

CD Company

With the help of the accountants of his Company, Mr. Charles Dickson drew up the following list of data relating to the transactions of the company during its period of Operations in the month of July 1st to July 31st.

The company had a made a Net profit of \$ 15030 and the liquidity position of the company is good as the cash account is healthy. At the end of July Charles also took dividends from the company as he owned all the stock of CD Company, to repay the loan taken from the company.

- Compared to the opening balances of plant, the closing balance increased by 50%
- The closing balance of Accrued Salaries payable increased by \$ 200
- On 31st July, the Accounts payable was 2.5667 times more than the 1st July
Accounts payable
- The inventory value decreased by \$ 4000
- The company sold Goods worth \$ 27600 in the month of July on credit
- During the month, supplies used were \$ 1900
- In the month of July, the company did not purchase or sell any Investments.

The book contained a detailed record of transactions and Mr. Charles was able to extract the Opening and Closing Balances but had missing data as shown in Exhibit 1. He also found out that all the accounts payable was to vendors for purchase of inventory. The following information also helped Charles in finding the missing data

Exhibit 1

Account Balances

	1st July	31st July
Equity Capital	317800	317800
Plant	?	75000
Accounts Payable	7500	?
Accounts Receivable	23500	?
Accrued salaries Payable	?	1400
Inventory	22500	?

Other Non-Current Assets	?	4250
Retained Earnings	201150	?
Building	480000	480000
Cash	75000	?
Bank Loan	9850	36200
Loan to Charles	8600	nil
Supplies on Hand	4600	?
Other Non-Current Liabilities	2350	2350
Prepaid electricity	4200	3950
Investments	?	27250
Accumulated Depreciation on Plant	5000	5320
Accumulated Depreciation on Building	150000	152000
Taxes Payable	4650	6150

Charles also collected details about the company's Cash Receipts and Payments for the month of July as shown in Exhibit 2

Exhibit 2
Cash Receipts and Payments month of July

Cash Receipts		Cash Payments	
Cash sales	48500	Plant purchased	25000
Credit from Customers	23500	Cash purchases of Inventory	15450
Bank Loan	26350	Payments on accounts payable	7500
Loan received from Charles	8600	Other Non-Current assets purchased	400
		Purchase of supplies	3800

		Dividends	8600
		Salaries paid	12000
		Telephone Expenses paid	3500
		Miscellaneous expense	700
Total Receipts	106950	Total payments	76950

You are required to

- 1) Complete the account balances by providing proper calculations**
- 2) Prepare the Income statement of July in the proper format by providing working notes**
- 3) Comment on the liquidity and Profitability position of the Company with proper explanations**