Turner Ltd. has an Authorised Capital of €940,000 divided into 540,000 Ordinary Shares at €1 each and 400,000 6% Preference Shares at €1 each. The following Trial Balance was extracted from its books on 31/12/2001.

	Dr	Cr
Delivery Vans at cost	168,000	
Accumulated Depreciation – Vans		64,000
Land & Buildings at cost	850,000	
Accumulated Dep – Land & Build		76,000
Patents (incorporating 3 months investment income received	67,000	
8 % Investments 1/5/2001	150,000	
Stocks 1/1/2001	61,000	
Purchases & Sales	510,000	830,000
Directors fees	62,000	
Salaries & General Expenses	155,000	
Debenture Interest paid 1st 3 months	3,000	
Debtors and Creditors	70,900	85,000
Provision for bad debts		2,600
Interim dividend for 1st 6 months	32,000	
Profit & Loss Balance 1/1/2001		50,400
8% Debentures (including 90,000 8% debentures issued at par on 31/3/2001)		240,000
VAT		13,500
Bank		7,400
Issued capital		
460,000 Ordinary Shares @ €1 each		460,000
300,000 6% Preference Shares @ €1 each		300,000
	€2,128,900	€2,128,900

1. Stock at 31/12/2001 at cost of €66,000. This figure includes damaged stock, which cost €7.000 but which now has a realisable value of 70% of cost.
2. The figure for bank in the trial balance has been taken from the firm's bank account. However a bank statement dated 31/12/2001 has arrived showing a credit balance of £430. A comparison of the cashbook and the bank statement has revealed the following discrepancies:
    a. Investment income £4,000 had been paid direct to the firm's bank account.
    b. A cheque for £960, issued to a supplier, had been entered in the books (cash book and ledger) as £690.
    c. A credit transfer of £600 had been paid direct to the firm's bank account on behalf of a bankrupt debtor. This represents a first and final payment of 20p in the £1.
    d. A cheque issued for £3,500 to a director had not yet been presented for payment.
3. Provide for depreciation on delivery vans at the annual rate of 20% of cost, from the date of purchase to the date of sale.
   NOTE; on 31/5/2001 a delivery van, which had cost £50,000 on 1/6/98 was traded against a new van, which cost £74,000. An allowance of £24,000 was made on the old van. The cheque for the net amount of this transaction was incorrectly treated as a purchase of trading stock. This was the only entry made in the books in respect of this transaction
4. Buildings are to be depreciated at the rate of 2% of cost per annum. (Land at cost was £350,000. At the end of 2001 it was decided to re-value the Land and Buildings at £950,000.
5. Patents, which incorporated 3 months investment income, is to be written off over a 5 year period commencing in 2001 (current year).

6. Provision be made for both investment income and debenture interest due.
7. Provision for bad debts be adjusted to 5% of debtors.
8. The directors recommend that:
    a. The preference dividend due be paid.
    b. A final dividend on ordinary shares be provided bringing the total dividend up to 8c per share.

You are required to prepare:

A trading, Profit & Loss Account for the year ended 31/12/2001. (75)

A Balance Sheet as at 31/12/2001 (45)