

## PRACTICE QUESTIONS

**Q1.** SUPREX, a limited liability company, has an accounting year end of 31 October. The accountant is preparing the financial statements as at 31 October 2020 and requires your assistance. The following trial balance has been extracted from the general ledger.

Items	Dr in Ugx	Cr in Ugx
Buiding at cost	740,000	
Accumulated Depreciation, 1 Nov 2019		60,000
Plant at cost	220,000	
Accumulated Depreciation, 1 Nov 2019		110,000
Bank balance		70,000
Revenue		1,800,000
Net purchases	1,140,000	
Inventory at 1 Nov 2019	160,000	
Cash	20,000	
Trade receivables	320,000	
Trade payables		250,000
Administration expenses	325,000	
Allowances for receivables at Nov 1 2019		10,000
Retained earnings Nov 1 2019		130,000
Equity shares, 1000		415,000
Share premium account		80,000
	<b>2,925,000</b>	<b>2,925,000</b>

**The following additional information is also available:**

- The allowance for receivables is to be increased to 5% of trade receivables. The allowance for receivables is treated as an administrative expense.
- Plant is depreciated at 20% per annum using the reducing balance method and buildings are depreciated at 5% per annum on their original cost. Depreciation is treated as a cost of sales expense.
- Closing inventory has been counted and is valued at Ugx 75,000.
- An invoice of Ugx 15,000 for energy costs relating to the quarter ended 30 November 2020 was received on 2 December 2020. Energy costs are included in administrative expenses.

Your are Required:

To Prepare the statement of profit or loss and the statement of financial position of SUPREX Co as at 31 October 2020.