

Leaving Certificate Accounting – Higher Level 2000

QUESTION 1 – Company Final Accounts

Trading, Profit and Loss Account for the year ended 31/12/1999

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	£	£	£
Sales			860,000 ③
<u>Less</u> Cost of sales			
Stock 1/1/1999		54,000 ③	
Add Purchases	W 1	<u>478,000 ⑤</u>	
		532,000	
<u>Less</u> Stock 31/12/1999	W 2	<u>(53,000) ⑤</u>	(479,000)
Gross profit			381,000
<u>Less</u> Expenses			
Administration			
Directors fees		40,000 ③	
Salaries & general expenses	W 3	145,750 ⑤	
Patents written off	W 4	15,000 ⑤	
Depreciation - buildings	W 5	<u>14,000 ③</u>	214,750
Selling and Distribution			
Bad debts written off		1,400 ③	
Depreciation- delivery vans	W 6	56,700 ⑤	
Loss on sale of van	W 7	2,400 ⑤	
Increase in provision for bad debts	W 8	<u>250 ④</u>	60,750
Operating profit			275,500
Investment income			105,500
			<u>7,500 ⑤</u>
			113,000
Debenture interest	W 9		<u>(26,000) ⑤</u>
Net profit for year before taxation			87,000
Less Appropriation			
Preference dividend paid		5,000 ②	
Ordinary dividend paid		20,000 ②	
Preference dividend proposed		15,000 ②	
Ordinary dividend proposed		<u>16,000 ②</u>	(56,000)
Retained profit			31,000
Profit and loss balance 1/1/1999			<u>82,000 ②</u>
Profit and loss balance 31/12/1999			<u>113,000 ⑥</u>

QUESTION 1 - (continued)

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(b)

Balance Sheet at 31 December 1999

		Cost £	Accumulated Depreciation £	Net £		Total £
Intangible Fixed Assets						
Patents (£60,000 - £15,000)						45,000 ④
Tangible Fixed Assets						
Land and buildings	W 10	960,000 ①		960,000		
Delivery vans	W 11	291,000 ②	105,100 ②	185,900		
		<u>1,251,000</u>	<u>105,100</u>	<u>1,145,900</u>		1,145,900
Financial Assets						
6% Investments						<u>125,000</u> ②
						1,315,900
Current assets						
Stock				53,000 ①		
Investment income due				2,500 ③		
Debtors	W 12		59,000 ③			
Less provision			<u>2,950</u> ①	<u>56,050</u>		
				111,550		
Creditors: amounts falling due within one year						
Creditors	W 13		53,820 ③			
Preference dividend due			15,000 ②			
Ordinary dividend due			16,000 ③			
Debenture interest due			21,000 ③			
VAT			18,000 ②			
Bank	W 14		<u>14,630</u> ⑤	<u>(138,450)</u>		<u>(26,900)</u>
						<u>1,289,000</u>
Financed by						
Creditors: amounts falling due after more than one year						
8% Debentures						350,000 ②
Capital and reserves						
Ordinary shares at £1 each		600,000		400,000 ①		
8% Preference shares at £1 each		<u>360,000</u>		<u>250,000</u> ①		
		960,000		650,000		
Revaluation reserve	W 15			176,000 ④		
Profit and loss balance				<u>113,000</u>		
Shareholders' funds						<u>939,000</u>
Capital employed						<u>1,289,000</u>

QUESTION 1 - (continued)**Workings**

1. Purchases	520,000	-	42,000	478,000		
2. Closing stock	57,000	-	4,000	53,000		
3. Salaries and general expenses	145,000	+	750	145,750		
4. Patents written off	$(£57,500 + 2,500) \div 4$			15,000		
5. Depreciation -buildings	2 % of (840,000 - 140,000)			14,000		
6. Depreciation - delivery vans	20 % of [(£273,000 for 5 months) + (£291,000 for 7 months)] (22,750 + 33,950)			56,700		
7. Loss on sale of van	54,000	-	21,600	-	30,000	2,400
8. Increase in Provision for bad debts	£2,950	-	£2,700	250		
9. Debenture interest	5,000	+	21,000	26,000		
10. Land and Buildings at cost	840,000	+	120,000	960,000		
11. Delivery vans at cost	273,000	+	72,000	-	54,000	291,000
12. Debtors	61,000	-	£600	-	£1,400	59,000
13. Creditors	54,000	-	180	53,820		
14. Bank overdraft as per Trial Balance				16,800		
Less Investment income				(2,500)		
Less Credit transfer received				(600)		
Add Bank under credited				180		
Add Direct debit - ESB				<u>750</u>	14,630	
15. Revaluation reserve	120,000	+	42,000	+	14,000	176,000