

Brico Ltd trial balance as at 31 May 1998 was as follows:

Details	\$	\$
Legal expenses	10500	
Bad debts	587	
Bank interest	2030	
Bank overdraft		17750
Cash in hand	370	
Trade Payables		31272
Delivery expenses	15103	
Trade receivables	107810	
Debenture interest	1300	
Director's salaries	33600	
Equipment (cost \$35000)	17900	
General reserve		70000
Insurance	1900	
Ordinary shares of \$ 1 each		100000
Irredeemable Preference shares of \$1 each		43750
Premises ( cost \$280000)	245000	
Motor Vehicles (cost \$56200)	53550	
Rent and Rates	11550	
Retained profit		34895
Provision for bad debts		2400
Goods for resale	268464	
Share premium account		35250
Revenue		468570
Inventory	20280	
Sundry expenses	8268	
Wages and salaries	31675	
10% debenture 1997 - 2005		26000
	829887	829887

Additional information:

1. Inventory at 31 May 1998 was valued at \$37100.
2. One quarter of sundry expenses relate to the warehouse and the remainder to office.  
Bonus to be paid to salesmen is calculated at 3% of revenue.
3. Depreciation is to be provided as follows
  - (i) Premises at 4 % p.a on cost
  - (ii) Motor vehicles at 20% p.a on cost
  - (iii) Equipment at 40% on reducing balance.

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4. \$ 4200 is owing for wages and salaries and \$200 has been prepaid for rent at 31 May 1998. Audit fees of \$6000 has yet to be paid
  5. The provision for bad debts is to be increased to \$2900
  6. The directors also decided the following:
    - (i) To provide corporation tax for the year amounting to \$19000
    - (ii) To transfer \$4500 to general reserve
    - (iii) An ordinary dividend of \$25000 and the full preference dividends were proposed after the reporting date 31 May 1998. For the reporting date ended 31 May 1997, an ordinary dividend of 10000 was proposed and a final preference dividend of \$5500 was proposed at the same date.

**Required:**

Prepare Brico Ltd Income Statement and Statement of changes in equity for the year ended 31 May 1998 in a form suitable for publication.