --- |
|  | **Sh. ‘000’** |
| Rent  Salaries and wages  Office expenses  Interest on loan  Loan repayment | 120  360  90  30  300 |

1. During the year ended 30 June 2014, the firm received Sh. 480,000 from the clients as settlement of disbursements made on their behalf by the firm.
2. Purchased library books worth Sh. 160,000 and paid for them in cash.
3. Purchased stationery on credit for Sh. 210,000 and paid the creditors a total of Sh. 240,000 in the year ended 30 June 2014.
4. Drawings for personal use in the year ended June 2014 amounted to Sh. 180,000.
5. On 30 June 2014, stationery in the store valued at Sh. 160,000. On the same date, work-in-progress not yet charged to clients was valued at Sh. 350,000.

The firm provides depreciation at the following rates based on books value:

Equipment - 5% per annum

Furniture - 10% per annum

Library books - 12.5% per annum

**Required:**

(a) Income and Expenditure account for the year ended 30 June 2014.

(b) Statement of Financial Position as at 30 June 2014