

## Accounting 2001 - Higher Level

### Question 1 - Final Accounts including a Manufacturing Account.

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(a)

#### Manufacturing Account of Quinn Ltd. for the year ended 31/12/2000

		£
Opening stock of raw materials		41,000 ②
Purchases of raw materials	W 1	<u>44,900 ⑦</u>
		485,900
Less Closing stock of raw materials	W 2	<u>60,000 ⑤</u>
Cost of raw materials consumed		425,900
Manufacturing wages	W 3	<u>127,200 ④</u>
<b>Prime cost</b>		<b>553,100</b>
<i>Factory Overheads</i>		
General factory expenses	W 4	63,100 ⑤
Depreciation-plant & machinery		49,500 ④
Depreciation-buildings		<u>10,800 ⑤</u>
		123,400
<b>Factory cost</b>		<b>676,500</b>
Work in progress 1/1/2000		<u>36,000 ①</u>
		712,500
Less Work in progress 31/12/2000		<u>42,000 ①</u>
		670,500
Less Sale of scrap materials		3,500 ②
Profit on sale of machinery	W 5	<u>750 ④</u>
		4,250
<b>Cost of manufacture</b>		<b><u>666,250</u></b>

#### Trading, Profit and Loss Account of Quinn Ltd for the year ended 31/12/2000.

		£
Sales	W 6	810,500 ⑦
Stock of finished goods 1/1/2000		64,500 ②
Cost of goods produced		<u>666,250 ③</u>
<i>Total available for sale</i>		730,750
Less Stock of finished goods 31/12/2000	W 7	<u>89,200 ④</u>
<i>Cost of goods sold</i>		641,550
<b>Gross profit</b>		<b>168,950</b>
<i>Less Expenses</i>		
<i>Administration expenses</i>		
Administration expenses		43,000 ②
<i>Selling and Distribution expenses</i>		
Selling expenses		<u>29,400 ②</u>
		72,400
Operating profit		96,550
Debenture interest		<u>10,800 ④</u>
		85,750
<b>Net profit before taxation</b>		<b>85,750</b>
Taxation on profit		<u>24,000 ①</u>
		61,750
<b>Profit after taxation</b>		<b>61,750</b>
Interim dividends (6,000 + 20,500)		26,500 ③
Proposed dividends (6,000 + 17,500)		<u>23,500 ③</u>
		50,000
Retained profit		11,750
Profit and loss balance at 1/1/2000		<u>45,500 ①</u>
<b>Profit and loss balance at 31/12/2000</b>		<b><u>57,250 ③</u></b>

**Question 1- (continued)**

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(b)

**Balance Sheet of Quinn Ltd as at 31/12/2000**

**Fixed Assets**

<b>Tangible assets</b>		<b>Cost</b>	<b>Aggregate Depreciation</b>	<b>Net</b>	<b>Total</b>
Land and Buildings	W 8	② 660,000		660,000	
Plant and machinery	W 9, 10	② <u>235,000</u>	③ <u>105,750</u>	<u>129,250</u>	
		<u>895,000</u>	<u>105,750</u>	<u>789,250</u>	789,250

**Current Assets**

Stock: Raw materials		② 60,000			
Work in progress		② 42,000			
Finished goods		② <u>89,200</u>		191,200	
Debtors	W 11			⑥ <u>74,900</u>	
					266,100

**Creditors: amounts falling due within 1 year**

Trade Creditors	W 12	④ 69,200			
VAT		② 16,400			
Debenture interest due		④ 10,800			
Taxation		② 24,000			
Bank		② 9,400			
Dividends		⑤ <u>23,500</u>		<u>153,300</u>	
<i>Net current assets</i>					<u>112,800</u>
					<u>902,050</u>

**Financed by**

**Creditors: amounts falling due after more than 1 year**

8% Debentures					① 150,000
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**Capital and Reserves**

		<b>Authorised</b>	<b>Issued</b>	
Issued ordinary shares of £1 each		650,000	① 380,000	
8% Preference shares of £1 each		<u>300,000</u>	① <u>200,000</u>	
		<u>950,000</u>	580,000	
Revaluation reserve	W 13		④ 114,800	
Profit and loss account			<u>57,250</u>	<u>752,050</u>
				<u>902,050</u>

### Question 1 - (continued)

#### Workings

1	Purchases of raw materials	$(461,900 + 11,000 - 28,000)$	444,900
2	Closing stock Raw Materials	$(49,000 + 11,000)$	60,000
3	Manufacturing wages	$(149,200 - 22,000)$	127,200
4	Factory Overheads	$(62,500 + 600)$	63,100
5	Profit on sale of machinery	$25,000 - 23,750 - 2,000$	750
6	Sales	$(821,500 - 2,000 - 9,000)$	810,500
7	Closing stock Finished Goods	$(82,000 + 7,200)$	89,200
8	Land & Buildings	$550,000 + 50,000 + 60,000$	660,000
	Depreciation Land & Buildings	$44,000 + 10,800 - 54,800$	
9	Machinery	$260,000 - 25,000$	235,000
10	Provision for Depreciation - Machinery	$(80,000 + 49,500 - 23,750)$	105,750
11	Debtors	$(84,500 - 9,000 - 600)$	74,900
12	Creditors	$(58,200 + 11,000)$	69,200
13	Revaluation Reserve	$(60,000 + 10,800 + 44,000)$	114,800