

# Accounting – Higher Level 2002

## Question 1

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(a) **Trading , Profit and Loss Account for the year ended 31/12/2001**

		€	€		€
Sales					830,000 ③
<u>Less</u> Cost of sales					
Stock 1/1/2001			61,000 ③		
Add Purchases	W 1		460,000 ⑥		
			521,000		
<u>Less</u> Stock 31/12/2001	W 2		(63,900) ⑥		(457,100)
Gross profit					372,900
<u>Less</u> Expenses					
<b>Administration</b>					
Directors fees		62,000 ③			
Salaries & general expenses		155,000 ③			
Patents written off	W 3	14,000 ⑤			
Depreciation - buildings	W 4	10,000 ④	241,000		
<b>Selling and Distribution</b>					
Bad debts written off		2,400 ③			
Depreciation- delivery vans	W 5	36,400 ⑥			
Increase in provision for bad debts	W 6	795 ⑤	39,595		280,595
Operating profit					92,305
Profit on sale of van	W 7		4,000 ④		
Investment income	W 8		8,000 ④		12,000
					104,305
Debenture interest					(17,400) ⑤
Net profit for year before taxation					86,905
<u>Less</u> Appropriation					
Preference dividend paid			9,000 ②		
Ordinary dividend paid			23,000 ②		
Preference dividend proposed			9,000 ③		
Ordinary dividend proposed			13,800 ③		(54,800)
Retained profit					32,105
Profit and loss balance 1/1/2001					50,400 ②
Profit and loss balance 31/12/2001					82,505 ③

**Question 1 - (continued)**

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(b)

**Balance Sheet at 31 December 2001**

		Cost €	Accumulated Depreciation €	Net €	Total €
<b>Intangible Fixed Assets</b>					
Patents (70,000 - 14,000)					56,000 <sup>③</sup>
<b>Tangible Fixed Assets</b>					
Land and buildings	W 9	950,000 <sup>①</sup>		950,000	
Delivery vans	W 10	<u>192,000</u> <sup>②</sup>	<u>70,400</u> <sup>③</sup>	<u>121,600</u>	
		<u>1,142,000</u>	<u>70,400</u>	<u>1,071,600</u>	1,071,600
<b>Financial Assets</b>					
8% Investments					<u>150,000</u> <sup>②</sup>
					1,277,600
<b>Current assets</b>					
Stock				63,900 <sup>②</sup>	
Investment income due				1,000 <sup>②</sup>	
Debtors	W 11		67,900 <sup>④</sup>		
Less provision			<u>3,395</u> <sup>①</sup>	<u>64,505</u>	
				129,405	
<b>Creditors: amounts falling due within one year</b>					
Creditors	W 12		84,730 <sup>③</sup>		
Preference dividend due			9,000 <sup>②</sup>		
Ordinary dividend due			13,800 <sup>③</sup>		
Debenture interest due			14,400 <sup>③</sup>		
VAT			13,500 <sup>②</sup>		
Bank	W 13		<u>3,070</u> <sup>⑤</sup>	<u>(138,500)</u>	
					<u>(9,095)</u>
					1,268,505
<b>Financed by</b>					
<b>Creditors: amounts falling due after more than one year</b>					
8% Debentures					240,000 <sup>②</sup>
<b>Capital and reserves</b>		<b>Authorised</b>		<b>Issued</b>	
Ordinary shares at €1 each		540,000		460,000 <sup>①</sup>	
6% Preference shares at €1 each		<u>400,000</u>		<u>300,000</u> <sup>①</sup>	
		940,000		760,000	
Revaluation reserve	W 14			186,000 <sup>③</sup>	
Profit and loss Balance				<u>82,505</u>	
Shareholders' funds					1,028,505
Capital employed					<u>1,268,505</u>

**Question 1 - (continued)**

**Workings**

1. Purchases	510,000	-	50,000	460,000		
2. Closing stock	66,000	-	2,100	63,900		
3. Patents written off		(€13,400 + €600)		14,000		
4. Depreciation -buildings		2 % of (850,000 - 350,000)		10,000		
5. Depreciation - delivery vans	14,000	+	22,400	36,400		
	33,600	+	2,800	36,400		
	23,600	+	4,167	+	8,633	36,400
6. Increase in Provision for bad debts	2,600	-	3,395	795		
7. Profit on sale of van	50,000 - 30,000 - 24,000			4,000 cr		
8. Investment Income	4,000 + 3,000 + 1,000			8,000		
9. Land and Buildings at cost	850,000	+	100,000	950,000		
10. Delivery vans at cost	168,000	+	74,000	-	50,000	192,000
Accumulated Depreciation D. Vans	64,000	-	30,000	+	36,400	70,400
11. Debtors	70,900	-	600	-	2,400	67,900
12. Creditors		85,000	-	270	84,730	
13. Bank overdraft as per Trial Balance				7,400		
Less Investment income				(4,000)		
Less Credit transfer received				(600)		
Add Bank under credited				<u>270</u>	3,070	
14. Revaluation reserve	100,000	+	76,000	+	10,000)	186,000